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AB-761 Local finance: enhanced infrastructure financing districts. (2023-2024)

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Assembly Bill No. 761

CHAPTER 344

An act to amend Section 53398.63 of the Government Code, relating to local finance.

[Approved by Governor September 22, 2024. Filed with Secretary of State September 22, 2024.]

LEGISLATIVE COUNSEL'S DIGEST

AB 761, Friedman. Local finance: enhanced infrastructure financing districts.

Existing law establishes enhanced infrastructure financing districts to finance public capital facilities or other specified projects of communitywide significance. Existing law provides for the membership of the governing body of the district, referred to as the public financing authority. Existing law authorizes the legislative body of a city or a county to designate a proposed enhanced infrastructure financing district by adopting a resolution of intention to establish the proposed district which, among other things, is required to state that an enhanced infrastructure financing district is proposed and describe the boundaries of the proposed district. Existing law requires the public financing authority to direct the preparation of and adopt an infrastructure financing plan consistent with the general plan and any relevant specific plan, and consisting of, among other things, a financing section. Existing law requires that the financing section include a plan for financing the public facilities, a limit on the total number of dollars of taxes that may be allocated to the district pursuant to the plan, and a date, either not more than 45 years from the date on which the issuance of the bonds is approved for the plan or the issuance of a loan is approved on which the district will cease to exist, by which time all tax allocation to the district will end, or, where the district is divided into project areas, a date on which the infrastructure financing plan will cease to be in effect and all tax allocations to the district will end and a date on which the district's authority to repay indebtedness with incremental tax revenues will end, as specified.

This bill, for plans proposed on or after January 1, 2025, would specify that for the purpose of development and construction of passenger rail projects in the County of Los Angeles where at least 75% of the revenue from the district is used for debt service on a federal Transportation Infrastructure Finance and Innovation Act (TIFIA) loan, the date on which the district will cease to exist shall not be more than 75 years from the date of the approval of a TIFIA loan, as specified.

This bill would make legislative findings and declarations as to the necessity of a special statute for specified districts enacted primarily for the purpose of development and construction of zero-emission mass transit projects.

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

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 53398.63 of the Government Code is amended to read:

53398.63. After receipt of a copy of the resolution of intention to establish a district, the official designated pursuant to Section 53398.62 shall prepare a proposed infrastructure financing plan. A plan shall be proposed for the district that shall include any

project areas, if proposed, within the district. The infrastructure financing plan shall be consistent with the general plan, and specific plan, if applicable, of the city or 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) If funding 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 or 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 that may be allocated to the district pursuant to the plan.

(5) Either of the following:

(A) A date on which the district will cease to exist, by which time all tax allocation to the district will end.

(i) For plans proposed on or after January 1, 2025, for districts enacted primarily for the purpose of development and construction of passenger rail projects in the County of Los Angeles, where at least 75 percent of the revenue from the district is used for debt service on a federal Transportation Infrastructure Finance and Innovation Act (TIFIA) loan, the date shall not be more than 75 years from the date on which the issuance of a TIFIA loan is approved by the United States Department of Transportation. Starting 45 years after the issuance of the TIFIA loan, incremental tax revenue received shall only be used for the purposes of the TIFIA loan repayment, including debt service.

(ii) For all other districts, the date shall not be more than 45 years from the date on which the issuance of bonds is approved pursuant to Section 53398.77, or the issuance of a loan is approved by the governing board of a local agency pursuant to Section 53398.87.

(B) If the district is divided into project areas, a date on which the infrastructure financing plan will cease to be in effect and all tax allocations to the district will end and a date on which the district's authority to repay indebtedness with incremental tax revenues received under this chapter will end, not to exceed 45 years from the date the district or the applicable project area has actually received one hundred thousand dollars (\$100,000) in annual incremental tax revenues under this chapter. After the time limits established under this subparagraph, a district or project area shall not receive incremental tax revenues under this chapter. If the district is divided into project areas, a separate and unique time limit shall be applicable to each project area that does not exceed 45 years from the date the district has actually received one hundred thousand dollars (\$100,000) in incremental tax revenues under this chapter from that project area.

(6) An analysis of the costs to the city or 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 within the territory of the district are proposed to be removed or destroyed in the course of public works construction within the area of the district or private development within the area of the district that is subject to a written agreement with the district or that is financed in whole or in part by 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. 2. The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique timelines of districts enacted primarily for the purpose of development and construction of zero-emission mass transit projects.