

**Sacramento Public Library**

828 I Street  
Sacramento, CA 95814-2589  
916-440-5926  
FAX: 916-440-9638

March 9, 1993

2

Law and Legislation Committee  
Sacramento, California

Honorable Members in Session:

SUBJECT: Proposed Senate Bill 566 (Roberti) Library Services Assessments

LOCATION AND COUNCIL DISTRICT

All Districts.

RECOMMENDATION

It is recommended that the Law and Legislation Committee support the above legislation and authorize the Chair of the Committee and the Mayor to send a letter to Senator Roberti to show local support for the bill (see Exhibit A).

CONTACT PERSON

Richard M. Killian, Library Director - 440-5926

FOR LAW AND LEGISLATIVE COMMITTEE MEETING OF

March 16, 1993.

SUMMARY

This report provides information regarding a piece of legislation that will enable cities, counties and other jurisdictions providing library services to consider library benefit assessment as a method of paying for local public library services.

BACKGROUND INFORMATION

City and County public libraries statewide have suffered major impacts as a result of the California recession and recent State budget actions. Library hours have been reduced 7%. Materials budgets have been reduced by 17%. Public libraries have not seen a major recovery in their funding sources since 1978. There are no State mandates that public libraries need to be relieved since library services are not mandated.

SB 566 Library Benefit Assessment legislation is sponsored jointly by the California Library Association and Los Angeles County. If enacted, the legislation will add provisions to the California Government Code to allow the funding of libraries through assessments on real property. The legislation contains the following elements:

BACKGROUND INFORMATION - Continued

- Applies to any local agency authorized by law to provide library services, including cities, counties, library districts and joint powers authorities.
- Allows a local agency to form an assessment district in any area to which it makes library services available.
- Annual assessments on properties in the district are based on the benefit of library services to the properties.
- Benefit may be based on use of the property, structure or property size, distance from library services, and other factors relative to providing library services to the property. Zones with separate apportionment methods may be established.
- Assessments may pay for all services and facilities provided by a local agency in connection with a public library, such as acquiring, constructing, furnishing, equipping, operating and maintaining land, buildings, equipment, books and vehicles; principal and interest on bonded indebtedness; personnel salaries and benefits; service contracts with other entities; and administrative and indirect costs of providing services, establishing the assessment district, levying and collecting the assessment, including election costs if required.
- Notice of public hearing is given by publication, posting and mailing to all property owners in the proposed district.
- If written protests are received representing more than 10 percent but less than 50 percent of total annual assessment, the proposal must be approved by a majority of the voters in the proposed district.
- If written protests are received by persons representing more than 50 percent of the expected revenues, the proposal must be abandoned.
- District is established and maximum assessment is set by ordinance or resolution after a noticed public hearing.
- An annual report containing the annual assessments must be approved by the legislative body after a noticed public hearing, with notice provided by publication and posting.
- The annual assessments cannot exceed the maximum set when the district was formed, except after a public hearing for which mailed notice has been given.
- Assessments can be collected with the property taxes.

BACKGROUND INFORMATION -Continued

- Any legal challenge to the district or assessments must be brought within 30 days of forming the district or levying the assessment.
- Revenues from assessments will not reduce the amount of augmentation funds distributed to a special district.
- The legislation is proposed as an urgency measure to take effect immediately upon enactment.
- City Attorney has reviewed draft of the proposed legislation and comments have been incorporated into the final draft.

FINANCIAL DATA

There are no financial matters related to the support of this item. SB 566 is permissive and if passed, would allow possible funding choices for public library service in the future for the City of Sacramento.

POLICY CONSIDERATIONS

The City's support of Senator Roberti's bill will show local support for a funding measure consistent with City Council direction to pursue alternate funding sources in support of the City's public library program.

MBE/WBE EFFORTS

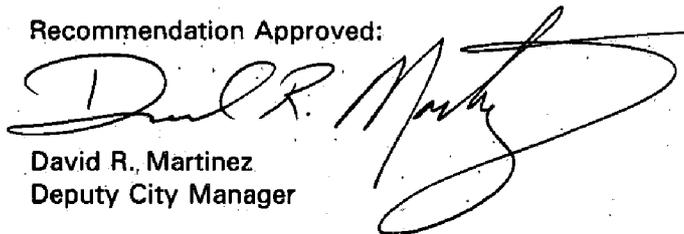
There are no MBE/WBE issues related to this subject.

