

Date of Hearing: May 5, 2021

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Cecilia Aguiar-Curry, Chair

AB 1581 (Committee on Local Government) – As Amended April 19, 2021

**SUBJECT:** Local government: omnibus.

**SUMMARY:** Makes several technical, non-controversial changes to the local agency formation commission (LAFCO) statutes which govern local government organization and reorganization.

**EXISTING LAW:** Establishes the procedures for the organization and reorganization of cities, counties, and special districts under the Cortese-Knox-Hertzberg Local Reorganization Act of 2000 (Act).

**FISCAL EFFECT:** None.

**COMMENTS:**

- 1) **LAFCOs.** LAFCOs are responsible for coordinating logical and timely changes in local governmental boundaries, conducting special studies that review ways to reorganize, simplify, and streamline governmental structures, and preparing a sphere of influence for each city and special district within each county. The courts refer to LAFCOs as the Legislature's "watchdog" over local boundary changes. The Act establishes procedures for local government changes of organization, including city incorporations, disincorporations, city and special district consolidations, and annexations to a city or special district. LAFCOs regulate boundary changes through the approval or denial of proposals by other public agencies or individuals for these procedures.
- 2) **Background and Prior Legislation.** As statutes go into effect, local officials and others often discover problems or inconsistencies in the language of the law and approach the Legislature to correct them. These minor problems do not warrant separate bills, so this Committee has found that it is expeditious and relatively inexpensive to respond to multiple minor, non-controversial requests on related issues by combining them into an annual "omnibus bill." Since the major rewrite of the Act governing local agency organization and reorganization [AB 2838 (Hertzberg), Chapter 761, Statutes of 2000], the Committee has focused its omnibus bill efforts on LAFCO-related issues.

Prior bills authored by the Committee include: AB 2795, Chapter 47, Statutes of 2010; AB 1430, Chapter 300, Statutes of 2011; AB 2698, Chapter 62, Statutes of 2012; AB 1427, Chapter 87, Statutes of 2013; AB 2762, Chapter 112, Statutes of 2014; AB 1532, Chapter 114, Statutes of 2015; AB 2910, Chapter 165, Statutes of 2016; AB 1725, Chapter 353, Statutes of 2017; AB 3254, Chapter 86, Statutes of 2018; and, AB 1822, Chapter 20, Statutes of 2019.

This bill reflects the concerns of LAFCOs and other stakeholders who have brought proposals and issues to the Committee. All proposals are vetted by a large number of stakeholders. Any proposal that provokes any controversy or opposition is rejected for inclusion.

- 3) **Bill Summary.** This bill is sponsored by the California Association of LAFCOs (CALAFCO) and makes several non-controversial changes to the Act, including the following:
- a) **Principal County.** Sections 56066, 56123, and 56124 all contain provisions related to principal county status. Section 56066 defines “principal county.” Section 56123 provides the principal county with exclusive jurisdiction. Section 56124 outlines the process to vest exclusive jurisdiction in a county other than a principal county. Currently, these sections only apply to changes of organization and reorganizations. This proposal would reflect case law by adding language to each section to clarify that principal county status also applies to the “determination of a sphere of influence.” The proposal rectifies inconsistencies between the definition of “principal county” and case law and removes redundant sections.
  - b) **Zoning Change Notification.** The proposed amendment is to create a mechanism for LAFCOs to be given notice 21 days prior to city council action on a zoning change that affects a recent annexation, especially since there is a provision that requires that such rezoning shall remain for a minimum of two years unless specific actions are taken by the city. This notice requirement would help ensure LAFCOs are aware of any proposed change and given the opportunity to provide comment accordingly.
  - c) **Affected Territory.** Subdivision 56133(f) was added in 2016 to clarify which LAFCO has jurisdiction if a service is proposed across a county boundary. However, it stops short of clarifying which LAFCO has jurisdiction otherwise. Moreover, the wording in subdivision (f) that the entirety of section 56133 applies to a particular commission is inconsistent with the court’s determination that subdivision (a) does not apply to any commission. Finally, subdivision (f) was added before the definition of “affected territory” (Govt. Code section 56014) was amended in 2018 to include territory to which services are proposed under 56133. The proposal simplifies and clarifies 56133 by removing subdivision (f) and relocating its intent into subdivision (a). It also corrects an inconsistency between subdivision (f) and case law and incorporates recent changes made to the definition of “affected territory.”
  - d) **Independent Judgment.** The “independent judgment” provision in Section 56325.1 follows Section 56325 (which addresses composition of the commission for most LAFCOs) and before Sections 56326, 56326.5, 56327, 56327.3, 56328, 56328.5 (which address composition of the commission for LAFCOs with “special” seats, which includes Los Angeles, Sacramento, Santa Clara, San Diego, and Kern LAFCOs). The language concerning the independent judgment of LAFCO commissioners should be relocated to follow all of the composition sections to more clearly indicate that it applies to all fifty-eight LAFCOs, including those with special seats.
  - e) **Sphere Update.** Current law requires LAFCOs to hold a hearing to adopt, amend, or revise spheres of influence. The term “revise” is not found anywhere else in LAFCO Law. Instead, the statute should use the word “update” to make it consistent with Government Code Section 56425(g).
  - f) **Inactive Districts.** SB 448 (Wieckowski), Chapter 334, Statutes of 2017 created a simplified and streamlined process for dissolving inactive special districts. The

