

Date of Hearing: July 1, 2026

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

SB 226 (Cabaldon) – As Amended June 11, 2026

SENATE VOTE: 32-0

SUBJECT: Infrastructure revitalization financing districts.

SUMMARY: Specifies that an Infrastructure Revitalization Financing District (IRFD) may finance entertainment and sports facilities.

FISCAL EFFECT: None.

COMMENTS:

- 1) **Bill Summary and Author’s Statement.** This bill specifies that an IRFD may finance entertainment and sports facilities. The Author is the sponsor of this bill.

According to the Author, “The City of West Sacramento has emerged as one of the jurisdictions in California effectively using infrastructure financing districts and similar tools to drive development. When putting together large revitalization and infrastructure projects representing hundreds of millions or billions of dollars in investments, certainty matters. By making this straightforward clarification to existing law, any ambiguity would be removed, providing legal certainty to local agencies. Importantly, the major economic development opportunities utilizing IRFDs and the like, generate jobs and revitalize communities without burdening taxpayers or general fund resources.”

- 2) **Local Infrastructure Financing.** Funding and financing local government infrastructure is a core responsibility for local governments. The ways in which local governments have addressed these responsibilities have changed over time. Until voters passed Proposition 13 in 1978, cities, counties, and special districts could generally set property tax rates on property within its jurisdiction without an aggregate cap. Local governments received property tax revenue resulting from the appropriate property tax rate fixed by the local governments and could use that revenue to build infrastructure projects and meet other needs. If a local government wanted to pay to build infrastructure in an area it planned to develop, it could increase its property tax rates to pay for those projects. Local governments could also enact taxes by ordinance. Proposition 13 both limited the maximum amount of any ad valorem tax on real property at 1% of full cash value and imposed voter approval requirements for local taxes. Despite the notable benefits to property owners, these changes hampered local governments’ ability to address infrastructure needs related to new development.
- 3) **Redevelopment.** Article XVI, Section 16 of the California Constitution authorizes the Legislature to provide for the formation of RDAs to eliminate blight in an area by means of a self-financing schedule that pays for the redevelopment project with tax increment derived from any increase in the assessed value of property within the redevelopment project area (or tax increment). Generally, property tax increment financing involves a local government forming a tax increment financing district to issue bonds and use the bond proceeds to pay

project costs within the boundaries of a specified project area. To repay the bonds, the district captures increased property tax revenues that are generated when projects financed by the bonds increase assessed property values within the project area.

To calculate the increased property tax revenues captured by the district, the amount of property tax revenues received by any local government participating in the district is “frozen” at the amount it received from property within a project area prior to the project area’s formation. In future years, as the project area’s assessed valuation grows above the frozen base, the resulting additional property tax revenues — the so-called property tax “increment” revenues — flow to the tax increment financing district instead of other local governments. After the bonds have been fully repaid using the incremental property tax revenues, the district is dissolved, ending the diversion of tax increment revenues from participating local governments.

Prior to Proposition 13, very few RDAs existed; however, after its passage, RDAs became a source of funding for a variety of local infrastructure activities. Eventually, RDAs were required to set aside 20% of funding generated in a project area to increase the supply of low and moderate income housing in the project areas. At the time RDAs were dissolved, the Controller estimated that statewide, RDAs were obligated to spend \$1 billion on affordable housing. At the time of dissolution, over 400 RDAs statewide were diverting 12% of property taxes, over \$5.6 billion yearly.

In 2011, facing a severe budget shortfall, the Governor proposed eliminating RDAs in order to deliver more property taxes to other local agencies. Ultimately, the Legislature approved, and the Governor signed two measures, ABX1 26 (Blumenfield), Chapter 5 and ABX1 27 (Blumenfield), Chapter 6 that together dissolved RDAs as they existed at the time and created a voluntary redevelopment program on a smaller scale. In response, the California Redevelopment Association (CRA) and the League of California Cities, along with other parties, filed suit challenging the two measures. The Supreme Court denied the petition for peremptory writ of mandate with respect to ABX1 26. However, the Court did grant CRA’s petition with respect to ABX1 27. As a result, all RDAs were required to dissolve as of February 1, 2012.

- 4) **Attempts to Replace RDAs.** After the Supreme Court’s 2011 Matosantos decision dissolved all RDAs, legislators enacted several measures creating new tax increment financing tools to pay for local economic development. The Legislature authorized the creation of IRFDs [AB 229 (Perez), Chapter 775, Statutes of 2014 and enhanced infrastructure financing district (EIFDs) [SB 628 (Beall), Chapter 785, Statutes of 2014] and they were quickly followed by community revitalizations and investment authorities (CRIAs) [AB 2 (Alejo), Chapter 319, Statutes of 2015]. Similar to IRFDs, EIFDs and CRIAs use tax increment financing to fund infrastructure projects. CRIAs may currently only be formed in economically depressed areas.