Respectfully submitted,



Richard M. Killian  
Library Director

Recommendation Approved:



David R. Martinez  
Deputy City Manager

RMK:mrl  
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ATTACHMENT A

March 16, 1993

Senator David Roberti  
State Capitol  
Sacramento, California 95814

Dear Senator Roberti:

The City of Sacramento would like to express its support for your bill, SB 566 Library Services Assessments, establishing procedures for the imposition of assessments on real property to fund public library capital improvements, facilities and services. With the recent cuts in city and county budgets and the anticipated cuts that will be required once the State's budget is approved, it is vital that there be additional funding options to sustain basic library services in Sacramento.

Under the City's current budget scenario, libraries have had to take a much larger cut than other core services such as police and fire. Our public library offers unique educational, informational and cultural opportunities for citizens of all ages as part of a community's quality of life.

The City of Sacramento commends your efforts to allow local governments the opportunity to protect and enhance local public library service levels and to determine the character of neighborhood library services.

Sincerely,

5  
Joe Serna, Jr.  
Mayor

Heather Fargo,  
Councilmember, Chair of  
the Law and Legislation Committee

cc: Board of Supervisors  
Sacramento City Council  
Assemblyman Phil Isenberg  
Assemblyman B. T. Collins  
Assemblyman David Knowles  
Assemblyman Larry Bowler  
Senator Patrick Johnston  
Senator Leroy Greene

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Introduced by Senator Roberti  
(Principal coauthor: Senator Thompson)  
(Coauthor: Assembly Member Cortese)

March 1, 1993

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An act to add Chapter 7 (commencing with Section 54800) to Part 1 of Division 2 of Title 5 of the Government Code, and to amend Section 98.6 of the Revenue and Taxation Code, relating to library benefit assessments, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 566, as introduced, Roberti. Library services assessments.

Existing law establishes procedures for the imposition of assessments on real property to fund capital improvements, facilities, and services benefiting the property against which the assessment is imposed.

This bill would permit any local agency, as defined, that provides public library services to establish, by resolution or ordinance, after notice and hearing, an assessment district and to determine and levy an annual assessment for library services and facilities pursuant to procedures prescribed by this bill.

The bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Chapter 7 (commencing with Section  
2 54800) is added to Part 1 of Division 2 of Title 5 of the  
3 Government Code, to read:

4

5 CHAPTER 7. LIBRARY SERVICES ASSESSMENTS

6

7

Article 1. General Provisions

8

9 54800. The Legislature finds and declares that it is in  
10 the interest of the public that there be public libraries,  
11 that public libraries are necessary to reduce illiteracy,  
12 supplement the formal system of public education and  
13 provide after-school opportunities for children and  
14 adolescents, provide a resource for lifelong learning,  
15 foster cultural diversity, promote economic growth and  
16 improve the conduct of business, and the development of  
17 research.

18 The Legislature also finds and declares that it is in the  
19 public interest to allow local agencies to finance public  
20 library services through the imposition of an assessment  
21 upon the property that benefits from those services.

22 The Legislature further finds and declares that  
23 assessments imposed for the purpose of providing library  
24 services benefit individual properties and are not taxes  
25 for the general benefit of the governmental entity, but  
26 are assessments for services that confer special benefits  
27 upon the properties to which the services are provided.

28 54801. Any local agency that provides public library  
29 services, including, but not limited to, county free library  
30 services, may, by ordinance or resolution adopted after  
31 notice and hearing, establish an assessment district and  
32 determine and levy an annual assessment for library  
33 services and facilities pursuant to this chapter. The local  
34 agency may provide these services directly or by contract  
35 with the state or a local agency or by a contract provider.

36 The assessment may be made for the purpose of  
37 acquiring, constructing, furnishing, equipping,  
38 operating, and maintaining the real property, buildings,

1 equipment, vehicles, and other facilities necessary in the  
2 provision of library services; for the purpose of providing  
3 collection development and maintenance, lending  
4 services, information services and programs, and  
5 administration necessary in the provision of library  
6 services; for the purpose of paying the principal and  
7 interest on indebtedness incurred pursuant to this  
8 chapter; and for the purpose of paying the costs of  
9 providing library services, including, but not limited to,  
10 amounts payable pursuant to a contract with an entity  
11 actually providing the services, and the salaries and  
12 benefits of library personnel.

13 The assessment district may include, and the  
14 assessment may be levied against, any parcel,  
15 improvement, or use of property to which library  
16 services may be made available, whether or not those  
17 services are actually used.

