

ENROLLED JUNE 18, 2021  
PASSED IN SENATE JUNE 17, 2021  
PASSED IN ASSEMBLY MAY 13, 2021  
AMENDED IN ASSEMBLY APRIL 19, 2021

CALIFORNIA LEGISLATUREâ€” 2021â€”2022 REGULAR SESSION

**ASSEMBLY BILL**

**NO. 1581**

**Introduced by Committee on Local Government**

March 09, 2021

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An act to amend Sections 56066, 56123, 56124, 56133, 56375, 56427, and 56879 of, to amend and renumber Section 56325.1 of, and to repeal Sections 56375.2, 56387, 56388, 56747, 56760, 57001.1, 57075.5, 57202.1, and 57383 of, the Government Code, relating to local government.

## **LEGISLATIVE COUNSEL'S DIGEST**

AB 1581, Committee on Local Government. Local government: omnibus.

(1) Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides the authority and procedure for the initiation, conduct, and completion of changes of organization, reorganization, and sphere of influence changes for cities and districts, as specified. Existing law requires a local agency formation commission to develop and determine the sphere of influence of each city and each special district within the county and enact policies designed to promote the logical and orderly development of areas within each sphere. Existing law requires, when a proposed change of organization or reorganization applies to 2 or more affected counties, that exclusive jurisdiction vest in the commission of the principal county, unless certain things occur.

This bill would add the determination of a sphere of influence to the types of proposed changes for which exclusive jurisdiction may or may not vest in a principal county.

(2) Existing law gives the commission the power to approve the annexation of unincorporated territory consistent with the planned and probable use of the property based upon the review of general plan and rezoning designations. Existing law provides that no subsequent change may be made to the general plan for the annexed territory or zoning that is not in conformance to the rezoning designations for a period of 2 years after the completion of the annexation, unless the legislative body for the city makes a finding at a public hearing that a substantial change has occurred in circumstances that necessitate a departure from the rezoning in the application to the commission.

This bill would require the legislative body for the city to provide written notice to the commission at least 21 days before the hearing.

(3) Existing law authorizes the Marin Local Agency Formation Commission to initiate and approve a

reorganization or consolidation of the Sewerage Agency of Southern Marin and its member districts, without protest hearings, as specified.

This bill would repeal that authorization.

(4) Existing law provides, with exceptions, that the commission of the principal county has exclusive jurisdiction when a district is or would be located in more than one county as the result of a proposed change of organization or reorganization.

This bill would repeal both that provision and the exceptions.

(5) Existing law requires the commission, in order to prepare and update spheres of influence, to conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission, as specified. Existing law requires the commission to adopt, amend, or revise spheres of influence after a public hearing called and held for that purpose.

This bill would revise and recast that provision to provide that the commission is required to adopt, amend, or update spheres of influence after a public hearing called and held for that purpose.

(6) Existing law authorizes a commission in the county in which an extension of service is proposed to approve (1) a city or district to provide new or extended services by contract or agreement outside its jurisdictional boundary in writing, (2) a city or district to provide new or extended services outside its jurisdictional boundary but within its sphere of influence in anticipation of a later change of organization, and (3) a city or district to provide new or extended services outside its jurisdictional boundary and outside its sphere of influence to respond to an existing or impending threat to the health or safety of the public or the residents of the affected territory if specified conditions are met.

This bill would revise and recast those provisions to remove the general requirement the commission must be in the county in which an extension of service is proposed and provide that a city or district may provide new or extended services by contract or agreement outside its jurisdictional boundary only if it first requests and receives written approval from the commission of the county in which the affected territory is located.

(7) Existing law authorizes the City of Cupertino to annex unincorporated territory consisting of property abutting on a street, highway, or road, and the street, highway, or road, to the extent that it abuts that property, subject to specified conditions.

This bill would repeal that provision.

(8) Existing law requires the proponents of a change of organization for a city with a population of more than 100,000 that is located within a county with a population of more than 4,000,000 to publish a notice of intention that sets forth the reasons for the proposal before circulating any petition for a change of organization.

This bill would repeal that provision.

(9) Existing law requires the commission to dissolve inactive districts and provides that dissolved districts are not subject to specified provisions.

This bill would add that dissolved districts are not subject to specified taxation provisions related to jurisdictional changes.

(10) Existing law provides that if a certificate of completion for a change of organization or reorganization has not been filed within one year after the commission approves a proposal for that proceeding, the

proceeding shall be deemed terminated unless prior to the expiration of that year the commission authorizes an extension of time for that completion. Existing law exempts from this requirement a reorganization requested by a city in the County of Santa Cruz that has adopted a voter approved urban limit line, if the commission's resolution making determinations includes terms and conditions that allow for the completion of the reorganization in 2 or more segments.

