



**MAY 13 2014**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Item 8570-001-0001 and Addition of Item 8570-001-3237,  
Support, Department of Food and Agriculture**

**Border Protection Station (BPS) Program (Issue 301)**—It is requested that Item 8570-001-0001 be increased by \$3,100,000 to provide funding to support the BPS Program. This request will provide for the continuation of operations necessary to properly meet the California Department of Food and Agriculture's (CDFA) agricultural mission. The CDFA will redirect 22 existing unfunded positions to staff the BPS program.

**Implementing Scoping Plan Update Requirements (Issue 302)**—It is requested that Item 8570-001-3237 be added in the amount of \$140,000 and Item 8570-001-0001 be revised to reflect this change. This action will fund one existing, but unfunded position to support, implement, and coordinate activities listed in the Key Recommendations Section of the AB 32 Scoping Plan Update in conjunction with the Air Resources Board. The Agriculture Chapter of the Scoping Plan Update requires the CDFA to implement initiatives that will lead to measurable and quantifiable Greenhouse Gas reductions by California's agricultural sector.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call John Fitzpatrick, Principal Program Budget Analyst, at (916) 445-8913.

MICHAEL COHEN  
Director  
By:

/s/ Keely M. Bosler

KEELY M. BOSLER  
Chief Deputy Director

Attachment

cc: On following page

**MAY 13 2014**

-2-

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Seren Taylor, Staff Director  
Honorable Mike Gatto, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee  
Attention: Mr. Eric Swanson, Staff Director  
Honorable Jim Beall, Chair, Senate Budget and Fiscal Review Subcommittee No. 2  
Honorable Richard Bloom, Chair, Assembly Budget Subcommittee No. 3  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Honorable Karen Ross, Secretary, California Department of Food and Agriculture  
Ms. Kari Morrow, Division Director, Administrative Services, California Department of Food and  
Agriculture  
Ms. Jody Lusby, Assistant Director, Administrative Services, California Department of Food and  
Agriculture  
Ms. Mandy Heitz, Budget Officer, Administrative Services, California Department of Food and  
Agriculture



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Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Item 8885-295-0001, Local Assistance, Commission on State Mandates**

It is requested that Item 8885-295-0001 be increased by \$100 million to provide accelerated payment of pre-2004 local government mandate claims. It is also requested that provisional language be added (see Attachment I) and Government Code section 17617 be amended to accomplish this accelerated payment (see Attachment II).

Proposition 1A of 2004 amended the Constitution to require that state mandate costs incurred prior to 2004 be paid over a term of years. Statute requires the state to pay the pre-2004 state mandate costs to local governments by the end of 2020-21.

The claims are owed to counties, cities and special districts and provisional language is proposed to allocate the payments proportionally based on the total pre-2004 mandate claims owed, which is 73.1 percent to counties, 24.6 percent to cities, and 2.2 percent to special districts. These monies are general purpose revenues for local governments and are available for core local government services such as public safety.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Michael Byrne, Principal Program Budget Analyst, at (916) 445-3274.

MICHAEL COHEN  
Director  
By:

/s/ Keely M. Bosler

KEELY M. BOSLER  
Chief Deputy Director

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Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee  
Attention: Mr. Eric Swanson, Staff Director  
Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4  
Honorable Tom Daly, Chair, Assembly Budget Subcommittee No. 4  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Ms. Heather Halsey, Executive Director, Commission on State Mandates  
Ms. Kathy Rios, Chief, Bureau of Payments, Accounting and Reporting Division, State Controller's Office

Addition of provisional language to Budget Bill Item 8885-295-0001:

X. Within 10 days after enactment of the 2014 Budget Act, the Controller shall report, to the Department of Finance, the total amount owed to each county, city and special district for pre-2004 local mandate claims. The Department of Finance shall transmit, to the chairperson of the Joint Legislative Budget Committee, a payment schedule that is based upon the Controller's report and allocates the \$100 million appropriated in this item according to the following. No less than 73.1 percent of the \$100 million shall be used for the payment of claims submitted by counties. No less than 24.6 percent of the \$100 million shall be used for the payment of claims submitted by cities. No less than 2.2 percent of the \$100 million shall be used to pay claims submitted by special districts. The Department of Finance's payment instructions shall limit the payment to each city, county, and special district to that city's, county's, and special district's proportional amount of the total outstanding pre-2004 claims, that have been approved for payment. The Controller shall make payments according to the Department of Finance's payment instructions no sooner than 30 days after the Department of Finance has provided the payment schedule to the chairperson of the Joint Legislative Budget Committee, or his or her designee.

MAY 13 2014

Attachment II

**Recommended trailer bill language  
Item 8885-295-0001**

Section 17617 of the Government Code is amended to read:

17617. The total amount due to each city, county, city and county, and special district, for which the state has determined that reimbursement is required under paragraph (2) of subdivision (b) of Section 6 of Article XIII B of the California Constitution, shall be appropriated for payment to these entities over a period of not more than 15 years, commencing with the Budget Act for the 2006-07 fiscal year and concluding with the Budget Act for the 2020-21 fiscal year. There shall be no appropriation for payment of reimbursement claims submitted pursuant to this section for the 2012-13, ~~2013-14, and 2014-15~~ and 2013-14 fiscal years.



**MAY 13 2014**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

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Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Item 8940-001-0001, Support, California Military Department**

**Military Council (Issue 301)**—It is requested that Item 8940-001-0001 be increased by \$85,000 to provide funding to support ongoing workload and operations of the Military Council.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call John Fitzpatrick, Principal Program Budget Analyst, at (916) 445-8913.

MICHAEL COHEN  
Director  
By:

/s/ Keely M. Bosler

KEELY M. BOSLER  
Chief Deputy Director

**Attachment**

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Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
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Honorable Mike Gatto, Chair, Assembly Appropriations Committee  
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Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee  
Attention: Mr. Eric Swanson, Staff Director  
Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4  
Honorable Tom Daly, Chair, Assembly Budget Subcommittee No. 4  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Major General David Baldwin, The Adjutant General, California Military Department  
Lieutenant Colonel Ronald Vestman, Comptroller, California Military Department  
Ms. Candace Boas, Budget Officer, California Military Department



**MAY 13 2014**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Item 8955-001-0001, Support, Department of Veterans Affairs**

**Conversion of Groundskeepers Contract to Civil Service at the Veterans Home of California (VHC) - Chula Vista (Issue 301)**—It is requested that Item 8955-001-0001 be increased by \$114,000 and 3.0 positions to convert contracted landscaping functions to civil service. This will allow the VHC-Chula Vista to maintain a safe and well-maintained environment for its residents.

**Delayed Activation of Units at Veterans Homes (Issue 305)**—It is requested that Item 8955-001-0001 be decreased by \$16,883,000 to reflect the delayed activation of Skilled Nursing Facility beds at the VHC-West Los Angeles and delayed opening of Community Based Adult Services in VHC-Lancaster and VHC-Ventura. We note a related reduction of \$17,202,000 in the current year.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call John Fitzpatrick, Principal Program Budget Analyst, at (916) 445-8913.

MICHAEL COHEN  
Director  
By:

/s/ Keely M. Bosler

KEELY M. BOSLER  
Chief Deputy Director

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Honorable Mike Gatto, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee  
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Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4  
Honorable Tom Daly, Chair, Assembly Budget Subcommittee No. 4  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Honorable Peter Gravett, Secretary, Department of Veterans Affairs  
Mr. Michael Wells, Undersecretary, Operations, Department of Veterans Affairs  
Ms. Patty Ingram, Budget Officer, Department of Veterans Affairs



**MAY 13 2014**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Item 9210-110-0001 and Various Trailer Bills, Local Assistance, Local Government Financing.**

**Insufficient Educational Revenue Augmentation Fund (ERAF) Backfill**

**(Issues 001)**—It is requested that Item 9210-110-0001 be increased by \$4,210,000 to ensure sufficient funds are available to backfill the Vehicle License Fee Swap and Triple-Flip costs for San Mateo County and the cities located therein.

**State-County Assessors' Partnership Program (Issue 002)**—It is requested that various amendments be made to trailer bill language (RN 1405670) proposed in January to establish the State-County Assessors' Partnership Program in 2014-15. The amendments address metrics for measuring program success, expand the purposes for which program funds may be used, and make various changes to the methodology for distributing program funds (see Attachment I).

**Local Economic Development Program—Infrastructure Financing Districts**

**(Issue 003)**—It is requested that various amendments be made to trailer bill language (RN 1405670) proposed in January to modify existing law related to Infrastructure Financing Districts (IFDs). The amendments recast the expanded IFD Program as a separate program from the existing IFD Program, expand the pool of monies that may be used to finance the program, and include changes related to affordable housing (see Attachment II).

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The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Chris Hill, Principal Program Budget Analyst, at (916) 445-1546.

MICHAEL COHEN  
Director  
By:

/s/ Keely M. Bosler

KEELY M. BOSLER  
Chief Deputy Director

Attachment

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Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office

MAY 13 2014

**County Assessor Grant Program  
Proposed Trailer Bill Language**

SECTION 1. Section 95.5 is added to the Revenue and Taxation Code to read:

SEC 95.5. (a) In recognition of the fact that over 50 percent of annual property tax revenues accrue to K-14 schools and county offices of education, and thereby help to offset the state's General Fund obligation to those entities, the Legislature finds and declares that the state has a vested financial interest in ensuring that county assessors have the resources necessary to fairly and efficiently administer the county property tax rolls. Fair and efficient administration includes, but is not limited to, the expeditious enrollment of properties that are newly constructed or that change ownership, the timely levying of supplemental assessments when ownership changes occur, the timely reassessment of property to reflect market values, and the defense of assessed valuations that county assessors believe have been improperly appealed.

(1) It is the intent of the Legislature to establish a three-year pilot program limited to nine competitively selected county assessors' offices to quantify the ~~General Fund~~ benefit of providing county assessors with state grants to improve their ability to discharge these, and related essential duties.

(2) The success of the pilot program shall be determined based on whether the assessment activities funded with pilot program funds in each county have enhanced countywide equalization by properly valuing property, and have thereby generated property tax revenues for K-14 schools and county offices of education in an amount at least three times greater that is not less than the total amount of General Fund expended to fund the pilot program in each participating county.

(b) For the 2014-15 fiscal year to the 2016-17 fiscal year, inclusive, there is hereby created the State-County Assessors' Partnership Agreement Program, to be administered by the Department of Finance.

(1) Program funding shall be subject to appropriation in the annual Budget Act. The Program shall be inoperative in any fiscal year in which an appropriation is not provided.

(2) Each participating county shall annually match, on a dollar-for-dollar basis, the Program funds apportioned to their county assessor's office.

(3) Program funds provided to participating county assessors shall be used to supplement, and not supplant, existing funding. For purposes of this paragraph, base staffing and funding levels shall be calculated as of June 30, 2014, unless otherwise authorized by Finance.

(c) All counties shall be eligible to apply to participate in the Program. However, the Department of Finance shall limit program participation as follows:

(1) (A) No more than two Program participants shall be selected from counties of the first or second class, inclusive, as defined in Sections 28022 and 28023 of the Government Code.

(B) Each county selected from within the classes specified in subparagraph (A) shall be eligible to receive at least 25 percent of the amount annually appropriated for the Program, not to exceed one million eight hundred seventy five thousand dollars (\$1,875,000).

(C) If the number of approved program participants is not sufficient to meet the number of participants allowed under this section, the number of program participants under section (2) will be increased by the remaining number of participants from this section. The remaining funds will be added to the funds available within subparagraph (B) of paragraph (2) so that the total program funds will be available for distribution equally among the participants in paragraph (2).

(2) (A) No more than four Pprogram participants shall be selected from counties of the third to 12th classes, inclusive, as defined in Sections 28024 through 28033, inclusive, of the Government Code.

(B) Each county selected from within the classes specified in subparagraph (A) shall be eligible to receive at least 11 percent of the amount annually appropriated for the Program, not to exceed eight hundred and twenty five thousand dollars (\$825,000).

(C) If the number of approved program participants is not sufficient to meet the number of participants allowed under this section, the number of program participants under paragraph (3) will be increased by the remaining number of participants from this section. The remaining funds will be added to the funds available within subparagraph (B) of paragraph (3) so that the total program funds set aside will be available for distribution equally among the participants in paragraph (3).

(3) (A) No more than three Program participants shall be selected from counties of the 13th to 58th classes, inclusive, as defined in Sections 28034 through 28079, inclusive, of the Government Code.

(B) Each county selected from within the classes specified in subparagraph (A) shall be eligible to receive at least 2 percent of the amount annually appropriated for the program, not to exceed one hundred and fifty thousand dollars (\$150,000).

(4) County populations for purposes of this subdivision shall be determined based on the most recent January estimate by the population research unit of the Department of Finance.

(d) County assessors' offices that elect to apply to participate in the program shall do the following on or before September 15, 2014:

(1) Transmit to the Department of Finance a resolution of the county board of supervisors that states the county agrees to provide the assessor's office with matching funds, on a dollar-for-dollar basis, in each year that the assessor's office participates in the program.

(2) Submit to the Department of Finance an application, in the form and manner specified by Department of Finance. The Department of Finance may reject applications not received by the specified date. At a minimum, the application shall include the following:

(A) ~~The number of staff~~ the county assessor proposes to fund-hire using Pprogram funds and matching county funds.

(B) The estimated value that the staff identified in subparagraph (A) will result in a change add to the county property tax roll pursuant to work performed in accordance with subparagraph (A) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value changed added to the property tax roll by county assessor's office staff in the 2013-14 fiscal year through performance of the tasks described in subparagraph (A) of paragraph (1) of subdivision (f).

(ii) The estimated countywide backlog of newly constructed real property that has not yet been enrolled, ~~the estimated dollar value of the real property~~ and the estimated rate at which the staff identified in subparagraph (A) will enroll that property.

(C) The estimated value that the staff identified in subparagraph (A) will result in a change add to the county property tax roll pursuant to work performed in accordance with subparagraph (B) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the Program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value changed added to the property tax roll by county assessor's office staff in the 2013-14 fiscal year through performance of the tasks described in subparagraph (B) of paragraph (1) of subdivision (f).

