

Date of Hearing: May 4, 2022

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Cecilia Aguiar-Curry, Chair

AB 2957 (Committee on Local Government) – As Amended April 18, 2022

SUBJECT: Local government: reorganization.

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 (CKH) 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; AB 1822, Chapter 20, Statutes of 2019; and AB 1581, Chapter 31, Statutes of 2021.

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) **Successor Agency.** While the term “successor agency” is utilized throughout the Act (most notably for the dissolution a special district), the term is not defined in the “Definitions” section in the beginning of the Act. The proposal would add a definition of the term “successor agency” to the “Definitions” section of the Act.
 - b) **Take Effect.** In Government Code Section 56102, the words “be completed and in existence” would be replaced with the words “take effect.” The proposed language is clearer.
 - c) **Cross-Reference.** The definition of “local publicly owned electric utility” was initially in Public Utilities Code Section 9604, but was moved to Public Utilities Code Section 224.3 by AB 3048 (Utilities and Commerce Committee, Chapter 558, Statutes of 2008). The change to Government Code Section 56133(e)(5) provides for the current location of the definition.
 - d) **Application v. Proposal.** An “application” and a “proposal” are two distinctly different things in CKH. Section 56017.2(a) defines “Application” for a change of organization/reorganization to mean “A resolution of application or petition initiating a change of organization or reorganization with supporting documentation as required by the commission or executive officer.” Section 56069 defines a “Proposal” to mean “a desired change of organization or reorganization initiated by a petition or by resolution of application of a legislative body or school district for which a certificate of filing has been issued.” An “application” becomes a “proposal” only once a certificate of filing has been issued. The references to “proposal” in Sections 56553(a), 56654(a),(b) and (c), and 56658(b)(1) and (b)(2) are incorrect and should be referencing an “application”. The problem would be resolved by replacing the incorrect references to “proposal” with the correct references to “application.”
 - e) **Qualified Annexations.** A long-standing provision of the Revenue and Taxation Code sunset on January 1, 2021. The section outlines a process for consultant review, mediation, and arbitration during property tax exchange negotiation for qualified annexations. Although it may be a rarely used section of the Revenue and Taxation Code, extending the sunset date until 2028 retains a longstanding framework for the property tax exchange negotiation process.
- 4) **Arguments in Support.** According to CALAFCO, “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 2957 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.”

5) **Arguments in Opposition.** None on file.

REGISTERED SUPPORT / OPPOSITION:

Support

California Association of Local Agency Formation Commission (CALAFCO)

Butte LAFCO

Contra Costa LAFCO

El Dorado LAFCO

Imperial LAFCO

Los Angeles LAFCO

Marin LAFCO

Mendocino LAFCO

Merced LAFCO

Mono LAFCO

Monterey LAFCO

Napa LAFCO

Orange County LAFCO

Riverside LAFCO

San Bernardino LAFCO

San Diego LAFCO

San Mateo LAFCO

Santa Barbara LAFCO

Santa Cruz LAFCO

Sonoma LAFCO

Stanislaus LAFCO

Yolo LAFCO

Opposition

None on file

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