The Legislature has also authorized the formation of affordable housing authorities (AHAs), which may use tax increment financing exclusively for rehabilitating and constructing affordable housing and also do not require voter approval to issue bonds [AB 1598 (Mullin), Chapter 764, Statutes of 2017]. SB 961 (Allen), Chapter 559, Statutes of 2018, removed the vote requirement for a subset of EIFDs to issue bonds and required these EIFDs to instead solicit public input, and AB 116 (Ting), Chapter 656, Statutes of 2019, removed the voter

requirement for any EIFD to issue bonds in favor of a formal protest process. SB 852 (Dodd), Chapter 266, Statutes of 2022, created climate resilience districts (CRDs), which can also utilize tax-increment financing. CRDs were also given the authority to issue general obligation bonds and impose special taxes. In response to recent fires in California, SB 782 (Perez), Chapter 552, Statutes of 2025, created a subcategory of climate resilience districts (CRDs) to finance disaster recovery efforts.

While these entities share fundamental similarities with RDAs in terms of using various forms of tax-increment financing, they differ in two significant aspects, 1) not having access to the school's share of property tax increment, and 2) not automatically including the tax increment of other taxing entities.

- 5) **IRFDs.** Existing law allows a city to designate one or more IRFDs. The city or county must first adopt a resolution of intention to establish the proposed IRFD and must state the following in the resolution: That the IRFD is proposed to be established, the types of facilities proposed to be financed by the IRFD, that incremental property tax revenue from the city and some or all affected taxing entities, as defined, within the IRFD may be used to finance these facilities, and fix a time and place for a public hearing on the proposal. The resolution of intention must then be mailed to each landowner and each affected taxing entity. Once the resolution of intention is adopted, the city must direct the city engineer to prepare an infrastructure financing plan (IFP). The IFP must include specified information, including:
 - a) A map and legal description of the proposed IRFD.
 - b) A description of the facilities required to serve the development proposed in the area of the IRFD.
 - c) A finding that the facilities are of communitywide significance.
 - d) Information related to the amount of incremental property tax revenue the city and each affected taxing entity will commit and a date on which the IRFD will cease to exist, which must not be more than 40 years from the date the ordinance forming the IRFD is adopted or a later date on which the allocation of tax increment will begin. The IRFD may issue debt with a final maturity date of up to 30 years from the date of issuance of each debt issue, subject to the time limit on tax allocation to the IRFD.

The IFP must then be sent to each landowner within the proposed IRFD and each affected taxing entity. The city must conduct a public hearing prior to adopting the proposed IFP. The public hearing must not be called sooner than 60 days after the plan has been sent to each affected taxing entity. At the conclusion of the hearing, the city may adopt a resolution proposing adoption of the IFP or it may abandon proceedings. However, the city must not enact a resolution proposing formation of a district and providing for taxes from any affected taxing entity unless a resolution approving the plan has been adopted by the governing body of each affected taxing entity.

If the city adopts the resolution, it must submit the proposal to create the IRFD to the qualified voters, as specified, in the next general election. The city may, by ordinance, adopt the IFP and create the IRFD if two-thirds of votes are in favor of creating the IRFD. The city may also, by majority vote, initiate proceedings to issue bonds by adopting a resolution

stating its intent to issue bonds. The city must then submit the proposal to issue bonds to the voters who reside within the IRFD, and the bonds may be issued only if two-thirds of the voters are in favor of issuing bonds. The election to create the IRFD and the election to issue bonds may be consolidated.

- 6) **What can IRFDs Finance?** IRFDs may finance 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, planning and design work directly related to that property and other specified costs. However, and IRFD must not finance routine maintenance, repair work, or the costs of ongoing operation or for providing services of any kind. Specifically, IRFDs may only finance facilities or projects of communitywide significance, including, but not limited to, any of the following:
- a) Highways, interchanges, ramps and bridges, arterial streets, parking facilities, and transit facilities.
 - b) Sewage treatment and water reclamation plants and interceptor pipes.
 - c) Facilities and watershed lands used for the collection and treatment of water for urban uses.
 - d) Flood management, including levees, bypasses, dams, retention basins, and drainage channels.
 - e) Child care facilities.
 - f) Libraries.
 - g) Parks, recreational facilities, open space, and habitat restoration.
 - h) Facilities for the transfer and disposal of solid waste, including transfer stations and vehicles.
 - i) Brownfields restoration and other environmental mitigation.
 - j) Purchase of land and property for development purposes and related site improvements.
 - k) Acquisition, construction, or repair of housing for rental or purchase, including multipurpose facilities.
 - l) Acquisition, construction, or repair of commercial or industrial structures for private use.
 - m) The repayment of the transfer of funds to a military base reuse authority that occurred on or after the creation of the district.

Any IRFD that constructs dwelling units must set aside at least 20% 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, at an affordable rent, as defined. Lastly, an IRFD may utilize any powers under the Polanco Redevelopment Act and to implement a prepared sustainable communities strategy.