(ii) The estimated countywide backlog of real property that has changed ownership and not yet been reassessed, and the estimated dollar value of that real property, ~~and the estimated rate at which the staff identified in subparagraph (A) will reassess that property.~~

(D) The estimated value that the staff identified in subparagraph (A) will result in a change to the county property tax roll pursuant to work performed in accordance with subparagraph (C) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the Program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value changed ~~added~~ to the property tax roll by county assessor's office staff in the 2013-14 fiscal year through performance of the tasks described in subparagraph (C) of paragraph (1) of subdivision (f).

(ii) The estimated countywide backlog of supplemental assessments that have not been issued, and the estimated dollar value of those assessments, ~~and the estimated rate at which the staff identified in subparagraph (A) will reassess that property.~~

(E) The estimated value that the staff identified in subparagraph (A) will result in a change ~~add~~ to the county property tax roll pursuant to work performed in accordance with subparagraph (D) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the Program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value changed ~~added~~ to the property tax roll by county assessor's office staff in the 2013-14 fiscal year through performance of the tasks described in subparagraph (D) of paragraph (1) of subdivision (f).

(ii) The estimated countywide backlog of real properties that have not been reassessed upon modification, and the estimated dollar value that those modifications will add to the property tax roll, ~~and the estimated rate at which the staff identified in subparagraph (A) will reassess that property.~~

(F) The estimated value that the staff identified in subparagraph (A) will result in a change ~~add~~ to the county property tax roll pursuant to work performed in accordance with subparagraph (E) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the Program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value changed ~~added~~ to the property tax roll by county assessor's office staff in the 2013-14 fiscal year through performance of the tasks described in subparagraph (E) of paragraph (1) of subdivision (f).

(ii) The estimated countywide backlog of escaped assessments, and the estimated dollar value of those assessments, ~~and the estimated rate at which the staff identified in subparagraph (A) will reassess that property.~~

(G) The estimated value that the staff identified in subparagraph (A) will result in a change ~~add~~ to the county property tax roll pursuant to work performed in accordance with subparagraph (F) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the Program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value changed ~~added~~ to the property tax roll by county assessor's office staff in the 2013-14 fiscal year through performance of the tasks described in subparagraph (F) of paragraph (1) of subdivision (f).

(ii) The estimated countywide backlog of properties that have not been reassessed to market value subsequent to having their assessed values reduced, and the estimated dollar value of those reassessments, ~~and the estimated rate at which the staff identified in subparagraph (A) will reassess that property.~~

(H) State the estimated number of assessment appeals to which the staff identified in subparagraph (A) will respond in accordance with subparagraph (G) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the Program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value retained on the property tax roll by county assessor's office staff in the 2013-14 fiscal year through performance of the tasks described in subparagraph (G) of paragraph (1) of subdivision (f).

(ii) The number of assessment appeals to which the county assessor was unable to respond due to staffing shortages in the 2013-14 fiscal year, and the dollar amount by which the countywide property tax roll was consequently reduced.

(I) The estimated value that the staff identified in subparagraph (A) will result in a change to the county property tax roll pursuant to work performed in accordance with subparagraph (H) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the Program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value changed to the property tax roll by county assessor's office staff in the 2013-14 fiscal year through performance of the tasks described in subparagraph (H) of paragraph (1) of subdivision (f).

(ii) The estimated amount resulting in change due to additional audits completed pursuant to Revenue and Taxation Code Sections 469 and 470, and the estimated dollar value of those assessments.

(J) The estimated value that the staff identified in subparagraph (A) will result in a change to the county property tax roll pursuant to work performed in accordance with subparagraph (I) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the Program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value changed to the property tax roll by county assessor's staff in the 2013-14 fiscal year through performance of the tasks described in subparagraph (I) of paragraph (1) of subdivision (f).

(ii) The estimated amount resulting in a change due to discovering taxable property pursuant to Revenue and Taxation Code Sections 405 and 531, the estimated dollar value of those assessments, and the estimated rate at which the staff identified in subparagraph (A) will issue those assessments.

(K) State the amount of Program funds and county matching funds that the county assessor proposes to expend for each of paragraphs (2) and (3) in subdivision (f).

(e) The Department of Finance shall review the applications, select the Program participants on the strength of those applications, and notify the participants of their selection no later than October 15, 2014. No later than October 22, 2014, and each October 22 thereafter while the program is operative, the Department of Finance shall instruct the State Controller's Office to remit to each participating county the appropriate sum in accordance with subdivision (c).

(f) County assessors' offices shall use program funds only for the following purposes, provided that the funds may be used for additional, related purposes upon the receipt of specific authorization from the Department of Finance:

(1) The payment of salaries and benefits to assessor's office staff hired or otherwise funded subsequent to the Department of Finance's approval of the assessor's Program participation application pursuant to subdivision (d), to assist with the following activities:

(A) Assessing and enrolling newly constructed real property.

(B) Reassessing real property that has changed ownership.

(C) Processing supplemental assessments for real property that has changed ownership.

(D) Reassessing existing real property that has been modified in a way that changes its current assessed value.

(E) Reassessing real and personal property that has escaped assessment, as defined in Section 531 et. seq.

(F) Reassessing to current market value those real properties for which the county assessor previously reduced the assessed valuation pursuant to subdivision (b) of Section 2 of Article XIII A of the Constitution.

(G) Responding to real property assessment appeals pursuant to Part 3 (commencing with Section 1601) of Division 1.

(H) Conducting property tax audits pursuant to Revenue and Taxation Code Sections 469 and 470.

(I) Discovering real and personal property not previously assessed.

(2) Procuring office space for staff hired pursuant to Paragraph (1).

(3) Procuring office supplies and related items for staff hired pursuant to Paragraph (1).

(4) Procuring information technology systems and software to assist with the activities specified in subparagraphs (A) through (G) of paragraph (1) by increasing efficiencies and effectiveness of property tax administration, and allowing for appropriate utilization of Program receipts. For purposes of this paragraph, "information technology systems and software" shall exclude desktop computers, portable computers, tablet computers, and mobile phones, unless specifically authorized by Finance.

(g) No later than April 15, 2015, and each subsequent April 15 that the Program is operative, each participating county assessor's office shall report the following information to the Department of Finance in the form and manner specified by the Department of Finance:

(1) The matching funds provided by the county in the fiscal year.

(2) A status report for completing the assessment activities using Program funds and county matching funds to meet the benchmarks specified in paragraph (2) of subdivision (a) in the next fiscal year.

(h) No later than September 15, 2015, and each subsequent September 15 that, 2015, and each April 15 thereafter, while the Pprogram is operative, each participating county assessor's office shall report the following information to the Department of Finance in the form and manner specified by the Department of Finance:

(1) (A) The matching funds provided by the county in the fiscal year.

(B) If the matching funds provided by the county are less than the amount determined for that year by Finance pursuant to paragraph (2) of subdivision (b), program funds provided by the state, the Director of Finance shall immediately terminate the county's participation in the program.

(2) The number of staff whose salaries and benefits were paid in full with Program grant funds and with county matching funds in the fiscal year.

(3) The number of properties assessed and enrolled in the fiscal year pursuant to subparagraph (A) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f), and the total assessed value of those properties. If applicable, the county assessor shall separately report the number of properties assessed and enrolled in the fiscal year using the information technology systems and software identified in paragraph (4) of subdivision (f), and the total assessed value of those properties.

(4) The number of properties reassessed in the fiscal year pursuant to subparagraph (B) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f), and the total roll value of those reassessments. If applicable, the county assessor shall separately report the number of properties reassessed in the fiscal year using the information technology

systems and software identified in paragraph (4) of subdivision (f), and the total roll value of those reassessments.

(5) The number of supplemental assessments enrolled in the fiscal year pursuant to subparagraph (C) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f), and the total roll value of those supplemental assessments. If applicable, the county assessor shall separately report the number of supplemental assessments enrolled in the fiscal year using the information technology systems and software identified in paragraph (4) of subdivision (f), and the total roll value of those supplemental assessments.

(6) The number of properties reassessed in the fiscal year pursuant to subparagraph (D) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f), and the total roll value of those reassessments. If applicable, the county assessor shall separately report the number of properties reassessed in the fiscal year using the information technology systems and software identified in paragraph (4) of subdivision (f), and the total roll value of those reassessments.

(7) The number of escaped assessments enrolled in the fiscal year pursuant to subparagraph (E) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f), and the total roll value of those assessments. If applicable, the county assessor shall separately report the number of escaped assessments enrolled in the fiscal year using the information technology systems and software identified in paragraph (4) of subdivision (f), and the total roll value of those assessments.

(8) The number of properties reassessed in the fiscal year pursuant to subparagraph (F) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f), and the total roll value of those reassessments. If applicable, the county assessor shall separately report the number of properties reassessed in the fiscal year using the information technology systems and software identified in paragraph (4) of subdivision (f), and the total roll value of those reassessments.

(9) The number of assessment appeals successfully responded to in the fiscal year pursuant to subparagraph (G) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f), and the total value retained on the roll as a result. For purposes of this paragraph, "successfully responded to" means that the county assessor's initial assessed valuation was upheld, the assessment appeals board did not reduce the assessed value to that claimed by the appellant.

(10) The additional number of property tax audits completed in the fiscal year pursuant to subparagraph (H) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f) and the total value retained on the roll as a result. For purposes of this paragraph, additional audits refer to the number greater than the required volume of pool audits pursuant to Revenue and Taxation Code Section 469.

(11) The number of properties discovered pursuant subparagraph (I) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f), and the total value retained on the roll as a result.

(j) The Department of Finance shall annually review the information submitted pursuant to subdivision (g), and shall determine for each county whether the work performed using Pprogram funds and county matching funds ~~has resulted in additional property tax revenues for K-14 schools, and the county office of education in an amount at least three times greater than the program funding provided by the state met the benchmarks specified in paragraph (2) of subdivision (a).~~ Subsequent to the provision of thirty (30) days' notice to the Joint Legislative Budget Committee, the Director of Finance may terminate the participation of a county assessor's office in the Pprogram under the following circumstances:

(1) ~~If the program activities of the assessor's office have not resulted in additional property tax revenue for K-14 schools and for the county office of education as specified above met the~~

benchmarks specified in paragraph (2) of subdivision (a), and if the Director of Finance believes the assessor's office does not have a viable plan for performing additional assessment activities that will recoup the unrealized revenue meet those benchmarks in the next fiscal year.

(2) If the program funds were expended for purposes not authorized in subdivision (f), or as otherwise approved by the Department of Finance pursuant to that subdivision.

(3) If the Director of Finance believes that the county's participation is no longer in the best fiscal or policy interest of the state or of the affected taxing entities.

(j) Upon the request of the Department of Finance, participating county assessors' offices shall provide the Department of Finance with any supplemental information necessary to substantiate the information contained in the report submitted pursuant to subdivision (g).

(k) No later than May 8, 2017, the Department of Finance shall provide the Joint Legislative Budget Committee with a report that, at a minimum, includes the following information for each fiscal year that the Program was in operation. The information shall be provided by an individual county:

(1) The assessed value of properties enrolled pursuant to subparagraph (A) of paragraph (1) of subdivision (f), using Pprogram funds and county matching funds. If applicable, Finance shall separately report the assessed value of properties enrolled using the information technology systems and software identified in paragraph (4) of subdivision (f).

(2) The increase in assessed value of properties reassessed pursuant to subparagraph (B) of paragraph (1) of subdivision (f), using Pprogram funds and county matching funds. If applicable, Finance shall separately report the increase in assessed value of properties reassessed using the information technology systems and software identified in paragraph (4) of subdivision (f).

(3) The total value of the supplemental assessments levied pursuant to subparagraph (C) of paragraph (1) of subdivision (f), using Pprogram funds and county matching funds. If applicable, Finance shall separately report the value of the supplemental assessments levied using the information technology systems and software identified in paragraph (4) of subdivision (f).

(4) The increase in assessed value of properties reassessed pursuant to subparagraph (D) of paragraph (1) of subdivision (f), using Pprogram funds and county matching funds. If applicable, Finance shall separately report the increase in assessed value of properties reassessed using the information technology systems and software identified in paragraph (4) of subdivision (f).

(5) The increase in assessed value associated with escaped assessments enrolled pursuant to subparagraph (E) of paragraph (1) of subdivision (f), using Pprogram funds and county matching funds. If applicable, Finance shall separately report the increase in assessed value associated with escaped assessments enrolled using the information technology systems and software identified in paragraph (4) of subdivision (f).

(6) The increase in assessed value associated with properties reassessed pursuant to subparagraph (F) of paragraph (1) of subdivision (f), using Pprogram funds and county matching funds. If applicable, Finance shall separately report the increase in assessed value associated with properties reassessed using the information technology systems and software identified in paragraph (4) of subdivision (f).

(7) The number of assessment appeals successfully responded to pursuant to subparagraph (G) of paragraph (1) of subdivision (f), using Pprogram funds and county matching funds, and the amount of assessed value retained on the roll as a result. For purposes of this paragraph, "successfully responded to" means that the county assessor's initial assessed value was upheld the assessment appeals board did not reduce the assessed value to that claimed by the appellant.

(8) The increase in assessed value associated with property tax audits pursuant to subparagraph (H) of paragraph (1) of subdivision (f), using Pprogram funds and county matching funds. If applicable, Finance shall separately report the increase in assessed value associated with escaped assessments enrolled using the information technology systems and software identified in paragraph (4) of subdivision (f).

(9) The increase in assessed value associated with the discovery of previously unassessed property pursuant to subparagraph (I) of paragraph (1) of subdivision (f), using Program funds and county matching funds. If applicable, Finance shall separately report the increase in assessed value associated with escaped assessments enrolled using the information technology systems and software identified in paragraph (4) of subdivision (f).

(10 8) An estimate of the countywide property tax revenue resulting from the assessed valuation increases identified pursuant to paragraphs (1) through (86), inclusive, and paragraphs (8) and (9)..

(119) An estimate of the countywide property tax revenue that was retained as a result of the appeals workload identified in paragraph (7).

(1249) An estimate of the amount of revenue identified in paragraphs (108) and (119) that accrued to the following entities:

- (A) K-12 school districts.
- (B) California Community College districts.
- (C) County Offices of Education.

(1344) A determination as to whether the Pprogram succeeded according to the criteria specified in paragraph (32) of subdivision (a), and a recommendation as to whether the Program should be continued in its current form, expanded to include additional county assessors' offices, or terminated in the 2017-18 fiscal year.

