

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF AUGUST 27, 2014

REGULAR MEETING

TO: Ken Humphreys, Chairman, and
Members of the El Dorado County Local Agency Formation
Commission

FROM: José C. Henríquez, Executive Officer

PREPARED BY: Erica Sanchez, Policy Analyst

AGENDA ITEM #11A: OTHER BUSINESS – LEGISLATION

RECOMMENDATION

Staff recommends that the Commission receive the following summary of LAFCO-related legislation for the 2013-2014 Legislative Session. No Commission action is requested.

REASON FOR RECOMMENDED ACTION AND BACKGROUND

The State Legislature is in year two of the current two-year cycle and bills are currently moving through the committee process. August 31 is the final day for each house to pass bills; September 30 is the last day for the Governor to sign or veto bills passed by the Legislature. The following is a summary of current bills in this second half of the 2013-2014 legislative session, which may affect LAFCO:

Current Bills

AB 1527 (Perea) – Public Water Systems: Drinking Water

Would require the State Department of Public Health, in administering programs to fund improvements and expansions of small community water systems, and other water systems, as specified, to promote service delivery alternatives that improve efficiency and affordability of infrastructure and service delivery, as specified.

This bill has undergone a number of substantial amendments, and was last amended on June 26, 2014. As amended, this bill requires the State Water Resources Control Board to consider LAFCO studies as part of their funding and alternative services considerations, and requires the Board to give priority funding to consolidations where appropriate based on those MSR's. It was also amended to eliminate the provision that LAFCOs be added to the list of eligible entities for receiving grant funding from the Strategic Growth Council. AB 1527 is scheduled for a third reading on August 18.

AB 1729 (Logue) – Local government: Agricultural Land: Subvention Payments

Would appropriate \$40 million to the Controller from the General Fund for the 2014-15 fiscal year to make Williamson Act subvention payments to counties to reimburse counties for property tax revenues not received as a result of these contracts. The bill would make legislative findings and declarations related to the preservation of agricultural land. The bill is currently in Appropriations.

AB 1739 (Dickinson) – Groundwater Management**SB 1168 (Pavley) – Groundwater Management**

AB 1739 and SB 1168 are identical, set up to be passed simultaneously through the Assembly and the Senate. The intent of the bills is to establish a comprehensive statutory groundwater management framework aimed at achieving sustainable groundwater management across the state. The bills' requirements would apply to all groundwater basins in the state except for adjudicated basins as specified and low and very low priority basins.

The bills would state the policy of the State that groundwater resources be managed sustainably for long-term reliability and multiple economic, social, and environmental benefits for current and future beneficial uses. The bills would state that sustainable groundwater management is best achieved locally through the development, implementation, and updating of plans and programs based on the best available science. SB 1168 was last amended on August 6, 2014; AB 1739 was last amended on August 7, 2014. The bills are scheduled for a second reading on their respective floors on August 18.

SB 69 (Roth) – Local Government Finance: Property Tax Revenue Allocations: Vehicle License Fee Adjustments

SB 69 was last amended on June 16, 2014. Current property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally provides that each jurisdiction shall be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. This bill would modify these reduction and transfer provisions for a city incorporating after January 1, 2004, for the 2014-15 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation. As amended, the bill calls for reinstatement of the VLF through ERAF for cities that incorporated between January 1, 2004 and January 1, 2012.

SB 614 (Wolk) – Local Government: Jurisdictional Changes: Infrastructure Financing

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires a local agency or school district that initiates proceedings for a change of local government organization or reorganization by submitting a resolution of application to a local agency formation commission to also submit a plan for providing services within the affected territory, as specified. This bill would instead require, if a proposal for a change of organization or reorganization is submitted to a local commission, that the applicant submit a plan for providing services within the affected territory.

As amended, the bill is intended to provide an incentive to cities to annex disadvantaged unincorporated communities by creating an option for a funding mechanism using a property tax sharing agreement by affected entities (to share the 1% tax dollars) and ensuing tax increment. A special district would be created to act as the vehicle for that funding. The bill allows LAFCO to consider, as part of the application, the formation of a new district or the reorganization of an existing district, but only if all of the affected agencies are in agreement. CALAFCO has a number of concerns with the bill including the long-term financial sustainability of the district, as well as the application requirements and process.

Chaptered Bills

AB 2762 (Committee on Local Government) – CKH Omnibus

AB 2762 was last amended on May 6, 2014. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 does not apply to pending proceedings for a change or organization or reorganization for which the application was accepted for filing prior to January 1, 2001, as specified. The act authorizes these pending proceedings to be continued and completed under, and in accordance with, the law under which the proceedings were commenced. This bill would repeal those provisions relating to pending proceedings for a change of organization or reorganization for which an application was accepted for filing prior to January 1, 2001, and make other conforming changes. AB 2762 was chaptered on July 9 and will become effective January 1, 2015.

Upcoming Legislative Deadlines

8/15: Last day for fiscal committees to meet and report bills to the Floor.

8/31: Last day for each house to pass bills, Final Recess begins.

9/30: Last day for the Governor to sign or veto bills passed by the Legislature.

Attachment

Attachment A: Legislation Report