This bill would repeal the provision establishing the above-described exemption applicable to a reorganization requested by a city in the County of Santa Cruz.

Existing law provides that a change of organization or reorganization is complete from the date of execution of the certificate of completion and effective from the dates specified in the terms and conditions of the commission resolution. Existing law prohibits the effective date from being fixed earlier than the date of execution of the certificate of completion or later than 9 months after the date of the election in which a majority voted in favor of the change of organization or reorganization. Existing law, notwithstanding these provisions, in the case of a reorganization requested by a city in the County of Santa Cruz that has adopted a voter approved urban limit line, provides that the effective date of that reorganization shall be fixed in the terms and conditions of the commission resolution.

This bill would repeal this provision applicable to the effective date of a reorganization requested by a city in the County of Santa Cruz.

(11) Existing law, in the case of registered voter districts or cities, for specified proposals, requires the commission within 30 days after the conclusion of the hearing to order the change of organization or reorganization subject to confirmation by registered voters if at least 25% but less than 50% of the registered voters file written protests and do not withdraw those protest, as specified. Existing law, notwithstanding this requirement, requires the commission to order the change of organization or reorganization subject to confirmation by registered voters if 15% of the registered voters residing within the affected territory file written protests and do not withdraw those protest, if the territory proposed to be annexed is to a city with more than 100,000 residents and is located in a county with a population of over 4,000,000.

This bill would repeal the latter requirement imposed on a city with more than 100,000 residents and located in a county with a population of over 4,000,000.

(12) Existing law authorizes the board of supervisors of the County of Los Angeles to, by a  $\frac{2}{3}$  vote, convey any parking lot owned by the county and situated within the boundaries of an incorporated city to the city for public parking purposes, without consideration other than the agreement by the city to continue to use and maintain the property as a public parking lot.

This bill would repeal that provision.

(13) This bill would make other nonsubstantive changes.

## Digest Key

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

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## Bill Text

**THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS**

## **FOLLOWS:**

**SECTION 1.** Section 56066 of the Government Code is amended to read:

56066. "Principal county" means the county having the greater portion of the entire assessed value, as shown on the last equalized assessment roll of the county or counties, of all taxable property within a district or districts for which a change of organization, reorganization, or determination of a sphere of influence is proposed.

**SEC. 2.** Section 56123 of the Government Code is amended to read:

56123. Except as otherwise provided in Section 56124, if a proposed change of organization, reorganization, or determination of a sphere of influence applies to two or more affected counties, for the purpose of this division, exclusive jurisdiction shall be vested in the commission of the principal county. Any notices, proceedings, orders, or any other acts authorized or required to be given, taken, or made by the commission, board of supervisors, clerk of a county, or any other county official, shall be given, taken, or made by the persons holding those offices in the principal county. The commission of the principal county shall provide notice to the legislative body and the executive officer of all affected agencies of any proceedings, actions, or reports on the proposed change of organization or reorganization. Any officer of a county other than the principal county shall cooperate with the commission of the principal county and shall furnish the commission of the principal county with any certificates, records, or certified copies of records as may be necessary to enable the commission of the principal county to comply with this division.

**SEC. 3.** Section 56124 of the Government Code is amended to read:

56124. If a proposed change of organization, reorganization, or determination of a sphere of influence applies to two or more affected counties, for purposes of this division, exclusive jurisdiction may be vested in the commission of an affected county other than the commission of the principal county if all of the following occur:

- (a) The commission of the principal county approves of having exclusive jurisdiction vested in another affected county.
- (b) The commission of the principal county designates the affected county which shall assume exclusive jurisdiction.
- (c) The commission of the affected county so designated agrees to assume exclusive jurisdiction.

If exclusive jurisdiction is vested in the commission of an affected county other than the principal county pursuant to this section, any notices, proceedings, orders, or any other acts authorized or required to be given, taken, or made by the commission, board of supervisors, clerk of a county, or any other officer of a county, shall be given, taken, or made by the persons holding those offices in the affected county. Any officer of a county other than the affected county shall cooperate with the commission of the affected county and shall furnish the commission of the affected county with any certificates, records, or certified copies of records as may be necessary to enable the commission of the affected county to comply with this division.

**SEC. 4.** Section 56133 of the Government Code is amended to read:

56133. (a) A city or district may provide new or extended services by contract or agreement outside its jurisdictional boundary only if it first requests and receives written approval from the commission of the

county in which the affected territory is located.