(l)k) The Legislature finds and declares there is a compelling public interest in allowing the Department of Finance to implement and administer the provisions of this section as expeditiously as possible, and to thereby accelerate countywide equalization efforts ~~the receipt of additional property tax revenues by the schools~~. The Department of Finance is therefore exempt from the provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) for the express purpose of carrying out the duties in this section.

Infrastructure Financing Districts  
Proposed Trailer Bill Language

MAY 13 2014

~~SECTION 1. Government Code section 53395 is amended to read:~~

~~53395. (a) The Legislature finds and declares that the state and federal governments have withdrawn in whole or in part from their former role in financing major, regional, or communitywide infrastructure, including highways and interchanges, sewage treatment and water reclamation works, water supply and treatment works, flood control and drainage works, schools, libraries, parks, parking facilities, open space, and seismic retrofit and rehabilitation of public facilities.~~

~~—(b) The Legislature further finds and declares that the methods available to local agencies to finance public works often place an undue and unfair burden on buyers of new homes, especially for public works that benefit the broader community.~~

~~—(c) The Legislature further finds and declares that the absence of practical and equitable methods for financing both regional and local public works leads to a declining standard of public works, a reduced quality of life and decreased safety for affected citizens, increased objection to otherwise desirable development, and excessive costs for homebuyers.~~

~~—(d) The Legislature further finds and declares that it is equitable and in the public interest to provide alternative procedures for financing public works and services needed to meet the needs of new housing and other development projects.~~

~~—(e) The Legislature further finds and declares that with the dissolution of redevelopment agencies, public benefits will accrue if local agencies, excluding schools, are provided a means to finance the reuse and revitalization of former military bases, fund the creation of transit priority projects and the implementation of sustainable communities plans, construct and rehabilitate affordable housing units, and construct facilities to house providers of consumer goods and services in the communities served by these efforts.~~

~~SEC 2. Government Code section 53395.1 is amended to read:~~

~~53395.1. Unless the context otherwise requires, the definitions contained in this article shall govern the construction of this chapter.~~

~~—(a) "Affected taxing entity" means any governmental taxing agency which levied or had levied on its behalf a property tax on all or a portion of the property located in the proposed district in the fiscal year prior to the designation of the district, but not including any county office of education, school district, or community college district.~~

~~—(b) "City" means a city or a city and county.~~

~~—(c) "Debt" means any binding obligation to repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals.~~

~~—(d) "Designated official" means the city or county engineer or other appropriate official designated pursuant to Section 53395.13.~~

~~—(e) (1) "District" means an infrastructure financing district.~~

~~—(2) An infrastructure financing district is a "district" within the meaning of Section 1 of Article XIII A of the California Constitution.~~

~~—(f) "Infrastructure financing district" means a legally constituted governmental entity separate and distinct from the city, county, or city and county that established it pursuant to this chapter for the sole purpose of financing public facilities or other projects as authorized by this chapter.~~

~~An infrastructure financing district shall be a "local agency" for purposes of Chapter 9 (commencing with Section 54950).~~

- ~~—(g) "Landowner" or "owner of land" means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of the land by the legislative body. The legislative body has no obligation to obtain other information as to the ownership of land, and its determination of ownership shall be final and conclusive for the purposes of this chapter. A public agency is not a landowner or owner of land for purposes of this chapter, unless the public agency owns all of the land to be included within the proposed district.~~
- ~~—(h) "Legislative body" means the city council or board of supervisors.~~

SEC 3. Government Code section 53395.3 is amended to read:

~~53395.3. (a) (1) A district may finance (1) the any of the following:~~

- ~~—(A) The purchase, construction, expansion, improvement, seismic retrofit, or rehabilitation of any real or other tangible property with an estimated useful life of 15 years or longer which satisfies the requirements of subdivision (b), (2) may finance planning (b)~~
- ~~—(B) The planning and design work which is directly related to the purchase, construction, expansion, or rehabilitation of that property and (3) the property~~
- ~~—(C) The costs described in Sections 53395.5, and 53396.5. A district may only finance the purchase of facilities for which construction has been completed, as determined by the legislative body. The~~
- ~~—(2) The facilities need not be physically located within the boundaries of the district. A district may not finance routine maintenance, repair work, or the costs of ongoing operation or providing services of any kind.~~
- ~~—(b) The district shall finance only public capital facilities or other specified projects of communitywide significance, which provide significant benefits to an area larger than the area of the district or the surrounding community, including, but not limited to, all of the following:~~
- ~~—(1) Highways, interchanges, ramps and bridges, arterial streets, parking facilities, and transit facilities.~~
- ~~—(2) Sewage treatment and water reclamation plants and interceptor pipes.~~
- ~~—(3) Facilities for the collection and treatment of water for urban uses.~~
- ~~—(4) Flood control levees and dams, retention basins, and drainage channels.~~
- ~~—(5) Child care facilities.~~
- ~~—(6) Libraries.~~
- ~~—(7) Parks, recreational facilities, and open space.~~
- ~~—(8) Facilities for the transfer and disposal of solid waste, including transfer stations and vehicles.~~
- ~~—(9) Brownfields restoration and other environmental mitigation.~~
- ~~—(10) The development of projects on a former military base, provided that the projects are consistent with the military base authority reuse plan and are approved by the military base reuse authority, if applicable.~~
- ~~—(11) The repayment of the transfer of funds to a military base reuse authority pursuant to Section 67851 that occurred on or after the creation of the district.~~
- ~~—(12) The acquisition, construction, or rehabilitation of housing for rental or purchase.~~
- ~~—(13) The purchase of land, property or buildings for the development of facilities to house providers of consumer goods or services, or the provision of funding to assist in the development of such facilities. Facilities developed pursuant to this paragraph which are not located in transit priority project areas shall not exceed a gross internal area of 60,000 square feet. Any facility developed pursuant to this paragraph that exceeds 30,000 square feet in gross internal area shall devote at least 75 percent of its indoor retail space to the sale of grocery items. For purposes of this paragraph, "consumer goods" shall not include automobiles.~~

- ~~-(14) Acquisition, construction, or repair of industrial structures for private use.~~
- ~~-(15) Transit priority projects, as defined in Section 21155 of the Public Resources Code, that are located within a transit priority project area. For purposes of this paragraph, a transit priority project area may include a military base reuse plan that meets the definition of a transit priority project area and it may include a contaminated site within a transit priority project area.~~
- ~~-(16) Projects that implement a sustainable communities strategy, when the State Air Resources Board, pursuant to Chapter 2.5 (commencing with Section 65080) of Division 2 of Title 7, has accepted a metropolitan planning organization's determination that the sustainable communities strategy or the alternative planning strategy would, if implemented, achieve the greenhouse gas emission reduction targets.~~
- ~~-(17) Infrastructure improvements and other work necessary to expand telecommunications network access to persons residing within the district's boundaries.~~
- ~~-(c) Any district which that constructs dwelling units outside the boundaries of a transit priority project area, or outside the parameters of a sustainable communities strategy shall set aside not less than 20 percent of those units to increase and improve the community's supply of low- and moderate-income housing available at an affordable housing cost, as defined by Section 50052.5 of the Health and Safety Code, to persons and families of low- and moderate income, as defined in Section 50093 of the Health and Safety Code.~~
- ~~-(1) The district shall require, by recorded covenants or restrictions, that housing units built pursuant to this section shall remain available at affordable housing costs to, and occupied by, persons and families of low- or moderate income households for the longest feasible time, but for not less than 55 years for rental units and 45 years for owner-occupied units.~~
- ~~-(d) A district may utilize any powers under the Polanco Redevelopment Act (Article 12.5 (commencing with Section 33459) of Chapter 4 of Part 1 of Division 24 of the Health and Safety Code), and finance any action necessary to implement that Act.~~

SEC 4. Government Code section 53395.3.4 is added to read:

- ~~53395.3.4 (a) A city, county, or city and county that created a redevelopment agency, as defined in Section 33003 of the Health and Safety Code, shall neither initiate creation of a district, or participate in the governance or financing of a district, until it receives certification from the Department of Finance that each of the following has occurred:~~
- ~~-(1) The successor agency for the former redevelopment agency created by the city, county or city and county has received a finding of completion, as specified in Section 34179.7 of the Health and Safety Code.~~
- ~~-(2) The state and the successor agency for the former redevelopment agency created by the city, county or city and county, or if applicable the designated local authority for the former redevelopment agency, have resolved all litigation, related to Part 1.8 (commencing with Section 34161) or Part 1.85 (commencing with Section 34170) of the Health and Safety Code, either through settlement or through the final determination, including all appeals, of a competent court of law.~~
- ~~-(3) The state and the entity that created the former redevelopment agency have resolved all litigation, related to Part 1.8 (commencing with Section 34161) or Part 1.85 (commencing with Section 34170) of the Health and Safety Code, either through settlement or through the final determination, including all appeals, of a competent court of law. For purposes of this paragraph, "entity that created the former redevelopment agency" shall also include entities as defined in Section 34167.10 of the Health and Safety Code.~~
- ~~-(4) The State Controller's Office has completed its review as specified in Section 34167.5 and Section 34178.8 of the Health and Safety Code.~~

~~—(5) The successor agency and the entity that created the former redevelopment agency have complied with all State Controller's Office findings and orders stemming from the reviews as specified in paragraph (4).~~

~~—(b) A city, county, or city and county shall submit its certification request to Finance, in the form and manner specified by the department. Within 10 business days of receiving a certification request, the department shall provide the certification or shall notify the requesting entity of the reason why the certification is being denied. The department shall not deny a certification if the requesting entity and successor agency have complied with paragraphs (1) to (5), inclusive, of subdivision (a).~~

~~—(c) Subdivision (a) shall not be construed to limit a city, county, or city and county that created a district prior to January 1, 2015 the effective date of this legislation, from participating in, or governing that preexisting district.~~

SEC 5. Government Code section 53395.4 is amended to read:

~~53395.4. (a) A district may not include any portion of a former redevelopment project area which is or has been that was previously created pursuant to Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code, whether the creation is or was proper or improper. A redevelopment project area may not include any portion of a district created pursuant to this chapter, provided that the city, county, or city and county that created the former redevelopment agency has received a certification from the Department of Finance pursuant to Section 53395.3.4.~~

~~—(b) A district may finance only the facilities or services authorized in this chapter to the extent that the facilities or services are in addition to those provided in the territory of the district before the district was created. The additional facilities or services may not supplant facilities or services already available within that territory when the district was created but may supplement, rehabilitate, upgrade, or make more sustainable those facilities. those facilities and services as needed to serve new developments.~~

~~—(c) A district may include areas which are not contiguous.~~

SEC 6. Government Code section 53395.5 is amended to read:

~~53395.5. It is the intent of the Legislature that the area creation of the districts created be substantially undeveloped, and the establishment of a district should not ordinarily lead to the removal of existing dwelling units. If, however, any dwelling units are proposed to be removed or destroyed in the course of private development or public works construction within the area of the district, the legislative body shall do all of the following:~~

~~—(a) Within four years of the removal or destruction, cause or require the construction or rehabilitation, for rental or sale to persons or families of low or moderate income, of an equal number of replacement dwelling units at affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, within the territory of the district if the dwelling units removed were inhabited by persons or families of low or moderate income, as defined in Section 50093 of the Health and Safety Code.~~

~~—(b) Within four years of the removal or destruction, cause or require the construction or rehabilitation, for rental or sale to persons of low or moderate income, a number of dwelling units which is at least one unit but not less than 20 percent of the total dwelling units removed at affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, within the territory of the district if the dwelling units removed or destroyed were not inhabited by persons of low or moderate income, as defined in Section 50093 of the Health and Safety Code.~~

~~—(c) Provide relocation assistance and make all the payments required by Chapter 16 (commencing with Section 7260) of Division 7 of Title 1, to persons displaced by any public or~~

private development occurring within the territory of the district. This displacement shall be deemed to be the result of public action.

~~—(d) Ensure that removal or destruction of any dwelling units occupied by persons or families of low or moderate income not take place unless and until there are suitable housing units, at comparable cost to the units from which the persons or families were displaced, available and ready for occupancy by the residents of the units at the time of their displacement. The housing units shall be suitable to the needs of these displaced persons or families, and shall be decent, safe, sanitary, and otherwise standard dwellings.~~

~~—(e) (1) The district shall require, by recorded covenants or restrictions, that housing units built pursuant to this section shall remain available at affordable housing costs to, and occupied by, persons and families of low or moderate income households for the longest feasible time, but for not less than 55 years for rental units and 45 years for owner-occupied units.~~

~~—(2) In lieu of a 45-year covenant or restriction, the district may subject owner-occupied units to an equity sharing agreement described in paragraph (2) of subdivision (c) of Section 65915.~~

SEC 7. Government Code section 53395.10 is amended to read:

~~53395.10. A legislative body of a city, county, or city and county may designate one or more proposed infrastructure financing districts pursuant to this chapter. Proceedings for the establishment of a district shall be instituted by the adoption of a resolution of intention to establish the proposed district and shall do all of the following:~~

~~—(a) State that an infrastructure financing district is proposed to be established under the terms of this chapter and describe the boundaries of the proposed district, which may be accomplished by reference to a map on file in the office of the clerk of the city.~~

~~—(b) State the type of public facilities and development proposed to be financed or assisted by the district. The district may only finance public facilities authorized by in accordance with Section 53395.3.~~

~~—(c) State the need for the district and the goals the district proposes to achieve.~~

~~—(d) State that incremental property tax revenue from the city, county, or city and county and some or all affected taxing entities within the district, if approved by resolution pursuant to Section 53395.19, may be used to finance these public facilities activities.~~

~~—(e) Fix a time and place for a public hearing on the proposal.~~

SEC 8. Government Code section 53395.14 is amended to read:

~~53395.14. After receipt of a copy of the resolution of intention to establish a district, the official designated pursuant to Section 53395.13 shall prepare a proposed infrastructure financing plan. The infrastructure financing plan shall be consistent with the general plan of the city, county or city and county within which the district is located and shall include all of the following:~~

~~—(a) A map and legal description of the proposed district, which may include all or a portion of the district designated by the legislative body in its resolution of intention.~~