18 54802. As used in this chapter:

19 (a) "Bonds" means bonds, notes, or other evidences of  
20 indebtedness.

21 (b) "Legislative body" means the board of directors,  
22 trustees, governors, supervisors, city council, or other  
23 governing body of a local agency.

24 (c) "Local agency" means any county, city, or city and  
25 county, whether general law or chartered, special  
26 district, or joint powers authority composed of any of  
27 those entities. "Special district" includes a library district  
28 organized pursuant to Chapter 3 (commencing with  
29 Section 18300), Chapter 8 (commencing with Section  
30 19400), or Chapter 9 (commencing with Section 19600) of  
31 Part 11 of the Education Code and a county service area  
32 created pursuant to the County Service Area Law,  
33 Chapter 2.2 (commencing with Section 25210.1) of Part  
34 2 of Division 2 of Title 3.

35 (d) "Library services" means all services and facilities  
36 provided by a local agency in connection with a public  
37 library, including a county free library established  
38 pursuant to Chapter 6 (commencing with Section 19100)  
39 of Part 11 of the Education Code. These services include,  
40 but are not limited to, acquisition, construction,

1 equipping, furnishing, staffing, operating, and  
2 maintaining library facilities for the conduct of public  
3 library programs; acquisition of books, magazines,  
4 newspapers, audiovisual, electronic media, and other  
5 informational materials; provision of access to all  
6 available lending materials through direct loan,  
7 interlibrary loan, literacy programs, electronic access,  
8 and other special service programs; provision of  
9 information, recreation, and lifelong learning of all  
10 persons; and administrative and indirect costs of  
11 providing those services.

12 (e) "Revenues" means (1) the proceeds of any  
13 assessment levied pursuant to this chapter, and (2) the  
14 fees, charges, and other revenues of the local agency  
15 derived from library services or facilities.

16 54803. (a) The ordinance or resolution to form the  
17 assessment district and to determine and levy the initial  
18 annual assessment shall establish a method for  
19 apportioning the annual assessment among the  
20 properties within the assessment district on the basis of  
21 the benefit derived from individual parcels or classes of  
22 property.

23 (b) Determinations of benefit may be based on the use  
24 of the property, class of improvement of property,  
25 structure size or property size, distance from library  
26 services and facilities, and other factors relative to  
27 making library services available to the property.

28 (c) The ordinance or resolution shall also do all of the  
29 following:

30 (1) Establish the boundaries and designation of the  
31 assessment district and any zones or areas of benefit  
32 within the assessment district.

33 (2) Describe each lot or parcel of property proposed  
34 to be subject to the assessment.

35 (3) Establish the amount of the assessment for each lot  
36 or parcel for the initial fiscal year.

37 (4) Establish the maximum aggregate amount of the  
38 annual assessment and the method of providing an  
39 automatic adjustment, if any, to the assessment or to the  
40 maximum assessment.

1 (5) Establish the maximum duration of the  
2 assessment, or state that the assessment may be levied  
3 until terminated by the legislative body.

4 (6) If desired, declare the intention of the local agency  
5 to issue bonds pursuant to this chapter.

6 (7) Set forth a general, functional description of any  
7 capital facilities proposed to be financed with the  
8 assessments.

9 (d) Proceeds of the assessment may be expended by  
10 the local agency to pay any cost or expense of the local  
11 agency arising under or related to the subject matter of  
12 this chapter, including without limitation administrative  
13 costs of establishing the assessment district, levying and  
14 collecting the assessment, and the defense of any action  
15 taken by the legislative body under this chapter.

16 54804. (a) The legislative body may establish zones  
17 or areas of benefit within the assessment district and may  
18 restrict the imposition of assessments to areas lying  
19 within one or more of the zones or areas of benefit so  
20 established. The assessment apportionment method  
21 described in Section 54803 may establish a separate  
22 apportionment method for any area lying within the  
23 boundaries of a zone or area of benefit.

24 (b) The assessment shall be levied on a parcel, class of  
25 improvement to property, or use of property basis, or a  
26 combination thereof, within the boundaries of the  
27 assessment district, zone, or area of benefit.

28 54805. All or any portion of the area within which the  
29 local agency provides or makes available library services  
30 may be included within the assessment district, and the  
31 property within the assessment district need not be  
32 contiguous. The assessment district may not include any  
33 area that is not within the local agency's library service  
34 area. Subject to the foregoing limitations, a local agency  
35 may form an assessment district that includes area within  
36 the territorial jurisdiction of any city without the consent  
37 of the governing body of the city.