(b) The commission may authorize a city or district to provide new or extended services outside its jurisdictional boundary but within its sphere of influence in anticipation of a later change of organization.

(c) The commission may authorize a city or district to provide new or extended services outside its jurisdictional boundary and outside its sphere of influence to respond to an existing or impending threat to the health or safety of the public or the residents of the affected territory, if both of the following requirements are met:

(1) The entity applying for approval has provided the commission with documentation of a threat to the health and safety of the public or the affected residents.

(2) The commission has notified any alternate service provider, including any water corporation as defined in Section 241 of the Public Utilities Code, that has filed a map and a statement of its service capabilities with the commission.

(d) The executive officer, within 30 days of receipt of a request for approval by a city or district to extend services outside its jurisdictional boundary, shall determine whether the request is complete and acceptable for filing or whether the request is incomplete. If a request is determined not to be complete, the executive officer shall immediately transmit that determination to the requester, specifying those parts of the request that are incomplete and the manner in which they can be made complete. When the request is deemed complete, the executive officer shall place the request on the agenda of the next commission meeting for which adequate notice can be given but not more than 90 days from the date that the request is deemed complete, unless the commission has delegated approval of requests made pursuant to this section to the executive officer. The commission or executive officer shall approve, disapprove, or approve with conditions the extended services. If the new or extended services are disapproved or approved with conditions, the applicant may request reconsideration, citing the reasons for reconsideration.

(e) This section does not apply to any of the following:

(1) Two or more public agencies where the public service to be provided is an alternative to, or substitute for, public services already being provided by an existing public service provider and where the level of service to be provided is consistent with the level of service contemplated by the existing service provider.

(2) The transfer of nonpotable or nontreated water.

(3) The provision of surplus water to agricultural lands and facilities, including, but not limited to, incidental residential structures, for projects that serve conservation purposes or that directly support agricultural industries. However, prior to extending surplus water service to any project that will support or induce development, the city or district shall first request and receive written approval from the commission in the affected county.

(4) An extended service that a city or district was providing on or before January 1, 2001.

(5) A local publicly owned electric utility, as defined by Section 9604 of the Public Utilities Code, providing electric services that do not involve the acquisition, construction, or installation of electric distribution facilities by the local publicly owned electric utility, outside of the utility's jurisdictional boundary.

(6) A fire protection contract, as defined in subdivision (a) of Section 56134.

**SEC. 5.** Section 56325.1 of the Government Code is amended and renumbered to read:

56331.4 While serving on the commission, all commission members shall exercise their independent judgment on behalf of the interests of residents, property owners, and the public as a whole in furthering the purposes of this division. Any member appointed on behalf of local governments shall represent the interests of the public as a whole and not solely the interests of the appointing authority. This section does not require the abstention of any member on any matter, nor does it create a right of action in any person.

**SEC. 6.** Section 56375 of the Government Code is amended to read:

56375. The commission shall have all of the following powers and duties subject to any limitations upon its jurisdiction set forth in this part:

(a) (1) To review and approve with or without amendment, wholly, partially, or conditionally, or disapprove proposals for changes of organization or reorganization, consistent with written policies, procedures, and guidelines adopted by the commission.

(2) The commission may initiate proposals by resolution of application for any of the following:

(A) The consolidation of a district, as defined in Section 56036.

(B) The dissolution of a district.

(C) A merger.

(D) The establishment of a subsidiary district.

(E) The formation of a new district or districts.

(F) A reorganization that includes any of the changes specified in subparagraph (A), (B), (C), (D), or (E).

(G) The dissolution of an inactive district pursuant to Section 56879.

(3) A commission may initiate a proposal described in paragraph (2) only if that change of organization or reorganization is consistent with a recommendation or conclusion of a study prepared pursuant to Section 56378, 56425, or 56430, and the commission makes the determinations specified in subdivision (b) of Section 56881.

(4) A commission shall not disapprove an annexation to a city, initiated by resolution, of contiguous territory that the commission finds is any of the following:

(A) Surrounded or substantially surrounded by the city to which the annexation is proposed or by that city and a county boundary or the Pacific Ocean if the territory to be annexed is substantially developed or developing, is not prime agricultural land as defined in Section 56064, is designated for urban growth by the general plan of the annexing city, and is not within the sphere of influence of another city.

(B) Located within an urban service area that has been delineated and adopted by a commission, which is not prime agricultural land, as defined by Section 56064, and is designated for urban growth by the general plan of the annexing city.