~~—(b) A description of the public facilities required to serve and other forms of development or financial assistance that is the development proposed in the area of the district, including those to be provided by the private sector, those to be provided by governmental entities without assistance under this chapter, those public improvements and facilities to be financed with assistance from the proposed district, and those to be provided jointly. The description shall include the proposed location, timing, and costs of the development and financial assistance public improvements and facilities.~~

~~—(c) A finding that the public facilities development and financial assistance are of communitywide significance and provide significant benefits to an area larger than the area of the district.~~

- ~~—(d) A financing section, which shall contain all of the following information:~~
- ~~—(1) A specification of the maximum portion of the incremental tax revenue of the city, county, or city and county and of each affected taxing entity proposed to be committed to the district for each year during which the district will receive incremental tax revenue. The portion need not be the same for all affected taxing entities. The portion may change over time.~~
- ~~—(2) A projection of the amount of tax revenues expected to be received by the district in each year during which the district will receive tax revenues, including an estimate of the amount of tax revenues attributable to each affected taxing entity for each year.~~
- ~~—(3) A plan for financing the public facilities to be assisted by the district, including a detailed description of any intention to incur debt.~~
- ~~—(4) A limit on the total number of dollars of taxes which may be allocated to the district pursuant to the plan.~~
- ~~—(5) (A) A date on which the district will cease to exist, by which time all tax allocation to the district will end. The date shall not be more than 30 45 years from the date on which the issuance of bonds is approved pursuant to subdivision (a) of Section 53397.6, or the issuance of a loan is approved by the governing board of a local agency pursuant to Section 53397.12, ordinance forming the district is adopted pursuant to Section 53395.23.~~
- ~~—(B) Notwithstanding any other provision of law, if the issuance of bonds pursuant to subdivision (a) of Section 53397.6, or the issuance of a loan pursuant to Section 53397.12, has not occurred within 25 years of the date that the infrastructure financing plan is approved and adopted pursuant to Section 53397.23, the approval and adoption of the plan shall be rendered null and void, and the plan shall terminate.~~
- ~~—(6) An analysis of the costs to the city, county, or city and county of providing facilities and services to the area of the district while the area is being developed and after the area is developed. The plan shall also include an analysis of the tax, fee, charge, and other revenues expected to be received by the city or county as a result of expected development in the area of the district.~~
- ~~—(7) An analysis of the projected fiscal impact of the district and the associated development upon each affected taxing entity.~~
- ~~—(8) A plan for financing any potential costs that may be incurred by reimbursing a developer of a project that is both located entirely within the boundaries of that district and qualifies for the Transit Priority Project Program, pursuant to Section 65470, including any permit and affordable housing expenses related to the project.~~
- ~~—(e) If any dwelling units occupied by persons or families of low or moderate income are proposed to be removed or destroyed in the course of private development or public works construction within the area of the district, a plan providing for replacement of those units and relocation of those persons or families consistent with the requirements of Section 53395.5.~~
- ~~—(f) The goals the district proposes to achieve for each project financed pursuant to Section 53395.3.~~

SEC 9. Government Code section 53395.23 is amended to read:

53395.23. After the canvass of returns of any election pursuant to Section 53395.20, the legislative body may, by ordinance, adopt the infrastructure financing plan and create the district with full force and effect of law, if two-thirds fifty five percent of the votes upon the question of creating the district are in favor of creating the district.

SEC 10. Government Code section 53395.24 is amended to read:

53395.24. After the canvass of returns of any election conducted pursuant to Section 53395.20, the legislative body shall take no further action with respect to the proposed infrastructure

financing district for one year from the date of the election if the question of creating the district fails to receive approval by two-thirds fifty five percent of the votes cast upon the question.

SEC 11. Government Code section 53396 is amended to read:

~~53396. Any infrastructure financing plan may contain a provision that taxes, if any, levied upon taxable property in the area included within the infrastructure financing district each year by or for the benefit of the State of California, or any affected taxing entity after the effective date of the ordinance adopted pursuant to Section 53395.23 to create the district, shall be divided as follows:~~

~~—(a) That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the affected taxing entities upon the total sum of the assessed value of the taxable property in the district as shown upon the assessment roll used in connection with the taxation of the property by the affected taxing entity, last equalized prior to the effective date of the ordinance adopted pursuant to Section 53395.23 to create the district, shall be allocated to, and when collected shall be paid to, the respective affected taxing entities as taxes by or for the affected taxing entities on all other property are paid.~~

~~—(b) That portion of the levied taxes each year specified in the adopted infrastructure financing plan for the city or county and each affected taxing entity which has agreed to participate pursuant to Section 53395.19 in excess of the amount specified in subdivision (a) shall be allocated to, and when collected shall be paid into a special fund of, the district for all lawful purposes of the district. Unless and until the total assessed valuation of the taxable property in a district exceeds the total assessed value of the taxable property in the district as shown by the last equalized assessment roll referred to in subdivision (a), all of the taxes levied and collected upon the taxable property in the district shall be paid to the respective affected taxing entities. When the district ceases to exist pursuant to the adopted infrastructure financing plan, all moneys thereafter received from taxes upon the taxable property in the district shall be paid to the respective affected taxing entities as taxes on all other property are paid.~~

~~(c) Notwithstanding subdivisions (a) and (b), where any district boundaries overlap with the boundaries of any former redevelopment project area, any debt or obligation of a district shall be subordinate to any and all enforceable obligations of the former redevelopment agency, as approved by the Oversight Board and the Department of Finance. For the purposes of this chapter, the division of taxes allocated to the district pursuant to subdivision (b) of Section 53396 shall not include any taxes required to be deposited by the county auditor-controller into the Redevelopment Property Tax Trust Fund created pursuant to subdivision (b) of Section 34170.5 of the Health and Safety Code.~~

~~(d) The legislative body of the city forming the district may choose to dedicate any portion of its net available revenue to the district through the financing plan described in Section 53395.14.~~

~~(e) For the purposes of this section, "net available revenue" means periodic distributions to the city from the Redevelopment Property Tax Trust Fund, created pursuant to Section 34170.5 of the Health and Safety Code, that are available to the city after all preexisting legal commitments and statutory obligations funded from that revenue are made pursuant to Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code. "Net available revenue" shall not include any funds deposited by the county auditor-controller into the Redevelopment Property Tax Trust Fund or funds remaining in the Redevelopment Property Tax Trust Fund prior to distribution. Net available revenues shall not include any moneys payable to a school district that maintains kindergarten and grades 1 to 12, inclusive, community college districts, county office of education, or to the Educational Revenue Augmentation Fund, pursuant to paragraph (4) of subdivision (a) of Section 34183 of the Health and Safety Code.~~

SEC 12. Government Code section 53397.6 is amended to read:

~~53397.6. (a) The bonds may be issued if two-thirds fifty-five percent of the voters voting on the proposition vote in favor of issuing the bonds.~~

~~—(b) If the voters approve the issuance of the bonds as provided by subdivision (a), the legislative body shall proceed with the issuance of the bonds by adopting a resolution which shall provide for all of the following:~~

~~—(1) The issuance of the bonds in one or more series.~~

~~—(2) The principal amount of the bonds, which shall be consistent with the amount specified in subdivision (b) of Section 53397.2.~~

~~—(3) The date the bonds will bear.~~

~~—(4) The date of maturity of the bonds.~~

~~—(5) The denomination of the bonds.~~

~~—(6) The form of the bonds.~~

~~—(7) The manner of execution of the bonds.~~

~~—(8) The medium of payment in which the bonds are payable.~~

~~—(9) The place or manner of payment and any requirements for registration of the bonds.~~

~~—(10) The terms of call or redemption, with or without premium.~~

~~SEC 13. Government Code section 53397.12 is added to read:~~

~~Upon the approval of its governing board, a city, a county, a city and county, or a special district that contains territory within the boundaries of a district, may loan monies to the district to fund those activities described in the infrastructure financing plan approved and adopted pursuant to Section 53395.23. Monies loaned pursuant to this provision may be repaid at an interest rate that does not exceed the Local Agency Investment Fund rate that is in effect on the date that the loan is approved by the governing board.~~

~~SEC 14. Government Code section 53397.13 is added to read:~~

~~53397.12. (a) Every two years after the issuance of debt pursuant to section 53397.6, the district shall contract for an independent financial and performance audit. The audit shall be conducted according to guidelines established by the Controller. A copy of the completed audit shall be provided to the Controller, the Director of Finance, and to the Joint Legislative Budget Committee.~~

~~(b) The Department of Finance shall be authorized to conduct financial and performance audits of districts, at the discretion of the Director of Finance. The results of such audits shall be provided to the district, the Controller, and the Joint Legislative Budget Committee.~~

~~SECTION 1. Government Code section 53398.50 is added to read:~~

~~53398.50. The Legislature finds and declares that with the dissolution of redevelopment agencies, public benefits will accrue if local agencies, excluding schools, are provided a means to finance the reuse and revitalization of former military bases, fund the creation of transit priority projects and the implementation of sustainable communities plans, construct and rehabilitate affordable housing units, and construct facilities to house providers of consumer goods and services in the communities served by these efforts.~~

SEC 2. Government Code section 53398.51 is added to read:

53398.51. Unless the context otherwise requires, the definitions contained in this article shall govern the construction of this chapter.

(a) "Affected taxing entity" means any governmental taxing agency which levied or had levied on its behalf a property tax on all or a portion of the property located in the proposed district in the fiscal year prior to the designation of the district, but not including any county office of education, school district, or community college district.

(b) "City" means a city or a city and county.

(c) "Debt" means any binding obligation to repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals.

(d) "Designated official" means the city or county engineer or other appropriate official designated pursuant to Section 53398.62.

(e) (1) "District" means an enhanced infrastructure financing district.

(2) An enhanced infrastructure financing district is a "district" within the meaning of Section 1 of Article XIII A of the California Constitution.

(f) "Enhanced infrastructure financing district" means a legally constituted governmental entity separate and distinct from the city, county, or city and county that established it pursuant to this chapter for the sole purpose of financing public facilities or other projects as authorized by this chapter. An enhanced infrastructure financing district shall be a "local agency" for purposes of Chapter 9 (commencing with Section 54950).

(g) "Landowner" or "owner of land" means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of the land by the legislative body. The legislative body has no obligation to obtain other information as to the ownership of land, and its determination of ownership shall be final and conclusive for the purposes of this chapter. A public agency is not a landowner or owner of land for purposes of this chapter, unless the public agency owns all of the land to be included within the proposed district.

(h) "Legislative body" means the city council or board of supervisors.

SEC 3. Government Code section 53398.52 is added to read:

53398.52. (a) (1) A district may finance (1) any of the following:

(A) The purchase, construction, expansion, improvement, seismic retrofit, or rehabilitation of any real or other tangible property with an estimated useful life of 15 years or longer which satisfies the requirements of subdivision (b).

(B) The planning and design work which is directly related to the purchase, construction, expansion, or rehabilitation of property

(C) The costs described in Sections 53398.56 and 53398.57.

(2) The facilities need not be physically located within the boundaries of the district. However, any facilities financed outside of a district must have a tangible connection to the work of the district, as detailed in the infrastructure financing plan adopted pursuant to Section 53398.72.

(3) A district may not finance routine maintenance, repair work, or the costs of ongoing operation or providing services of any kind.

(b) The district shall finance only public capital facilities or other specified projects of communitywide significance, which provide significant benefits to the district or the surrounding community, including, but not limited to, all of the following:

(1) Highways, interchanges, ramps and bridges, arterial streets, parking facilities, and transit facilities.

(2) Sewage treatment and water reclamation plants and interceptor pipes.

(3) Facilities for the collection and treatment of water for urban uses.

- (4) Flood control levees and dams, retention basins, and drainage channels.
- (5) Child care facilities.
- (6) Libraries.
- (7) Parks, recreational facilities, and open space.
- (8) Facilities for the transfer and disposal of solid waste, including transfer stations and vehicles.
- (9) Brownfields restoration and other environmental mitigation.
- (10) The development of projects on a former military base, provided that the projects are consistent with the military base authority reuse plan and are approved by the military base reuse authority, if applicable.
- (11) The repayment of the transfer of funds to a military base reuse authority pursuant to Section 67851 that occurred on or after the creation of the district.
- (12) The acquisition, construction, or rehabilitation of housing for rental or purchase.
- (13) The purchase of land, property or buildings for the development of facilities to house providers of consumer goods or services, or the provision of funding to assist in the development of such facilities. Facilities developed pursuant to this paragraph which are not located in transit priority project areas shall not exceed a gross internal area of 60,000 square feet. Any facility developed pursuant to this paragraph that exceeds 30,000 square feet in gross internal area shall devote at least 75 percent of its indoor retail space to the sale of grocery items. For purposes of this paragraph, "consumer goods" shall not include automobiles.
- (14) Acquisition, construction, or repair of industrial structures for private use.
- (15) Transit priority projects, as defined in Section 21155 of the Public Resources Code, that are located within a transit priority project area. For purposes of this paragraph, a transit priority project area may include a military base reuse plan that meets the definition of a transit priority project area and it may include a contaminated site within a transit priority project area.
- (16) Projects that implement a sustainable communities strategy, when the State Air Resources Board, pursuant to Chapter 2.5 (commencing with Section 65080) of Division 2 of Title 7, has accepted a metropolitan planning organization's determination that the sustainable communities strategy or the alternative planning strategy would, if implemented, achieve the greenhouse gas emission reduction targets.
- (17) Infrastructure improvements and other work necessary to expand telecommunications network access to persons residing within the district's boundaries.
- (18) The construction or rehabilitation of housing for persons of low and moderate income, as defined in Section 50093 of the Health and Safety Code.
- (c) Any district that constructs dwelling units shall set aside not less than 20 percent of those units to increase and improve the community's supply of low- and moderate-income housing available at an affordable housing cost, as defined by Section 50052.5 of the Health and Safety Code, to persons and families of low- and moderate-income, as defined in Section 50093 of the Health and Safety Code.
  - (1) The district shall require, by recorded covenants or restrictions, that housing units built pursuant to this section, or built pursuant to Paragraph 18 of subdivision (b), shall remain available at affordable housing costs to, and occupied by, persons and families of low- or moderate-income households for the longest feasible time, but for not less than 55 years for rental units and 45 years for owner-occupied units.
- (d) A district may utilize any powers under the Polanco Redevelopment Act (Article 12.5 (commencing with Section 33459) of Chapter 4 of Part 1 of Division 24 of the Health and Safety Code), and finance any action necessary to implement that Act.