38 54806. Notwithstanding any provision of Part 1  
39 (commencing with Section 56000) of Division 3, a local  
40 agency formation commission shall have no power or

1 duty to review and approve or disapprove creation of an  
2 assessment district under this chapter.

3 54807. Any action taken by a local agency hereunder  
4 with respect to formation of an assessment district or the  
5 issuance of bonds shall not be subject to compliance with  
6 the California Environmental Quality Act, Division 13  
7 (commencing with Section 21000) of the Public  
8 Resources Code.

9 54809. This chapter provides an alternative authority  
10 and procedure for the subject to which it relates but does  
11 not affect any other law relating to the same or a similar  
12 subject. When proceeding under this chapter, its  
13 provisions only need be followed.

14 This chapter does not limit or prohibit the levy or  
15 collection of any other fee, charge, assessment, or tax for  
16 library services or facilities authorized by any other  
17 provision of law.

18 This chapter and all of its provisions shall be liberally  
19 construed in order to effectuate its purposes. No error,  
20 irregularity, or informality, and no neglect or omission of  
21 any officer, in any procedure taken under this chapter,  
22 that does not directly affect the jurisdiction of the  
23 legislative body to establish the assessment district or to  
24 determine or levy the assessment, shall void or invalidate  
25 that proceeding or any levy for the costs of providing  
26 library services.

27 If any provision of this chapter or the application  
28 thereof to any person is held invalid, that invalidity shall  
29 not affect other provisions or applications of the chapter  
30 that can be given effect without the invalid provision or  
31 application, and to this end the provisions of this chapter  
32 are severable.

### 33 34 Article 2. Proceedings for Imposition of Assessment

35  
36 54810. (a) The clerk or secretary of the local agency  
37 shall cause notice of the time, date, and place of hearing  
38 on the ordinance or resolution to be published pursuant  
39 to Section 6066 and to be posted in at least three public  
40 places within the local agency.

1 (b) The clerk or secretary shall also cause a copy of the  
 2 notice of the time, date, and place of hearing on the  
 3 ordinance or resolution to be mailed to each property  
 4 owner whose property would be subject to the  
 5 assessment. The notice shall be mailed at least 45 days  
 6 prior to the date set for hearing pursuant to Section  
 7 54954.6 by name to those persons whose name and  
 8 address appear on the last equalized county assessment  
 9 roll or as known to the clerk or secretary. The envelope  
 10 or cover of the mailing shall include the name of the local  
 11 agency and the return address of the sender.

12 54811. At any time not later than the hour set for the  
 13 hearing, any holder, whether a fee owner, lessee or  
 14 otherwise, of the interest in any property that is proposed  
 15 to be assessed and who will be obligated to pay the  
 16 proposed assessment, may make written protest against  
 17 the proposed assessment. The protest shall be in writing,  
 18 shall contain a description of the property and the  
 19 interest in the property that each signer of the protest  
 20 represents, sufficient to identify the property, and, if the  
 21 signers are not shown on the last equalized assessment  
 22 roll as the owners of the property, shall contain or be  
 23 accompanied by written evidence that the signers are the  
 24 holders of the property interest proposed to be charged  
 25 and who will be obligated to pay the proposed charge. All  
 26 protests shall be delivered to the clerk or secretary of the  
 27 local agency and for the purposes of Section 54814 no  
 28 other protests or objections shall be considered.

29 54812. (a) At the time, date, and place stated in the  
 30 notice given under Section 54810 the legislative body  
 31 shall hear and consider all objections or protests, if any,  
 32 to the ordinance or resolution referred to in the notice  
 33 and shall also hear and determine all protests as provided  
 34 in Section 54814. The legislative body may continue the  
 35 hearing from time to time.

36 (b) Any written protest may be withdrawn, in writing,  
 37 by the person who made the protest at any time prior to  
 38 the conclusion of the hearing or any adjournment of the  
 39 hearing.

40 54813. During the course of or upon the conclusion of

1 the hearing, the legislative body may order changes in  
2 the resolution or ordinance, which changes do not  
3 increase any assessment, except that the legislative body  
4 may order the inclusion of additional territory within the  
5 assessment district upon the written request of a  
6 property owner or upon the giving of mailed notice of  
7 hearing to owners of property proposed to be added to  
8 the assessment district.