(C) An annexation or reorganization of unincorporated islands meeting the requirements of Section 56375.3.

(5) As a condition to the annexation of an area that is surrounded, or substantially surrounded, by the city to which the annexation is proposed, the commission may require, where consistent with the purposes of this division, that the annexation include the entire island of surrounded, or substantially surrounded, territory.

(6) A commission shall not impose any conditions that would directly regulate land use density or intensity, property development, or subdivision requirements.

(7) The decision of the commission with regard to a proposal to annex territory to a city shall be based upon the general plan and rezoning of the city. When the development purposes are not made known to the annexing city, the annexation shall be reviewed on the basis of the adopted plans and policies of the annexing city or county. A commission shall require, as a condition to annexation, that a city rezone the territory to be annexed or present evidence satisfactory to the commission that the existing development entitlements on the territory are vested or are already at build-out, and are consistent with the city's general plan. However, the commission shall not specify how, or in what manner, the territory shall be rezoned.

(8) (A) Except for those changes of organization or reorganization authorized under Section 56375.3, and except as provided by subparagraph (B), a commission shall not approve an annexation to a city of any territory greater than 10 acres, or smaller as determined by commission policy, where there exists a disadvantaged unincorporated community that is contiguous to the area of proposed annexation, unless an application to annex the disadvantaged unincorporated community to the subject city has been filed with the executive officer.

(B) An application to annex a contiguous disadvantaged unincorporated community shall not be required if either of the following apply:

(i) A prior application for annexation of the same disadvantaged unincorporated community has been made in the preceding five years.

(ii) The commission finds, based upon written evidence, that a majority of the registered voters within the affected territory are opposed to annexation.

(C) This paragraph shall also apply to the annexation of two or more contiguous areas that take place within five years of each other and that are individually less than 10 acres but cumulatively more than 10 acres.

(b) With regard to a proposal for annexation or detachment of territory to, or from, a city or district or with regard to a proposal for reorganization that includes annexation or detachment, to determine whether territory proposed for annexation or detachment, as described in its resolution approving the annexation, detachment, or reorganization, is inhabited or uninhabited.

(c) With regard to a proposal for consolidation of two or more cities or districts, to determine which city or district shall be the consolidated successor city or district.

(d) To approve the annexation of unincorporated, noncontiguous territory, subject to the limitations of Section 56742, located in the same county as that in which the city is located, and that is owned by a city and used for municipal purposes and to authorize the annexation of the territory without notice and hearing.

(e) To approve the annexation of unincorporated territory consistent with the planned and probable use of the property based upon the review of general plan and rezoning designations. No subsequent change may be made to the general plan for the annexed territory or zoning that is not in conformance to the rezoning designations for a period of two years after the completion of the annexation, unless the legislative body for the city makes a finding at a public hearing with written notice provided no less than 21 days to the commission that a substantial change has occurred in circumstances that necessitate a departure from the rezoning in the application to the commission.

(f) With respect to the incorporation of a new city or the formation of a new special district, to determine the number of registered voters residing within the proposed city or special district or, for a landowner-voter special district, the number of owners of land and the assessed value of their land within the territory

proposed to be included in the new special district. The number of registered voters shall be calculated as of the time of the last report of voter registration by the county elections official to the Secretary of State prior to the date the first signature was affixed to the petition. The executive officer shall notify the petitioners of the number of registered voters resulting from this calculation. The assessed value of the land within the territory proposed to be included in a new landowner-voter special district shall be calculated as shown on the last equalized assessment roll.

(g) To adopt written procedures for the evaluation of proposals, including written definitions consistent with existing state law. The commission may adopt standards for any of the factors enumerated in Section 56668. Any standards adopted by the commission shall be written.

(h) To adopt standards and procedures for the evaluation of service plans submitted pursuant to Section 56653 and the initiation of a change of organization or reorganization pursuant to subdivision (a).

(i) To make and enforce regulations for the orderly and fair conduct of hearings by the commission.

(j) To incur usual and necessary expenses for the accomplishment of its functions.

(k) To appoint and assign staff personnel and to employ or contract for professional or consulting services to carry out and effect the functions of the commission.

(l) To review the boundaries of the territory involved in any proposal with respect to the definiteness and certainty of those boundaries, the nonconformance of proposed boundaries with lines of assessment or ownership, and other similar matters affecting the proposed boundaries.

(m) To waive the restrictions of Section 56744 if it finds that the application of the restrictions would be detrimental to the orderly development of the community and that the area that would be enclosed by the annexation or incorporation is so located that it cannot reasonably be annexed to another city or incorporated as a new city.