SEC 4. Government Code section 53398.53 is added to read:

53398.53. Notwithstanding subdivision (b) of Section 53398.52, a district may reimburse a developer of a project that is located entirely within the boundaries of that district for any permit expenses incurred and to offset additional expenses incurred by the developer in constructing affordable housing units pursuant to the Transit Priority Project Program established in Section 65470.

SEC 5. Government Code section 53398.54 is added to read:

53398.54 (a) A city, county, or city and county that created a redevelopment agency, as defined in Section 33003 of the Health and Safety Code, shall neither initiate creation of a district, or participate in the governance or financing of a district, until it receives certification from the Department of Finance that each of the following has occurred:

(1) The successor agency for the former redevelopment agency created by the city, county or city and county has received a finding of completion, as specified in Section 34179.7 of the Health and Safety Code.

(2) The state and the successor agency for the former redevelopment agency created by the city, county or city and county, or if applicable the designated local authority for the former redevelopment agency, have resolved all litigation, related to Part 1.8 (commencing with Section 34161) or Part 1.85 (commencing with Section 34170) of the Health and Safety Code, either through settlement or through the final determination, including all appeals, of a competent court of law.

(3) The state and the entity that created the former redevelopment agency have resolved all litigation, related to Part 1.8 (commencing with Section 34161) or Part 1.85 (commencing with Section 34170) of the Health and Safety Code, either through settlement or through the final determination, including all appeals, of a competent court of law. For purposes of this paragraph, "entity that created the former redevelopment agency" shall also include entities as defined in Section 34167.10 of the Health and Safety Code.

(4) The State Controller's Office has completed its review as specified in Section 34167.5 and Section 34178.8 of the Health and Safety Code.

(5) The successor agency and the entity that created the former redevelopment agency have complied with all State Controller's Office findings and orders stemming from the reviews as specified in paragraph (4).

(b) A city, county, or city and county shall submit its certification request to Finance, in the form and manner specified by the department. Within 10 business days of receiving a certification request, the department shall provide the certification or shall notify the requesting entity of the reason why the certification is being denied. The department shall not deny a certification if the requesting entity and successor agency have complied with paragraphs (1) to (5), inclusive, of subdivision (a).

SEC 6. Government Code section 53398.55 is added to read:

53398.55. (a) A district may include any portion of a former redevelopment project area that was previously created pursuant to Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code, provided that the city, county, or city and county that created the former redevelopment agency has received a certification from the Department of Finance pursuant to Section 53398.54. In cases where a district overlaps with a former redevelopment project area, the district shall encompass the entirety of the former redevelopment project area.

(b) A district may finance only the facilities authorized in this chapter to the extent that the facilities are in addition to those provided in the territory of the district before the district was

created. The additional facilities may not supplant facilities already available within that territory when the district was created but may supplement, rehabilitate, upgrade, or make more sustainable those facilities.

(c) A district may include areas which are not contiguous.

SEC 7. Government Code section 53398.56 is added to read:

53398.56. It is the intent of the Legislature that the creation of the districts should not ordinarily lead to the removal of existing dwelling units. If, however, any dwelling units are proposed to be removed or destroyed in the course of private development or public works construction within the area of the district, the infrastructure financing plan adopted pursuant to Section 53398.72 shall contain provisions to do all of the following:

(a) Within four years of the removal or destruction, cause or require the construction or rehabilitation, for rental or sale to persons or families of low or moderate income, of an equal number of replacement dwelling units at affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, within the territory of the district if the dwelling units removed were inhabited by persons or families of low or moderate income, as defined in Section 50093 of the Health and Safety Code.

(b) Within four years of the removal or destruction, cause or require the construction or rehabilitation, for rental or sale to persons of low or moderate income, a number of dwelling units which is at least one unit but not less than 20 percent of the total dwelling units removed at affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, within the territory of the district if the dwelling units removed or destroyed were not inhabited by persons of low or moderate income, as defined in Section 50093 of the Health and Safety Code.

(c) Provide relocation assistance and make all the payments required by Chapter 16 (commencing with Section 7260) of Division 7 of Title 1, to persons displaced by any public or private development occurring within the territory of the district. This displacement shall be deemed to be the result of public action.

(d) Ensure that removal or destruction of any dwelling units occupied by persons or families of low or moderate income not take place unless and until there are suitable housing units, at comparable cost to the units from which the persons or families were displaced, available and ready for occupancy by the residents of the units at the time of their displacement. The housing units shall be suitable to the needs of these displaced persons or families, and shall be decent, safe, sanitary, and otherwise standard dwellings.

(e) (1) The district shall require, by recorded covenants or restrictions, that housing units built pursuant to this section shall remain available at affordable housing costs to, and occupied by, persons and families of low- or moderate-income households for the longest feasible time, but for not less than 55 years for rental units and 45 years for owner-occupied units.

(2) In lieu of a 45-year covenant or restriction, the district may subject owner-occupied units to an equity sharing agreement described in paragraph (2) of subdivision (c) of Section 65915.

SEC 8. Government Code section 53398.57 is added to read:

53398.57. Any action or proceeding to attack, review, set aside, void, or annul the creation of a district, adoption of an infrastructure financing plan, including a division of taxes thereunder, or an election pursuant to this chapter shall be commenced within 30 days after the enactment of the ordinance creating the district pursuant to Section 53398.74. Consistent with the time limitations of this section, such an action or proceeding with respect to a division of taxes under this chapter may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure, except that Section 869 of the Code of Civil Procedure shall not apply.

SEC 9. Government Code section 53398.58 is added to read:

53398.58. An action to determine the validity of the issuance of bonds pursuant to this chapter may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure. However, notwithstanding the time limits specified in Section 860 of the Code of Civil Procedure, the action shall be commenced within 30 days after adoption of the resolution pursuant to Section 53398.81 providing for issuance of the bonds if the action is brought by an interested person pursuant to Section 863 of the Code of Civil Procedure. Any appeal from a judgment in that action or proceeding shall be commenced within 30 days after entry of judgment.

SEC. 10. Government Code section 53398.59 is added to read:

53398.59. A legislative body of a city, county, or city and county may designate one or more proposed enhanced infrastructure financing districts pursuant to this chapter. Proceedings for the establishment of a district shall be instituted by the adoption of a resolution of intention to establish the proposed district and shall do all of the following:

(a) State that an enhanced infrastructure financing district is proposed to be established under the terms of this chapter and describe the boundaries of the proposed district, which may be accomplished by reference to a map on file in the office of the clerk of the city.

(b) State the type of public facilities and development proposed to be financed or assisted by the district in accordance with section 53398.52.

(c) State the need for the district and the goals the district proposes to achieve.

(e) (d) State that incremental property tax revenue from the city, county, or city and county and some or all affected taxing entities within the district, if approved by resolution pursuant to Section 53398.68, may be used to finance these activities.

(e) (e) Fix a time and place for a public hearing on the proposal.

SEC 11. Government Code section 53398.60 is added to read:

53398.60. The legislative body shall direct the clerk to mail a copy of the resolution of intention to create the district to each owner of land within the district.

SEC 12. Government Code section 53398.61 is added to read:

53398.5.61. The legislative body shall direct the clerk to mail a copy of the resolution to each affected taxing entity.

SEC 13. Government Code section 53398.62 is added to read:

53398.62. After adopting the resolution pursuant to Section 53398.59, the legislative body shall designate and direct the city or county engineer or other appropriate official to prepare an infrastructure plan pursuant to Section 53398.63.

SEC 14. Government Code section 53398.63 is added to read:

53398.63. After receipt of a copy of the resolution of intention to establish a district, the official designated pursuant to Section 53395.62 shall prepare a proposed infrastructure financing plan.

The infrastructure financing plan shall be consistent with the general plan of the city, county or city and county within which the district is located and shall include all of the following:

(a) A map and legal description of the proposed district, which may include all or a portion of the district designated by the legislative body in its resolution of intention.

(b) A description of the public facilities and other forms of development or financial assistance that is proposed in the area of the district, including those to be provided by the private sector, those to be provided by governmental entities without assistance under this chapter, those public improvements and facilities to be financed with assistance from the proposed district, and those to be provided jointly. The description shall include the proposed location, timing, and costs of the development and financial assistance.

(c) A finding from affected taxing entities is incorporated into the financing plan, a finding that the development and financial assistance are of communitywide significance and provide significant benefits to an area larger than the area of the district.

(d) A financing section, which shall contain all of the following information:

(1) A specification of the maximum portion of the incremental tax revenue of the city, county, or city and county and of each affected taxing entity proposed to be committed to the district for each year during which the district will receive incremental tax revenue. The portion need not be the same for all affected taxing entities. The portion may change over time.

(2) A projection of the amount of tax revenues expected to be received by the district in each year during which the district will receive tax revenues, including an estimate of the amount of tax revenues attributable to each affected taxing entity for each year.

(3) A plan for financing the public facilities to be assisted by the district, including a detailed description of any intention to incur debt.

(4) A limit on the total number of dollars of taxes which may be allocated to the district pursuant to the plan.

(5) (A) A date on which the district will cease to exist, by which time all tax allocation to the district will end. The date shall not be more than 45 years from the date on which the issuance of bonds is approved pursuant to subdivision (a) of Section 53398.81, or the issuance of a loan is approved by the governing board of a local agency pursuant to Section 53398.87.

(B) Notwithstanding any other provision of law, if the issuance of bonds pursuant to subdivision (a) of Section 53398.81, or the issuance of a loan pursuant to Section 53398.87, has not occurred within 25 years of the date that the infrastructure financing plan is approved and adopted pursuant to Section 53397.23, the approval and adoption of the plan shall be rendered null and void, and the plan shall terminate.

(6) An analysis of the costs to the city, county, or city and county of providing facilities and services to the area of the district while the area is being developed and after the area is developed. The plan shall also include an analysis of the tax, fee, charge, and other revenues expected to be received by the city or county as a result of expected development in the area of the district.

(7) An analysis of the projected fiscal impact of the district and the associated development upon each affected taxing entity.

(8) A plan for financing any potential costs that may be incurred by reimbursing a developer of a project that is both located entirely within the boundaries of that district and qualifies for the Transit Priority Project Program, pursuant to Section 65470, including any permit and affordable housing expenses related to the project.

(e) If any dwelling units occupied by persons or families are proposed to be removed or destroyed in the course of private development or public works construction within the area of the district, a plan providing for replacement of those units and relocation of those persons or families consistent with the requirements of Section 53398.56.

(f) The goals the district proposes to achieve for each project financed pursuant to Section 53398.52.

SEC. 15. Government Code section 53398.64 is added to read:

53398.64. The infrastructure financing plan shall be sent to each owner of land within the proposed district and to each affected taxing entity together with any report required by the California Environmental Quality Act ((Division 13 (commencing with Section 21000) of the Public Resources Code) that pertains to the proposed public facilities or the proposed development project for which the public facilities are needed, and shall be made available for public inspection. The report shall also be sent to the planning commission and the legislative body.

SEC. 16. Government Code section 53398.65 is added to read:

53398.65. The designated official shall consult with each affected taxing entity, and, at the request of any affected taxing entity, shall meet with representatives of an affected taxing entity. Any affected taxing entity may suggest revisions to the plan.

SEC. 17. Government Code section 53398.66 is added to read:

53398.66. The legislative body shall conduct a public hearing prior to adopting the proposed infrastructure financing plan. The public hearing shall be called no sooner than 60 days after the plan has been sent to each affected taxing entity. In addition to the notice given to landowners and affected taxing entities pursuant to Sections 53398.60 and 53398.611, notice of the public hearing shall be given by publication not less than once a week for four successive weeks in a newspaper of general circulation published in the city or county in which the proposed district is located. The notice shall state that the district will be used to finance public works, briefly describe the public works, briefly describe the proposed financial arrangements, including the proposed commitment of incremental tax revenue, describe the boundaries of the proposed district and state the day, hour, and place when and where any persons having any objections to the proposed infrastructure financing plan, or the regularity of any of the prior proceedings, may appear before the legislative body and object to the adoption of the proposed plan by the legislative body.

SEC. 18. Government Code section 53398.67 is added to read:

53398.67. At the hour set in the required notices, the legislative body shall proceed to hear and pass upon all written and oral objections. The hearing may be continued from time to time. The legislative body shall consider the recommendations, if any, of affected taxing entities, and all evidence and testimony for and against the adoption of the plan. The legislative body may modify the plan by eliminating or reducing the size and cost of proposed public works, by reducing the amount of proposed debt, or by reducing the portion, amount, or duration of incremental tax revenues to be committed to the district.

SEC. 19. Government Code section 53398.68 is added to read:

53398.68. (a) The legislative body shall not enact a resolution proposing formation of a district and providing for the division of taxes of any affected taxing entity pursuant to Article 3 (commencing with Section 53396) unless a resolution approving the plan has been adopted by the governing body of each affected taxing entity which is proposed to be subject to division of

taxes pursuant to Article 3 (commencing with Section 53396) and has been filed with the legislative body at or prior to the time of the hearing.

(b) Nothing in this section shall be construed to prevent the legislative body from amending its infrastructure financing plan and adopting a resolution proposing formation of the enhanced infrastructure financing district without allocation of the tax revenues of any affected taxing entity which has not approved the infrastructure financing plan by resolution of the governing body of the affected taxing entity.

SEC. 20. Government Code section 53398.69 is added to read:

53398.69: (a) At the conclusion of the hearing, the legislative body may adopt a resolution proposing adoption of the infrastructure financing plan, as modified, and formation of the infrastructure financing district in a manner consistent with Section 53398.68, or it may abandon the proceedings. If the legislative body adopts a resolution proposing formation of the district, it shall then submit the proposal to create the district to the qualified electors of the proposed district in the next general election or in a special election to be held, notwithstanding any other requirement, including any requirement that elections be held on specified dates, contained in the Elections Code, at least 90 days, but not more than 180 days, following the adoption of the resolution of formation. The legislative body shall provide the resolution of formation, a certified map of sufficient scale and clarity to show the boundaries of the district, and a sufficient description to allow the election official to determine the boundaries of the district to the official conducting the election within three business days after the adoption of the resolution of formation. The assessor's parcel numbers for the land within the district shall be included if it is a landowner election or the district does not conform to an existing district's boundaries and if requested by the official conducting the election. If the election is to be held less than 125 days following the adoption of the resolution of formation, the concurrence of the election official conducting the election shall be required. However, any time limit specified by this section or requirement pertaining to the conduct of the election may be waived with the unanimous consent of the qualified electors of the proposed district and the concurrence of the election official conducting the election.