- 7) **Potential Impacts of New Sports and Entertainment Facilities.** According to the Arts, Entertainment, Sports, and Tourism Committee’s analysis, Sutter Health Park, home of the Sacramento River Cats and temporary home of the Major League Baseball Athletics, has been an important aspect associated with two decades of investment and redevelopment of West Sacramento. Since opening in 2000, the ballpark has served as the primary anchor of the city's riverfront revitalization strategy, transforming what was once a largely industrial waterfront into the mixed-use Bridge District. City officials have credited the stadium with attracting housing, restaurants, entertainment venues, and other private investment to the riverfront, while helping secure infrastructure funding and economic development opportunities that may not otherwise have occurred. Of note, the original ballpark was privately financed and did not require direct taxpayer funding for construction.

The facility has generated substantial indirect economic benefits through adjacent development and increased visitor activity. The Bridge District now encompasses a significant concentration of residential, commercial, and entertainment uses, with city planning documents envisioning up to 12.5 million square feet of development at full buildout. Local businesses have reported that game-day activity serves as an important driver of customer traffic, and city leaders have consistently described the ballpark as a catalyst for ongoing investment in the surrounding district.

Of note, when comparing revenue that the City of West Sacramento received in the form of sales tax, transient occupancy tax, and City parking revenues associated with the 2025 combined A’s/River Cats season vs. the 2024 River Cats-only season, the city saw a net increase of \$872,814 (51%) in revenue associated with the stadium and the surrounding area in 2025.

- 8) **Prior Legislation.** AB 304 (Arreguín), Chapter 578, Statutes of 2025, lifted the granting statute and public trust doctrine use restrictions on certain lands in Jack London Square until February 1, 2066, and required the Port of Oakland (Port) to make specified findings in a public meeting in order to lease these lands for nontrust uses, among other provisions, as provided.

AB 1191 (Bonta), Chapter 752, Statutes of 2019, enacted the Oakland Waterfront Sports and Mixed-Use Project, Waterfront Access, Environmental Justice, and Revitalization Act which authorized the State Lands Commission to approve an exchange at the Howard Terminal Property, approve a Ballpark and Public Lands Development on the final trust lands under specified conditions, and placed specified requirements on the San Francisco Bay Conservation and Development Commission regarding the Seaport Plan and permitting of the development.

AB 734 (Bonta), Chapter 959, Statutes of 2018, established special procedures for California Environmental Quality Act (CEQA) review, additional conditions for certification, and expedited (270 day) judicial review for a proposed baseball park and mixed-use development in the City of Oakland.

AB 987 (Kamlager-Dove), Chapter 961, Statutes of 2018, established special procedures for CEQA review, additional conditions for certification, and expedited (270 day) judicial review for a proposed basketball arena and related development in the City of Inglewood.

AB 229 (Pérez), Chapter 775, Statutes of 2014, created IRFDs modeled after infrastructure financing districts (IFDs). The bill authorized military base reuse authorities to form districts and allowed these districts to finance a broader range of projects and facilities to clean-up and develop former military bases.

- 9) **Arguments in Support.** According to the City of West Sacramento, “IRFDs are a valuable tool for local governments seeking to finance major infrastructure and economic development projects without relying on General Fund resources. SB 226 offers a straightforward clarification that entertainment and sports facilities qualify as commercial or industrial structures eligible for IRFD financing, providing greater certainty to local agencies, investors, and financing partners.

“For communities pursuing transformative projects, certainty in state law is critical. Ambiguity regarding project eligibility can create unnecessary risk, delay investment, and hinder economic development opportunities. By clearly affirming the eligibility of entertainment and sports facilities, SB 226 strengthens a financing mechanism that helps local governments leverage future tax increment generated by development to fund projects of communitywide significance.

“West Sacramento has been a leader in utilizing innovative financing tools to support economic growth and community revitalization, including establishing the state’s first Enhanced Infrastructure Financing District. As our city advances significant waterfront and economic development initiatives, including the pursuit of a Major League Baseball expansion franchise, the clarification provided by SB 226 will help ensure that local governments can confidently utilize IRFDs consistent with state law. If successful, a new MLB stadium in the City’s Bridge District will catalyze dense urban infill development for which the City has long planned, generating significant private investment, jobs, housing, and public infrastructure improvements.

“Beyond its local economic benefits to the Greater Sacramento region, this effort carries statewide significance. With the Athletics departing for Las Vegas, securing a new franchise in West Sacramento would allow California to maintain its current number of Major League Baseball teams.

“It is also important to note that SB 226 does not expand taxing authority or require the use of public funds. Rather, it simply provides needed statutory clarity that will support responsible local economic development efforts throughout California.”

Arguments in Opposition. None on file.

- 10) **Double-Referral.** This bill is double referred to the Arts, Entertainment, Sports, and Tourism Committee, where it passed on 9-0 vote on June 23, 2026.

REGISTERED SUPPORT / OPPOSITION:

Support

City of Sacramento

City of West Sacramento

Opposition

None on file

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