9 54814. (a) Upon the conclusion of the hearing  
10 pursuant to Section 54812, the legislative body shall  
11 determine the percent of protests made. For that  
12 purpose, the territory of the assessment district shall be  
13 adjusted to exclude territory ordered excluded from the  
14 district and to include territory ordered added to the  
15 district.

16 (b) If it shall be necessary, in order to find whether a  
17 10 percent or 50 percent protest exists, to determine  
18 whether any or all of the signers of written protests are  
19 the holders of property interests proposed to be assessed  
20 and who will be obligated to pay the proposed annual  
21 assessment, the legislative body shall make the  
22 determination from the latest equalized assessment roll,  
23 any written evidence submitted with a written protest,  
24 and any other evidence received at the hearing. The  
25 legislative body shall be under no duty to obtain or  
26 consider any other evidence as to the holding of property  
27 interests, and its determination of valid protests shall be  
28 final and conclusive.

29 54815. If the legislative body of a local agency finds  
30 that protest is made by holders of property interest  
31 proposed to be assessed and who will be obligated to pay  
32 more than 10 percent but less than 50 percent of the total  
33 amount of the proposed annual assessment, and protests  
34 are not withdrawn so as to reduce the same to less than  
35 10 percent, the proposed assessment so protested shall  
36 either be submitted to approval by a majority of the  
37 voters of the local agency, zone, or area of benefit voting  
38 on the proposition or abandoned, except that any  
39 proposed annual assessment to pay principal and interest  
40 coming due on bonds issued pursuant to this chapter may

1 be adopted by a majority of the members of the  
2 legislative body who are then present and voting.

3 If the value of the protests equals 50 percent or more  
4 of the total amount of the proposed assessment, and  
5 protests are not withdrawn so as to reduce the same to  
6 less than 50 percent, the proposed assessment so  
7 protested shall be abandoned.

8 54816. (a) If no protests or objections in writing have  
9 been delivered to the clerk or secretary up to the hour set  
10 for hearing on the ordinance or resolution, or if valid  
11 protests have been found by the legislative body to be less  
12 than 10 percent of the total proposed annual assessment,  
13 the legislative body may, at any time after conclusion of  
14 the hearing, by ordinance or resolution, establish the  
15 assessment district and adopt or reduce each or any  
16 assessment.

17 (b) If the proposal has been approved by a majority of  
18 the voters of the local agency, zone, or area of benefit, the  
19 legislative body may, at any time after the canvass of  
20 returns, by ordinance or resolution establish the  
21 assessment district and adopt or reduce each or any  
22 assessment.

23 (c) The legislative body shall make a determination  
24 upon each assessment. The adoption of the ordinance or  
25 resolution shall constitute the levy of the initial annual  
26 assessment.

27 (d) The legislative body may annually thereafter  
28 determine the cost of the services that are financed by  
29 the assessment and, by ordinance or resolution, after  
30 notice and hearing as provided in Sections 54819 and  
31 54820, determine and impose the assessment.

32 54817. The local agency shall pay the county for costs,  
33 if any, incurred by the county in conducting the election.  
34 An election called by a legislative body pursuant to this  
35 chapter is subject to all provisions of the Elections Code  
36 applicable to elections called by the local agency.

37 54818. After adoption, any ordinance or resolution  
38 adopted pursuant to this section may be amended by the  
39 legislative body following notice and a hearing.  
40 Notwithstanding the provisions of subdivision (c) of

1 Section 54954.6, if the amendment shall not increase any  
2 assessment, notice of the hearing thereon shall be given  
3 as provided in subdivision (a) of Section 54810. For any  
4 amendment that shall increase any or all assessments,  
5 notice shall also be given as provided in subdivision (b)  
6 of Section 54810.

7 54819. (a) Prior to the levy of any annual assessment  
8 by the legislative body as provided in this chapter, other  
9 than the initial annual assessment, the legislative body of  
10 the local agency shall cause to be prepared and filed with  
11 the clerk or secretary of the local agency a written report  
12 that shall contain all of the following:

13 (1) Reference to the assessment district by its  
14 distinctive designation and general location.

15 (2) The aggregate amount of the assessment for the  
16 fiscal year, which shall not be less than the amount of  
17 principal and interest required to be paid from the  
18 assessment with respect to bonds issued pursuant to this  
19 chapter.

20 (3) A schedule showing the apportionment of the  
21 aggregate assessment among the properties within the  
22 assessment district.

23 (4) A general description of the proposed uses of the  
24 assessment.