(b) If at least 12 persons have been registered to vote within the territory of the proposed district for each of the 90 days preceding the close of the hearing, the vote shall be by the registered voters of the proposed district, who need not necessarily be the same persons, with each voter having one vote. Otherwise, the vote shall be by the landowners of the proposed district and each landowner who is the owner of record at the close of the protest hearing, or the authorized representative thereof, shall have one vote for each acre or portion of an acre of land that he or she owns within the proposed district. The number of votes to be voted by a particular landowner shall be specified on the ballot provided to that landowner.

(c) Ballots for the special election authorized by subdivision (a) may be distributed to qualified electors by mail with return postage prepaid or by personal service by the election official. The official conducting the election may certify the proper mailing of ballots by an affidavit, which shall be exclusive proof of mailing in the absence of fraud. The voted ballots shall be returned to the election officer conducting the election not later than the hour specified in the resolution calling the election. However, if all the qualified voters have voted, the election shall be closed.

SEC. 21. Government Code section 53398.70 is added to read:

53398.70. (a) Except as otherwise provided in this chapter, the provisions of law regulating elections of the local agency that calls an election pursuant to this chapter, insofar as they may be applicable, shall govern all elections conducted pursuant to this chapter. Except as provided in subdivision (b), there shall be prepared and included in the ballot material provided to each

voter, an impartial analysis pursuant to Section 9160 or 9280 of the Elections Code, arguments and rebuttals, if any, pursuant to Sections 9162 to 9167, inclusive, and 9190 of the Elections Code or pursuant to Sections 9281 to 9287, inclusive, and 9295 of the Elections Code.

(b) If the vote is to be by the landowners of the proposed district, analysis and arguments may be waived with the unanimous consent of all the landowners and shall be so stated in the order for the election.

SEC. 22. Government Code section 53398.71 is added to read:

53398.71. (a) If the election is to be conducted by mail ballot, the election official conducting the election shall provide ballots and election materials pursuant to subdivision (d) of Section 53326 and Section 53327, together with all supplies and instructions necessary for the use and return of the ballot.

(b) The identification envelope for return of mail ballots used in landowner elections shall contain the following:

(1) The name of the landowner.

(2) The address of the landowner.

(3) A declaration, under penalty of perjury, stating that the voter is the owner of record or the authorized representative of the landowner entitled to vote and is the person whose name appears on the identification envelope.

(4) The printed name and signature of the voter.

(5) The address of the voter.

(6) The date of signing and place of execution of the declaration pursuant to paragraph (3).

(7) A notice that the envelope contains an official ballot and is to be opened only by the canvassing board.

SEC 23. Government Code section 53398.72 is added to read:

53398.72. After the canvass of returns of any election pursuant to Section 53398.69, the legislative body may, by ordinance, adopt the infrastructure financing plan and create the district with full force and effect of law, if fifty-five percent of the votes upon the question of creating the district are in favor of creating the district.

SEC 24. Government Code section 53398.73 is added to read:

53398.73. After the canvass of returns of any election conducted pursuant to Section 53398.69, the legislative body shall take no further action with respect to the proposed infrastructure financing district for one year from the date of the election if the question of creating the district fails to receive approval by ~~two-thirds~~ fifty-five percent of the votes cast upon the question.

SEC. 25. Government Code section 53398.74 is added to read:

53398.74. The legislative body may submit a proposition to establish or change the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, of a district to the qualified electors of a proposed or established district. The proposition establishing or changing the appropriations limit shall become effective if approved by the qualified electors voting on the proposition and shall be adjusted for changes in the cost of living and changes in populations, as defined by subdivisions (b) and (c) of Section 7901, except that the change in population may be estimated by the legislative body in the absence of an estimate by the Department of Finance, and in accordance with Section 1 of Article XIII B of the California Constitution. For purposes of adjusting for changes in population, the population

of the district shall be deemed to be at least one person during each calendar year. Any election held pursuant to this section may be combined with any election held pursuant to Section 53398.5.19 in any convenient manner.

SEC 26. Government Code section 53398.75 is added to read:

53398.75. Any infrastructure financing plan may contain a provision that taxes, if any, levied upon taxable property in the area included within the enhanced infrastructure financing district each year by or for the benefit of the State of California, or any affected taxing entity after the effective date of the ordinance adopted pursuant to Section 53398.72 to create the district, shall be divided as follows:

(a) That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the affected taxing entities upon the total sum of the assessed value of the taxable property in the district as shown upon the assessment roll used in connection with the taxation of the property by the affected taxing entity, last equalized prior to the effective date of the ordinance adopted pursuant to Section 53398.72 to create the district, shall be allocated to, and when collected shall be paid to, the respective affected taxing entities as taxes by or for the affected taxing entities on all other property are paid.

(b) That portion of the levied taxes each year specified in the adopted infrastructure financing plan for the city or county and each affected taxing entity which has agreed to participate pursuant to Section 53398.68 in excess of the amount specified in subdivision (a) shall be allocated to, and when collected shall be paid into a special fund of, the district for all lawful purposes of the district. Unless and until the total assessed valuation of the taxable property in a district exceeds the total assessed value of the taxable property in the district as shown by the last equalized assessment roll referred to in subdivision (a), all of the taxes levied and collected upon the taxable property in the district shall be paid to the respective affected taxing entities. When the district ceases to exist pursuant to the adopted infrastructure financing plan, all moneys thereafter received from taxes upon the taxable property in the district shall be paid to the respective affected taxing entities as taxes on all other property are paid.

(c) Notwithstanding subdivisions (a) and (b), where any district boundaries overlap with the boundaries of any former redevelopment project area, any debt or obligation of a district shall be subordinate to any and all enforceable obligations of the former redevelopment agency, as approved by the Oversight Board and the Department of Finance. For the purposes of this chapter, the division of taxes allocated to the district pursuant to subdivision (b) of Section 53396 shall not include any taxes required to be deposited by the county auditor-controller into the Redevelopment Property Tax Trust Fund created pursuant to subdivision (b) of Section 34170.5 of the Health and Safety Code.

(d) The legislative body of the city forming the district may choose to dedicate any portion of its net available revenue to the district through the financing plan described in Section 53398.63.

(e) For the purposes of this section, "net available revenue" means periodic distributions to the city from the Redevelopment Property Tax Trust Fund, created pursuant to Section 34170.5 of the Health and Safety Code, that are available to the city after all preexisting legal commitments and statutory obligations funded from that revenue are made pursuant to Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code. "Net available revenue" shall not include any funds deposited by the county auditor-controller into the Redevelopment Property Tax Trust Fund or funds remaining in the Redevelopment Property Tax Trust Fund prior to distribution. Net available revenues shall not include any moneys payable to a school district that maintains kindergarten and grades 1 to 12, inclusive, community college districts, county office of education, or to the Educational Revenue Augmentation Fund, pursuant to paragraph (4) of subdivision (a) of Section 34183 of the Health and Safety Code.

(f) That portion of any ad valorem property tax revenue annually allocated to a city, a county, or a city and county pursuant to Section 97.70 of the Revenue and Taxation Code that is specified in the adopted infrastructure financing plan for the city, county, or city and county that has agreed to participate pursuant to Section 53398.68, and that corresponds to the increase in the assessed valuation of taxable property shall be allocated to, and when collected shall be apportioned to a special fund of the district for all lawful purposes of the district.

(1) When the district ceases to exist pursuant to the adopted infrastructure financing plan, the revenues described in this subdivision shall be allocated to, and when collected, shall be apportioned to the respective city, county, or city and county.

(g) Nothing in this section shall be construed to prevent a district from utilizing revenues from any of the following sources to support its activities provided that (1) the applicable voter approval has been granted, and (2) the infrastructure financing plan has been approved pursuant to Section 53398.72:

(1) The Improvement Act of 1911 (Division 7 (commencing with Section 5000) of the Streets and Highways Code).

(2) The Municipal Improvement Act of 1913 (Division 12 (commencing with Section 10000) of the Streets and Highways Code).

(3) The Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500) of the Streets and Highways Code).

(4) The Landscaping and Lighting Act of 1972 (Part 2 (commencing with Section 22500) of Division 15 of the Streets and Highways Code).

(5) The Vehicle Parking District Law of 1943 (Part 1 (commencing with Section 31500) of Division 18 of the Streets and Highways Code).

(6) The Parking District Law of 1951 (Part 4 (commencing with Section 35100) of Division 18 of the Streets and Highways Code).

(7) The Park and Playground Act of 1909 (Chapter 7 (commencing with Section 38000) of Part 2 of Division 3 of Title 4 of this code).

(8) The Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of this title).

(9) The Benefit Assessment Act of 1982 (Chapter 6.4 (commencing with Section 54703) of Part 1 of Division 2 of this title).

(10) The so-called facilities benefit assessment levied by the charter city of San Diego or any substantially similar assessment levied for the same purpose by any other charter city pursuant to any ordinance or charter provision.

SEC. 27. Government Code section 53398.76 is added to read:

53398.76. All costs incurred by a county in connection with the division of taxes pursuant to Section 53398.75 for a district shall be paid by that district.

SEC. 28. Government Code section 53398.77 is added to read:

53398.77. The legislative body may, by majority vote, initiate proceedings to issue bonds pursuant to this chapter by adopting a resolution stating its intent to issue the bonds.

SEC. 29. Government Code section 53398.78 is added to read:

53398.78. The resolution adopted pursuant to Section 53398.77 shall contain all of the following information:

(a) A description of the facilities to be financed with the proceeds of the proposed bond issue.

(b) The estimated cost of the facilities, the estimated cost of preparing and issuing the bonds, and the principal amount of the proposed bond issuance.

(c) The maximum interest rate and discount on the proposed bond issuance.

(d) The date of the election on the proposed bond issuance and the manner of holding the election.

(e) A determination of the amount of tax revenue available or estimated to be available, for the payment of the principal of, and interest on, the bonds.

(f) A finding that the amount necessary to pay the principal of, and interest on, the proposed bond issuance will be less than, or equal to, the amount determined pursuant to subdivision (e).

SEC. 30. Government Code section 53398.79 is added to read:

53398.79. The clerk of the legislative body shall publish the resolution adopted pursuant to Section 53398.77 once a day for at least seven successive days in a newspaper published in the city or county at least six days a week, or at least once a week for two successive weeks in a newspaper published in the city or county less than six days a week.

If there are no newspapers meeting these criteria, the resolution shall be posted in three public places within the territory of the district for two succeeding weeks.

SEC. 31. Government Code section 53398.80 is added to read:

53398.80. The legislative body shall submit the proposal to issue the bonds to the voters who reside within the district. The election shall be conducted in the same manner as the election to create the district pursuant to Section 53398.69 and the two elections may be consolidated.

SEC. 32. Government Code section 53398.81 is added to read:

53398.81. (a) The bonds may be issued if fifty-five percent of the voters voting on the proposition vote in favor of issuing the bonds.

(b) If the voters approve the issuance of the bonds as provided by subdivision (a), the legislative body shall proceed with the issuance of the bonds by adopting a resolution which shall provide for all of the following:

(1) The issuance of the bonds in one or more series.

(2) The principal amount of the bonds, which shall be consistent with the amount specified in subdivision (b) of Section 53398.78.

(3) The date the bonds will bear.

(4) The date of maturity of the bonds.

(5) The denomination of the bonds.

(6) The form of the bonds.

(7) The manner of execution of the bonds.

(8) The medium of payment in which the bonds are payable.

(9) The place or manner of payment and any requirements for registration of the bonds.

(10) The terms of call or redemption, with or without premium.

SEC. 33. Government Code section 53398.82 is added to read:

53398.82. If any proposition submitted to the voters pursuant to this chapter is defeated by the voters, the legislative body shall not submit, or cause to be submitted, a similar proposition to the voters for at least one year after the first election.

SEC. 34. Government Code section 53398.83 is added to read:

53398.83. The legislative body may, by majority vote, provide for refunding of bonds issued pursuant to this chapter. However, refunding bonds shall not be issued if the total net interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds exceeds the total net interest cost to maturity on the bonds to be refunded. The legislative body may not extend the time to maturity of the bonds.

SEC. 35. Government Code section 53398.84 is added to read:

53398.84. The legislative body or any person executing the bonds shall not be personally liable on the bonds by reason of their issuance. The bonds and other obligations of a district issued pursuant to this chapter are not a debt of the city, county, or state or of any of its political subdivisions, other than the district, and none of those entities, other than the district, shall be liable on the bonds and the bonds or obligations shall be payable exclusively from funds or properties of the district. The bonds shall contain a statement to this effect on their face. The bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation.

SEC. 36. Government Code section 53398.85 is added to read:

53398.85. The bonds may be sold at discount not to exceed 5 percent of par at public sale. At least five days prior to the sale, notice shall be published, pursuant to Section 6061, in a newspaper of general circulation and in a financial newspaper published in the City and County of San Francisco and in the City of Los Angeles. The bonds may be sold at not less than par to the federal government at private sale without any public advertisement.

SEC. 37. Government Code section 53398.86 is added to read:

53398.86. If any member of the legislative body whose signature appears on bonds ceases to be a member of the legislative body before delivery of the bonds, his or her signature is as effective as if he or she had remained in office. Bonds issued pursuant to this chapter are fully negotiable.

SEC 38. Government Code section 53398.87 is added to read:

53398.87. Upon the approval of its governing board, a city, a county, a city and county, or a special district that contains territory within the boundaries of a district, may loan monies to the district to fund those activities described in the infrastructure financing plan approved and adopted pursuant to Section 53398.72. Monies loaned pursuant to this provision may be repaid at an interest rate that does not exceed the Local Agency Investment Fund rate that is in effect on the date that the loan is approved by the governing board.

SEC 39. Government Code section 53398.88 is added to read:

53395.88. (a) Every two years after the issuance of debt pursuant to Section 53398.81, the district shall contract for an independent financial and performance audit. The audit shall be conducted according to guidelines established by the Controller. A copy of the completed audit shall be provided to the Controller, the Director of Finance, and to the Joint Legislative Budget Committee.

