

Date of Hearing: May 3, 2017

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT  
Cecilia Aguiar-Curry, Chair  
AB 734 (Bonta) – As Amended March 23, 2017

**SUBJECT:** Infrastructure financing districts: City of Oakland: freight rail.

**SUMMARY:** Authorizes an infrastructure financing district (IFD) within the City of Oakland to finance public capital facilities or projects that include freight rail. Specifically, **this bill:**

- 1) Provides that in addition to the projects authorized under existing IFD law, any IFD within the City of Oakland may finance public capital facilities or projects that include freight rail.
- 2) Finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances applicable to the City of Oakland.

**EXISTING LAW:**

- 1) Authorizes cities and counties to create IFDs and issue bonds to pay for community scale public works: highways, transit, water systems, sewer projects, flood control, child care facilities, libraries, parks, and solid waste facilities.
- 2) Allows an IFD to divert property tax increment revenues from other local governments, excluding school districts, for up to 30 years, in order to pay back bonds issued by the IFD.
- 3) Requires that in order to form an IFD, a city or county must develop an infrastructure plan, send copies to every landowner, consult with other local governments, and hold a public hearing.
- 4) Requires that when forming an IFD, local officials must find that its public facilities are of communitywide significance and provide significant benefits to an area larger than the IFD.
- 5) Requires that every local agency who will contribute its property tax increment revenue to the IFD to approve the plan.
- 6) Requires a two-thirds voter approval of the formation of the IFD and the issuance of bonds.
- 7) Requires majority voter approval for setting the IFD's appropriations limits.
- 8) Specifies that public agencies that own land in a proposed IFD may not vote on issues regarding the district.
- 9) Authorizes IFDs to issue a variety of debt instruments, including bonds, certificates of participation, leases, and loans.

- 10) Requires any IFD that constructs dwelling units to set aside not less than 20% of those units to increase and improve the community's supply of low- and moderate-income housing available at an affordable housing cost to persons and families of low- and moderate-income.

**FISCAL EFFECT:** None

**COMMENTS:**

- 1) **Bill Summary.** This bill authorizes any IFD within the City of Oakland to finance public capital facilities or projects that include freight rail. This bill is sponsored by the City of Oakland.
- 2) **Author's Statement.** According to the author, "As cities move beyond the dissolution of redevelopment agencies, the City of Oakland seeks to find new and innovative ways of supporting job growth and economic prosperity for our community. In Oakland, infrastructure financing districts have become more attractive especially to help finance public capital facilities such as highways, ramps and bridges, arterial streets and transit facilities.

"Allowing for freight rail to be an eligible beneficiary of IFDs, we will help enhance intermodal capacity for the City and the Port, emissions reduction due to expanded use of rail, and substantially increasing the economic competitiveness of the City."

According to the sponsor, the City of Oakland, "Our economic development agency has taken the steps to move forward on creating IFDs to support the long term, sustainable growth at our three major economic hubs in the City: the Oakland Army Base, the Howard Terminal site, and the area known as Coliseum City. However, to support our role as a port city, a member of the global economy, and enhance West Coast export capacity, we need to include freight rail as an eligible expense for IFDs."

- 3) **Prior Legislation.** In 2014, AB 2292 (Bonta) would have allowed an IFD within the Oakland Army Base, the Howard Terminal, or the Coliseum City in the City of Oakland to finance public capital facilities or projects that include freight rail and was heard by this Committee. The bill was later amended into a different topic.
- 4) **Arguments in Support.** The City of Oakland writes that "Allowing for freight rail to be an eligible beneficiary of IFDs, we will help enhance intermodal capacity for the City and the Port."
- 5) **Arguments in Opposition.** None on file

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

City of Oakland [SPONSOR]

**Opposition**

None on file

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