(n) To waive the application of Section 22613 of the Streets and Highways Code if it finds the application would deprive an area of a service needed to ensure the health, safety, or welfare of the residents of the area and if it finds that the waiver would not affect the ability of a city to provide any service. However, within 60 days of the inclusion of the territory within the city, the legislative body may adopt a resolution nullifying the waiver.

(o) If the proposal includes the incorporation of a city, as defined in Section 56043, or the formation of a district, as defined in Section 2215 of the Revenue and Taxation Code, the commission shall determine the property tax revenue to be exchanged by the affected local agencies pursuant to Section 56810. If the proposal includes the disincorporation of a city, as defined in Section 56034, the commission shall determine the property tax revenue to be exchanged by the affected local agencies pursuant to Section 56813.

(p) To authorize a city or district to provide new or extended services outside its jurisdictional boundaries pursuant to Section 56133.

(q) To enter into an agreement with the commission for an adjoining county for the purpose of determining procedures for the consideration of proposals that may affect the adjoining county or where the jurisdiction of an affected agency crosses the boundary of the adjoining county.

(r) To approve with or without amendment, wholly, partially, or conditionally, or disapprove pursuant to this section the annexation of territory served by a mutual water company formed pursuant to Part 7 (commencing with Section 14300) of Division 3 of Title 1 of the Corporations Code that operates a public water system to a city or special district. Any annexation approved in accordance with this subdivision shall be subject to the



state and federal constitutional prohibitions against the taking of private property without the payment of just compensation. This subdivision shall not impair the authority of a public agency or public utility to exercise eminent domain authority.

**SEC. 7.** Section 56375.2 of the Government Code is repealed.

**SEC. 8.** Section 56387 of the Government Code is repealed.

**SEC. 9.** Section 56388 of the Government Code is repealed.

**SEC. 10.** Section 56427 of the Government Code is amended to read:

56427. The commission shall adopt, amend, or update spheres of influence after a public hearing called and held for that purpose. At least 21 days prior to the date of that hearing, the executive officer shall give mailed notice of the hearing to each affected local agency or affected county, and to any interested party who has filed a written request for notice with the executive officer. In addition, at least 21 days prior to the date of that hearing, the executive officer shall cause notice of the hearing to be published in accordance with Section 56153 in a newspaper of general circulation which is circulated within the territory affected by the sphere of influence proposed to be adopted. The commission may continue from time to time any hearing called pursuant to this section.

At any hearing called and held pursuant to this section, the commission shall hear and consider oral or written testimony presented by any affected local agency or affected county or any interested person who wishes to appear.

This section shall only apply to spheres of influence adopted by the commission after January 1, 1975.

**SEC. 11.** Section 56747 of the Government Code is repealed.

**SEC. 12.** Section 56760 of the Government Code is repealed.

**SEC. 13.** Section 56879 of the Government Code is amended to read:

56879. (a) On or before November 1, 2018, and every year thereafter, the Controller shall create a list of special districts that are inactive, as defined in Section 56042, based upon the financial reports received by the Controller pursuant to Section 53891. The Controller shall publish the list of inactive districts on the Controller's internet website. The Controller shall also notify the commission in the county or counties in which the district is located if the Controller has included the district in this list.

(b) The commission shall initiate dissolution of inactive districts by resolution within 90 days of receiving notification from the Controller pursuant to subdivision (a), unless the commission determines that the district does not meet the criteria set forth in Section 56042. The commission shall notify the Controller if the commission determines that a district does not meet the criteria set forth in Section 56042.

(c) The commission shall dissolve inactive districts. The commission shall hold one public hearing on the dissolution of an inactive district pursuant to this section no more than 90 days following the adoption of the resolution initiating dissolution. The dissolution of an inactive district shall not be subject to any of the following:

(1) Chapter 1 (commencing with Section 57000) to Chapter 7 (commencing with Section 57176), inclusive, of Part 4.

(2) Determinations pursuant to subdivision (b) of Section 56881.

(3) Requirements for commission-initiated changes of organization described in paragraph (3) of subdivision (a) of Section 56375.

(4) Sections 99 and 99.01 of the Revenue and Taxation Code.

**SEC. 14.** Section 57001.1 of the Government Code is repealed.

**SEC. 15.** Section 57075.5 of the Government Code is repealed.

**SEC. 16.** Section 57202.1 of the Government Code is repealed.

**SEC. 17.** Section 57383 of the Government Code is repealed.