(b) Upon the request of the Governor or of the Legislature, the Department of Finance shall be authorized to conduct financial and performance audits of districts. The results of such audits shall be provided to the district, the Controller, and the Joint Legislative Budget Committee.



**MAY 13 2014**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Addition of Budget Bill Item 9285-101-0001, Local Assistance, Trial Court Security**

**Increased Security Costs for New Court Construction**—It is requested that Item 9285-101-0001 be added in the amount of \$1 million to provide additional resources to county sheriffs in the event a courthouse is occupied after October 9, 2011 and results in the need for increased trial court security staff (see Attachment 1). The 2011 Realignment realigned trial court security from the state to the counties. Proposition 30, passed by the voters in 2012, requires the state to provide annual funding for newly required activities that have an overall effect of increasing county costs in this realigned program. Proposed trailer bill language specifies the conditions counties must meet to request additional resources and the process for allocating approved funding (see Attachment 2).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Amy Jarvis, Assistant Program Budget Manager, at (916) 445-8913.

MICHAEL COHEN  
Director  
By:

/s/ Keely M. Bosler

KEELY M. BOSLER  
Chief Deputy Director

Attachment

cc: On following page

**MAY 13 2014**

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Seren Taylor, Staff Director  
Honorable Mike Gatto, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee  
Attention: Mr. Eric Swanson, Staff Director  
Honorable Loni Hancock, Chair, Senate Budget and Fiscal Review Subcommittee No. 5  
Honorable Reginald Byron Jones-Sawyer, Sr., Chair, Assembly Budget Subcommittee No. 5  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office

ATTACHMENT 1

9285-101-0001—For local assistance, payment to counties for  
Trial Court Security, to be allocated by the Controller .....1,000,000

Provisions:

1. The amount appropriated in this item is to provide payment to counties for increased trial court security staff as a result of court construction projects that had an occupancy date on or after October 9, 2011.
2. Counties may be eligible and can apply for funding from the Department of Finance if they demonstrate that, as a result of projects described in Provision 1, there is an overall effect of increasing costs to the county sheriff for court security. The Department of Finance may allocate funds upon a determination that additional funding is warranted under the provisions of Section 69927 of the Government Code.
3. Counties may submit requests to the Department of Finance at any time, but requests must be submitted by March 1, 2015 to be considered for funding in the 2014-15 fiscal year. Each county requesting additional trial court security staff as a result of the state's construction of court facilities shall submit a request to the Department of Finance pursuant to Section 69927 of the Government Code. Requests will be considered by Finance on a case-by-case basis. Requests received after March 1, 2015 shall be considered for funding in the following fiscal year, subject to an appropriation.
4. Upon review and approval of requests, the Department of Finance shall submit an allocation schedule to the Controller and notify the County of its decision. The Controller shall make payments to counties within 30 days of receipt of the allocation schedule provided by the Department of Finance.
5. The amount provided to counties may not exceed \$100,000 for each additional staff that the Department of Finance determines is necessary to meet the increased trial court security workload.

**2014-15 Proposed Trailer Bill Language  
Trial Court Security for New Court Construction**

Section 69927 of the Government Code is added, as follows:

69927. It is the intent of the Legislature to establish a process and funding mechanism for county sheriffs that overall incur increased trial court security costs as a result of court construction projects that had an occupancy date on or after October 9, 2011.
- (a) Funding for increased trial court security costs pursuant to this section shall be funded by the General Fund, subject to an annual appropriation by the Legislature.
  - (b) Counties that demonstrate increased trial court security costs incurred by the sheriff as a result of court construction projects may request funding pursuant to this section.
    - (1) Requests must be submitted to the Department of Finance, and shall include, but not be limited to, information described in subdivision (d).
  - (c) Counties must assess and identify key, quantifiable differences between the previous court facility or facilities and the new or replacement facility that impose a measurable and higher level of court security costs incurred by the sheriff.
  - (d) In evaluating requests, the Department of Finance shall consider on a case-by-case basis relevant factors, including but not limited to:
    - (1) Changes in court security due to the consolidation of court facilities.
    - (2) Changes in overall court security costs due to the consolidation of court facilities.
    - (3) Square footage of the facility that is accessible to the public.
    - (4) Other design considerations, such as multiple floors or the distance between entry points and courtrooms.
    - (5) Number of courtrooms compared to previous courtrooms.
    - (6) The case types and time spent on various case types being heard in the new facility as compared to the previous facility or facilities.
    - (7) Addition of holding cells and the escorting of inmates within the court facility.
    - (8) Number of public entrances and security screening stations.
    - (9) Presence of a security monitor or control panel.
    - (10) Presence, location and expected utilization of jury assembly rooms and juries.
    - (11) Historical court security staffing and the use of deputies or court attendants.
    - (12) Personnel costs for sheriff deputies and/or court attendant staff within the county.
    - (13) Population of the county.
  - (e) In evaluating the number of courtrooms under paragraph (5) of subdivision (d), the addition of courtrooms for new judgeships that have not been both authorized and funded may be excluded.
  - (f) The Director of Finance, in his or her discretion, may place a cap on the amount of funding provided within the annual appropriation.
  - (g) Funds authorized pursuant to this section shall be used exclusively to fund trial court security provided by county sheriffs. No general county administrative costs may be charged to the funds provided, including, but not limited to, the costs of administering the funds received pursuant to this section.
  - (h) Requests received by the Department of Finance shall be evaluated as expeditiously as possible.
  - (i) Requests approved by the Department of Finance shall be considered ongoing, subject to an annual appropriation by the Legislature. The appropriation shall be adjusted annually by a rate commensurate with the growth in the Trial Court Security Growth Subaccount in the prior fiscal year.



**MAY 13 2014**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

### **Amendment to General Obligation Bond Debt Service and the Commercial Paper Program**

**Commercial Paper Technical Amendments**—It is requested that trailer bill language be added to cap qualified expenses on the state's commercial paper program and clarify eligible expenditures. These technical changes are needed to address recent concerns raised by the Attorney General's Office, most notably the absence of a cap on certain continuous appropriations. These programs help reduce the need to carry large balances of upfront bond proceeds, thereby reducing unnecessary borrowing costs (see Attachment A).

**General Obligation Bonds (Issue 624)**—The payment of General Obligation (GO) Bond debt service is a constitutional appropriation. This section is for informational purposes only.

The General Fund GO Bond debt service cost for fiscal year 2013-14 is revised to \$4,602,190,000, a decrease of \$112,669,000. This reduction is primarily attributed to increased premium from spring bond sales (\$87,759,000), lower variable interest rates and fees (\$19,593,000), increased net special fund offsets (\$6,122,000), and offsetting these savings are minor increased debt service costs (\$805,000). The 2013-14 GO Bond debt service includes \$200,952,000 funded directly by the University of California per statutory changes made in 2013.

The General Fund GO Bond debt service cost for 2014-15 is revised to \$4,834,724,000, a net decrease of \$81,594,000. This reduction is primarily attributed to a reduction in debt service costs due to a smaller spring sale (\$42,238,000), lower estimated variable interest rates and fees (\$26,351,000), increased net special fund offsets (\$12,935,000), and offsetting these savings are other minor increased debt service costs (\$70,000). The 2014-15 GO Bond debt service includes \$382,873,000 funded directly by the University of California and California State University in the 2014-15 proposed budget.

The effect of my requested action is reflected on the attachment.

**MAY 13 2014**

If you have any questions or need additional information regarding this matter, please call Brian Dewey, Principal Program Budget Analyst, at (916) 445-9694.

MICHAEL COHEN  
Director  
By:

/s/ Keely M. Bosler

KEELY M. BOSLER  
Chief Deputy Director

Attachment

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Seren Taylor, Staff Director  
Honorable Mike Gatto, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee  
Attention: Mr. Eric Swanson, Staff Director  
Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4  
Honorable Tom Daly, Chair, Assembly Budget Subcommittee No. 4  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Honorable Bill Lockyer, State Treasurer, State Treasurer's Office  
Ms. Katie Carroll, Deputy Treasurer, State Treasurer's Office  
Mr. Blake Fowler, Director of Public Finance, State Treasurer's Office

Government Code Section 16731.6(b)

Notwithstanding any other provision of this chapter, when the committee determines to issue commercial paper notes, all of the following shall apply:

(1) The commercial paper notes may be sold at negotiated sale at a price below the par value in a manner consistent with paragraph (2) of subdivision (a).

(2) During the term of any program of commercial paper notes, the renewal and reissuance from time to time of the commercial paper notes in an amount up to the maximum amount authorized by the resolution shall be deemed to be a refunding of the previously maturing amount, permitted by and consistent with Article 6 (commencing with Section 16780).

(3) Consistent with the intent for the General Fund to realize a savings in debt service costs when commercial paper notes are issued in place of bonds without shifting or adding financing and debt service costs to the bond funds, the state administrative costs of commercial paper and interest payable and other costs associated with commercial paper notes shall be paid for as follows:

(A) The proceeds of commercial paper notes are, notwithstanding Section 13340, continuously appropriated to pay the state administrative costs of commercial paper including, but not limited to, costs of the Treasurer's office, the Controller's office, and the Department of Finance.

(B) Notwithstanding Section 13340, there is continuously appropriated from the General Fund amounts necessary to pay: The (i) the interest payable on maturing commercial paper notes up to the maximum rate authorized by law; and other (ii) costs associated with commercial paper notes not specified in subparagraph (A), including, but not limited to: (a) fees, costs, indemnities, and other similar expenses incurred under or in connection with agreements to purchase commercial paper notes, including without limitation, letters or lines of credit, not to exceed annually for each such agreement three percent (3%) of the maximum principal amount of commercial paper notes that could be purchased and outstanding at any one time pursuant to such agreement; and (b) all other costs, including but not limited to remarketing and dealer fees, issuing and paying agent fees, the letter or line of credit provide fees, the rating agency fees, and bond counsel fees, in an annual amount not to exceed one-quarter of one percent (0.25%) of the highest sum at any time during that year of the maximum principal amounts of commercial paper notes authorized by all resolutions shall be paid from the General Fund which, notwithstanding Section 13340, is continuously appropriated to pay the interests and costs.



**MAY 13 2014**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Items 9620-001-0001 and 9620-002-0001, Support, Cash Management and Budgetary Loans**

It is requested that Item 9620-001-0001 be decreased by \$30 million (from \$60 million to \$30 million) due to revised projections of lower interest rates and cash flow borrowing needs. In addition, it is requested that Item 9620-002-0001 be increased by \$400,000 (from \$54 million to \$54.4 million) to reflect the latest loan repayment schedule.

For the current fiscal year, internal borrowing costs are estimated to be lower and will be decreased by \$30 million (from \$40 million to \$10 million) due to reduced daily cash flow borrowing needs.

The two-year General Fund savings is \$89.6 million.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Gregory Bruss, Principal Program Budget Analyst, at (916) 322-5540.

MICHAEL COHEN

Director

By:

/s/ Keely M. Bosler

KEELY M. BOSLER  
Chief Deputy Director

Attachment

cc: On following page

**MAY 13 2014**

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Seren Taylor, Staff Director  
Honorable Mike Gatto, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee  
Attention: Mr. Eric Swanson, Staff Director  
Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4  
Honorable Tom Daly, Chair, Assembly Budget Subcommittee No. 4  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office



**MAY 13 2014**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Items 9800-001-0001, 9800-001-0494, and 9800-001-0988,  
Support, Augmentation for Employee Compensation**

It is requested that Item 9800-001-0001 be increased by \$12,594,000, Item 9800-001-0494 be increased by \$20,217,000, and Item 9800-001-0988 be increased by \$9,957,000 to reflect revised estimates as a result of updates to health care and dental enrollment figures, updates to salary information for salary increases previously provided in the Governor's Budget, updates to salary survey estimates for the California Highway Patrol (Bargaining Unit 5); health and dental benefits funding for the state employees of the Judicial Branch and Commission on Judicial Performance, including justices and trial court judges; and increases to salaries and benefits associated with International Union of Operating Engineers (Bargaining Unit 13). Bargaining Unit 13 recently negotiated a new contract and is pending ratification. Final health rates are not expected to be established until June 2014.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Koreen Hansen, Principal Program Budget Analyst, at (916) 445-3274.

MICHAEL COHEN  
Director  
By:

/s/ Keely M. Bosler

KEELY M. BOSLER  
Chief Deputy Director

Attachment

cc: On following page

**MAY 13 2014**

-2-

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Seren Taylor, Staff Director  
Honorable Mike Gatto, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee  
Attention: Mr. Eric Swanson, Staff Director  
Honorable Loni Hancock, Chair, Senate Budget and Fiscal Review Subcommittee No. 5  
Honorable Tom Daly, Chair, Assembly Budget Subcommittee No. 4  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Mr. Richard Gillihan, Acting Director, Department of Human Resources  
Ms. Pam Manwiller, Acting Chief Deputy Director/Assistant Chief, Labor Relations, Department of  
Human Resources  
Ms. Alene Shimazu, Chief, Office of Financial Management and Economic Research, Department  
of Human Resources  
Mr. Dave Ide, Costing Unit, Department of Human Resources



**MAY 13 2014**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Item Control Section 1.50**

It is requested that Control Section 1.50 be revised to provide more flexibility to address the potential need to make technical corrections, changes, or cleanup to items as a result of the conversion to and implementation of the Financial Information System of California (see Attachment A).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Gregory Bruss, Principal Program Budget Analyst, at (916) 322-5540.

MICHAEL COHEN  
Director  
By:

/s/ Keely M. Bosler

KEELY M. BOSLER  
Chief Deputy Director

Attachment

cc: On following page

**MAY 13 2014**

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
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Honorable Mike Gatto, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee  
Attention: Mr. Eric Swanson, Staff Director  
Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4  
Honorable Tom Daly, Chair, Assembly Budget Subcommittee No. 4  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office

MAY 13 2014

## Amendment to Budget Bill Item Control Section 1.50 – Intent and Format

"SEC. 1.50. (a) In accordance with Section 13338 of the Government Code, ~~as added by Chapter 1284 of the Statutes of 1978, and as amended by Chapter 1286 of the Statutes of 1984,~~ it is the intent of the Legislature that this act and other financial transactions authorized outside of this act utilize a coding scheme or structure compatible with the Governor's Budget and the records of the Controller, and provide for the appropriation of federal funds received by the state and deposited in the State Treasury.