dissolution of inactive districts is exempt from protest proceedings, any determinations being made, and exempt from the requirements for commission-initiated changes of organization. Current law does not exempt this process from the provisions of Revenue and Taxation Codes 99 & 99.01 (RTCs).

The RTCs require a multi-step process. First, the county assessor compiles data related to tax rate areas and assessed values of property. Second, the county auditor compiles data about the property tax distribution in the subject area and is required to send a notification of these values to all other affected agencies. Lastly, the process culminates in an action by the county Board of Supervisors, including adoption of a resolution. These steps are currently required for all jurisdictional changes. A dissolution is a jurisdictional change. These RTC steps are time limited and must be completed within 60 days by the county assessor, county auditor, and board of supervisors. The resolution(s) must be adopted prior to the LAFCO hearing to dissolve the inactive district.

For an inactive district the process is pro forma and completely unnecessary. However, there is no exemption from the RTC requirements for inactive district dissolutions. The proposed solution is to exempt the dissolution of inactive districts from the RTC requirements, allowing dissolutions of inactive district to proceed to a hearing much faster. This is consistent with the intent of SB 448.

- g) **Obsolete Provisions.** A group of local agency representatives and legislative staff met numerous times over the last two years to discuss cleaning-up provisions located within the Act. A number of obsolete provisions were identified and are proposed to be removed from statute. The obsolete provisions include statutes pertaining to the following:
- i) Reorganization or consolidation of the Sewerage Agency of Southern Marin;
  - ii) Annexations to the City of Cupertino;
  - iii) Cities with a population of more than 100,000 in Los Angeles County;
  - iv) Santa Cruz County exception that became obsolete January 1, 2009; and,
  - v) Conveyance of parking lots in Los Angeles County.
- 4) **Arguments in Support.** CALAFCO argues that, “This annual bill includes technical changes to the Act which governs the work of Local Agency Formation Commissions. These changes are necessary as Commissions implement the Act and small inconsistencies are found or clarifications are needed to make the law as unambiguous as possible. AB 1581 currently makes minor technical corrections to language used in the Act. CALAFCO is grateful to your Committee and staff, and the members of our Legislative Committee, all of whom worked diligently on this language to ensure there are no substantive changes while creating a significant increase in the clarity of the Act for all stakeholders. This legislation helps insure the Cortese-Knox-Hertzberg Act remains a vital and practical law that is consistently applied around the state. We appreciate your Committee’s authorship and support of this bill, and your support of the mission of Local Agency Formation Commissions.”
- 5) **Arguments in Opposition.** None on file.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

CALAFCO [SPONSOR]  
Amador County LAFCO  
Butte County LAFCO  
Calaveras County LAFCO  
Contra Costa County LAFCO  
El Dorado County LAFCO  
Imperial County LAFCO  
Kern County LAFCO  
Los Angeles County LAFCO  
Mendocino County LAFCO  
Merced County LAFCO  
Monterey County LAFCO  
Napa County LAFCO  
Orange County LAFCO  
Riverside County LAFCO  
San Benito County LAFCO  
San Diego County LAFCO  
Santa Barbara County LAFCO  
Santa Clara County LAFCO  
Santa Cruz County LAFCO  
Solano County LAFCO  
Sonoma County LAFCO  
Stanislaus County LAFCO  
Yolo County LAFCO

**Opposition**

None on file

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