(b) Essentially, the format and style are as follows:

(1) Appropriation item numbers have a code structure which is common to all the state's fiscal systems. The meaning of this ~~common coded item number structure~~ is as follows:

~~2720—Organization Code (this code Business Unit (known as organization code in current systems, indicates the department or entity) (e.g., 2720 represents the California Highway Patrol)~~

~~001—Reference Code (first appropriation for a particular fund for support of each department (indicates whether the item is from the Budget Act or some other sources and its character (e.g., state operations)~~

~~0044—Fund Code (e.g., 0044 represents the Motor Vehicle Account, State Transportation Fund)~~

(2) Appropriation items are organized in ~~organization-code~~ Business Unit order.

(3) All the appropriation items, reappropriation items, and reversion items, if any, for each department or entity are adjacent to one another.

(4) Federal funds received by the state and deposited in the State Treasury are appropriated in separate items.

(c) The Department of Finance may authorize revisions to the codes or structures used in this act ~~in order or other spending authority used outside of this act~~ to provide compatibility between the codes or structures used in this act and those used in the Governor's Budget and in the records of the Controller.

(d) Notwithstanding any other provision of ~~this act-law~~, the Department of Finance may revise the schedule of any appropriation made in this act where the revision is of a technical nature and is consistent with legislative intent. These revisions may include, but shall not be limited to, the substitution of category for program or program for category limitations, the proper categorization of allocated administration costs and cost recoveries, the distribution of any unallocated amounts within an appropriation and the adjustment of schedules to facilitate departmental accounting operations, including the elimination of categories providing for amounts payable from other items or other appropriations and the distribution of unscheduled amounts to programs or categories. These revisions shall include a certification that the revisions comply with the intent and limitation of expenditures as appropriated by the Legislature.

(e) Notwithstanding any other provision of ~~this act-law~~, when the Department of Finance, pursuant to subdivision (d), approves the schedule or revision of any appropriation relating to the elimination of amounts payable, the language authorizing the transfer shall also be eliminated.

(f) Notwithstanding any other provision of law, and in accordance with legislative intent, the Department of Finance may authorize technical changes or corrections in the Financial Information System for California (FI\$Cal) resulting from or related to the conversion or implementation of FI\$Cal including, but not limited to, the following:

(1) Corrections to errors inadvertently created during the data conversion process from current systems into FI\$Cal.

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(2) Corrections or changes related to renumbering of programs and capital outlay projects. FISCAL requires a different numbering scheme for the programs, elements, components, and tasks and projects. A new set of numbers will be utilized in FISCAL different from what is reflected in this and prior budget acts and other authorizing sources. A comprehensive crosswalk will be utilized to facilitate the translation from programs, elements, components, and tasks to programs and subprograms and projects.

(3) Corrections or changes necessary to ensure compatibility among the legacy systems of the State Controller and departments, with that of the FISCAL system. Multiple coding systems and structures (or chart of accounts) are being utilized during the transition period and until a department is implemented in FISCAL."



**MAY 13 2014**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Control Section 3.60, Retirement Rate Adjustments,  
Adjustment to the California Public Employees' Retirement System Fourth Quarter  
Deferral**

It is requested that Control Section 3.60 be amended to capture the proposed retirement rates. Revised Budget Bill language is attached (Attachment A).

The General Fund will be increased by \$342,655,000, other special funds will be increased by \$168,180,000, and various other nongovernmental cost funds will be increased by \$65,828,000 for retirement rate adjustments. These amendments reflect an adjustment to fiscal year 2014-15 retirement costs through Control Section 3.60. The estimated increase in retirement costs are due to the following:

1. On February 20, 2014, the California Public Employees' Retirement System (CalPERS) Board of Administration adopted new demographic assumptions as part of a regular review of demographic experience. Key assumption changes included longer post-retirement life expectancy, earlier retirement ages, and higher-than-expected wage growth for State Peace Officers/Firefighters and California Highway Patrol. The impact of the assumption changes will be phased in over three years, with a twenty year amortization, beginning in 2014-15. Of the total increases indicated above, this action accounts for \$430,092,000 (\$254,244,000 General Fund) in additional costs.
2. Retirement rates are higher than originally projected in the Governor's Budget due to actual payroll growth being less than actuarially assumed, employees retiring earlier than actuarially assumed, and differences in projected employer contributions and benefit payments as compared to actuals. Of the total increases indicated above, these factors account for \$146,571,000 (\$88,411,000 General Fund) in additional costs.

The fourth quarter payment to CalPERS has been deferred to the next fiscal year since the early 1990s. The amount deferred from 2014-15 to 2015-16 will increase by \$69,396,000. The General Fund adjustment of \$342,655,000 less the \$69,396,000 deferral results in a total net increase of \$273,259,000 to the General Fund in 2014-15.

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The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Koreen Hansen, Principal Program Budget Analyst, at (916) 445-3274.

MICHAEL COHEN  
Director  
By:

/s/ Keely M. Bosler

KEELY M. BOSLER  
Chief Deputy Director

Attachment

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Seren Taylor, Staff Director  
Honorable Mike Gatto, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee  
Attention: Mr. Eric Swanson, Staff Director  
Honorable Loni Hancock, Chair, Senate Budget and Fiscal Review Subcommittee No. 5  
Honorable Tom Daly, Chair, Assembly Budget Subcommittee No. 4  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Ms. Rose McAuliffe, Interim Assistant Chief, California Public Employees' Retirement System  
Mr. Michael Siu, Budget Manager, California Public Employees' Retirement System  
Ms. Jennifer Osborn, Deputy Secretary, Fiscal Operations, Government Operations Agency

**Attachment A**  
**Page 1 of 2**

"SEC. 3.60. (a) Notwithstanding any other provision of law, the employers' retirement contributions for the 2014–15 fiscal year that are chargeable to any item with respect to each state officer and employee who is a member of the Public Employees' Retirement System (PERS) or the Judges' Retirement System II and who is in that employment or office shall be the percentage of salaries and wages by state member category, as follows:

Miscellaneous, First Tier.....	<del>21.382%</del> <u>24.280%</u>
California State University, Miscellaneous, First Tier..	<del>21.382%</del> <u>24.280%</u>
Miscellaneous, Second Tier.....	<del>21.726%</del> <u>24.237%</u>
State Industrial.....	<del>16.764%</del> <u>18.134%</u>
State Safety.....	<del>18.000%</del> <u>19.338%</u>
Peace Officer/Firefighter.....	<del>31.250%</del> <u>36.827%</u>
California State University, Peace Officer/Firefighter.	<del>31.250%</del> <u>36.827%</u>
Highway Patrol.....	<del>36.419%</del> <u>43.494%</u>
Judges' Retirement System II.....	<del>22.687%</del> <u>24.615%</u>

The Director of Finance may adjust amounts in any appropriation item, or in any category thereof, as a result of changes from amounts budgeted for employer contributions for 2014–15 fiscal year retirement benefits to achieve the percentages specified in this subdivision. Beginning in 2013–14, adjustments to the California State University (CSU) rates will be applied to the actual pensionable 2013–14 payroll, currently estimated at \$2,221,802,000, as identified by the Controller, by funding source and state member categories. This process establishes pension funding adjustments through this section for CSU, as reflected in provisional language in Item 6610-001-0001. This results in estimated pension funding for CSU of \$473,798,978,000 (\$473,542,000 General Fund) for 2013–14. These amounts also will be part of the total appropriation in Item 6610-001-0001 at 2014 Budget Act. Because the actual 2013–14 payroll for CSU will not be known by June 30, 2014, the Director of Finance may adjust the amounts budgeted for CSU pension costs in 2014–15 based on final 2013–14 pensionable payroll. This adjustment will also incorporate necessary changes to the CSU base budget to reflect the effect of the final 2013–14 pensionable payroll on the 2013–14 appropriation.

(b) Notwithstanding any other provision of law, the Director of Finance shall require retirement contributions computed pursuant to subdivision (a) to be offset by the Controller with surplus funds in the Public Employees' Retirement Fund, employer surplus asset accounts.

**Attachment A  
Page 2 of 2**

(c) Notwithstanding any other provision of law, for purposes of calculating the “appropriations subject to limitation” as defined in Section 8 of Article XIII B of the California Constitution, the appropriations shall be deemed to be the amounts remaining after the adjustments required by subdivisions (a) and (b) are made.

(d) Of the percentage of salaries and wages by state member categories identified in subdivision (a), the following percentages are estimated to be the result of the increased employee contributions pursuant to Chapter 296, Statutes of 2012 (AB 340), known as the California Public Employees’ Pension Reform Act of 2013, and will be directed toward the state’s unfunded pension liability:

Miscellaneous, First Tier.....	0.082%
California State University, Miscellaneous, First Tier.....	0.082%
Miscellaneous, Second Tier.....	<del>0.726%</del> <u>0.727%</u>
State Industrial.....	<del>1.064%</del> <u>0.848%</u>
State Safety.....	<del>1.400%</del> <u>1.182%</u>
Peace Officer/Firefighter.....	<del>1.650%</del> <u>1.647%</u>
California State University, Peace Officer/Firefighter..	<del>1.650%</del> <u>1.647%</u>
Highway Patrol.....	1.319%

The contributions to the unfunded liability, as a result of the percentages of salaries and wages in this subdivision, are estimated to be \$~~108.4~~ \$102.7 million (~~\$73.8~~ \$70.9 million General Fund) for the 2014–15 fiscal year.

(e) The Director of Finance may adjust the percentage levels of the employers’ retirement contributions listed in subdivisions (a) and (d) as a result of rates provided by the Board of Administration of the Public Employees’ Retirement System. The Director of Finance shall notify the Controller by executive order of adjustments made pursuant to this subdivision. Within 30 days of making an adjustment pursuant to this subdivision, the Director of Finance shall report the adjustment in writing to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations.”



**MAY 13 2014**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

### **Amendment to Budget Bill Control Section 11.00 Information Technology Reporting Requirements**

It is requested that Control Section 11.00 be amended to account for significant scope and cost changes in information technology projects. The proposed amendment reads as follows:

~~“(a) A state agency to which state funds are appropriated by one or more statutes, including this act, for an information technology project may not enter into, or agree to, any contract or any contract amendment in the 2013-14 fiscal year that results, in the aggregate, in an increase in the budgeted cost of the project exceeding \$500,000, or 10 percent of the budgeted cost of the project, whichever is less, unless the approval of the Director of Finance is first obtained and written notification of that approval is provided by the department to the Chairperson of the Joint Legislative Budget Committee, and the chairpersons of the budget committees of each house of the Legislature, not less than 30 days prior to the effective date of the approval, or not less than whatever shorter period prior to the effective date of the approval the chairperson of the joint committee, or his or her designee, may in each instance determine. Each notification required by this section shall (1) explain the necessity and rationale for the proposed contract or amendment, (2) identify the cost savings, revenue increase, or other fiscal benefit of the proposed contract or amendment, and (3) other fiscal benefit of the proposed contract or amendment.~~

~~(b) Subdivision (a) does not apply to a resulting increase in the budgeted cost of a project that is less than \$100,000, or that is funded by an augmentation authorized pursuant to Section 26.00.~~

~~(c) The following definitions apply for the purposes of this section:~~

~~(1) “Budgeted cost of a project” means the total cost of the project as identified in the most recent feasibility study report, special project report, or equivalent document submitted to the Legislature in connection with its consideration of a bill that appropriated any state funding for that project.~~

~~(2) “State agency” means each agency of the state that is subject to Article 2 (Commencing with Section 13320) of Chapter 3 of Part 3 of Division 3 of Title 2 of the Government Code, except that this section shall not apply to the University of California, the California State University, the State Compensation Insurance Fund, the community college districts, agencies provided for by Article VI of the California Constitution, or the Legislature.~~

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The Department of Finance shall report to the Joint Legislative Budget Committee when a reportable information technology project's overall costs increase by \$5 million or 20 percent, whichever is less. The report shall be submitted within 30 days after the Department of Technology issues an approval letter for the Special Project Report which includes these changes. Each report shall include the total change in cost, scope, and schedule: (1) the reason for the change(s); (2) a description of new and/or amended contracts required as a result of the change(s); (3) a list of the risks and issues as identified in the last two Independent Verification and Validation and Independent Project Oversight reports and any risk and issue that has been identified since those reports; and (4) the department's planned mitigation of these risks and issues."

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Erika Li, Assistant Program Budget Manager, at (916) 445-3274.

MICHAEL COHEN

Director

By:

/s/ Keely M. Bosler

KEELY M. BOSLER

Chief Deputy Director

Attachment

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Seren Taylor, Staff Director  
Honorable Mike Gatto, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee  
Attention: Mr. Eric Swanson, Staff Director  
Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4  
Honorable Tom Daly, Chair, Assembly Budget Subcommittee No. 4  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Ms. Peggy Collins, Principal Consultant, Joint Legislative Budget Committee  
Ms. Rebecca Stilling, Deputy Director, IT Project Oversight Division, Department of Technology



**MAY 13 2014**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Item Control Section 12.00 (State Appropriations Limit)**

It is requested that Control Section 12.00 be amended to revise the State Appropriations Limit (SAL). Pursuant to Article XIII B of the California Constitution, the 2014-15 SAL is estimated to be \$89.902 billion at May Revision. The revised limit is the result of applying the growth factor of 0.48 percent. The revised 2014-15 limit is \$564 million below the \$90.466 billion estimated in January. Control Section 12.00 is proposed to be amended as follows:

"SEC.12.00. For the purposes of Article XIII B of the California Constitution, there is hereby established a state "appropriations limit" of ~~\$90,466,000,000~~ \$89,902,000,000 for the 2014-15 fiscal year.

Any judicial action or proceeding to attack, review, set aside, void, or annul the "appropriations limit" for the 2014-15 fiscal year shall be commenced within 45 days of the effective date of this act."

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Oscar Chaves, Principal Program Budget Analyst, at (916) 445-5332.

MICHAEL COHEN  
Director  
By:

/s/ Keely M. Bosler

KEELY M. BOSLER  
Chief Deputy Director

Attachment

cc: On following page

**MAY 13 2014**

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Seren Taylor, Staff Director  
Honorable Mike Gatto, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee  
Attention: Mr. Eric Swanson, Staff Director  
Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4  
Honorable Tom Daly, Chair, Assembly Budget Subcommittee No. 4  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office