25 54820. (a) Notwithstanding the provisions of  
26 subdivision (c) of Section 54954.6, notice of hearing on  
27 the proposed annual assessment shall be given by  
28 publication and posting in the manner provided in  
29 subdivision (a) of Section 54810.

30 (b) If the annual report proposes an increase in the  
31 levy of an annual assessment, which increased levy is  
32 greater than the established maximum aggregate  
33 amount, notice of the hearing on the annual report shall  
34 also be given by mailing in the manner provided in  
35 subdivision (b) of Section 54810.

36 54821. The legislative body may provide for the  
37 collection of the assessment in the same manner, and  
38 subject to the same penalties as, other fees, charges, and  
39 taxes fixed and collected by, or on behalf of, the local  
40 agency. If the assessments are collected by the county,

1 the county may deduct its costs incurred for that service  
2 before remittal of the balance to the local agency's  
3 treasury.

4 54822. Following adoption of the ordinance or  
5 resolution, the clerk or secretary of the local agency shall  
6 record a notice and map describing the assessment  
7 district pursuant to Division 4.5 (commencing with  
8 Section 3100) of the Streets and Highways Code.

9 54823. The failure of any person to receive a notice,  
10 resolution, order, or any other matter shall not affect in  
11 any way whatsoever the validity of any proceedings  
12 taken under this chapter or prevent the legislative body  
13 from proceeding with any hearing so noticed.

14 54824. (a) Chapter 9 (commencing with Section 860)  
15 of Title 10 of Part 2 of the Code of Civil Procedure applies  
16 to any judicial action or proceeding brought by the  
17 legislative body to determine the validity of any  
18 ordinance or resolution adopted under this chapter, or  
19 modifying or amending an existing ordinance or  
20 resolution.

21 (b) Except as provided in subdivision (a), the validity  
22 of the formation of an assessment district, or an  
23 assessment levied, under this chapter shall not be  
24 contested, questioned, or challenged in any action or  
25 proceeding unless the action or proceeding is  
26 commenced within 30 days after the district is formed or  
27 the assessment is levied, as the case may be, and in case  
28 that action or proceeding is not brought within that  
29 period, then thereafter all persons whatsoever shall be  
30 barred in any action, suit, or proceeding from pleading,  
31 asserting, or claiming that the assessment is invalid or  
32 that any of the proceedings or other actions herein  
33 specified, were defective, faulty, or invalid in any respect.

34 (c) If an ordinance or resolution provides for an  
35 automatic adjustment in an assessment, and the  
36 automatic adjustment results in an increase in the  
37 amount of an assessment, any action or proceeding to  
38 attack, review, set aside, void, or annul the increase shall  
39 be commenced within 30 days after the effective date of  
40 the increase.

1 54825. The legislative body may specifically allocate  
2 and pledge all or any portion of the revenues generated  
3 pursuant to this chapter to pay the principal of an  
4 interest on bonds issued under this chapter.

5

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### Article 3. Issuance of Bonds

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8 54826. (a) Limited obligation bonds may be issued to  
9 finance the costs of any library facilities authorized under  
10 this chapter or any other provision of law. These costs  
11 may include all actual or estimated costs incidental to costs  
12 connected with the acquisition, construction, maintenance,  
13 improvement, or financing of the facilities, including  
14 furnishings with a useful life of 10 years or more, and all  
15 engineering, inspection, legal, and fiscal agent's fees, and  
16 costs of issuance of the bonds, all bond reserve funds, and  
17 all bond interest estimated to accrue during the  
18 construction period and for a period determined by the  
19 legislative body after completion of construction. Bonds  
20 may also be issued to refund outstanding bonds.

21 (b) Proceedings to issue bonds under this article are  
22 initiated when the legislative body adopts a resolution by  
23 a majority vote of all of its members, which initiating  
24 resolution shall state: (1) that it is adopted pursuant to  
25 this article, (2) the object and purpose of issuing the  
26 bonds, (3) the estimated cost of the facilities to be  
27 financed, (4) the maximum amount of bonds, (5) the  
28 maximum rate of interest on the bonds, and (6) that the  
29 bonds shall be secured by and payable from all or part of  
30 the revenues.

31 (c) All bonds issued pursuant to this article shall be  
32 limited obligations of the local agency, payable only from  
33 the revenues specified in the resolution initiating  
34 issuance proceedings; provided, that if the funds are  
35 insufficient for the payment of principal and interest, the  
36 local agency may, at its discretion, make payments from  
37 any other funds or revenues that may legally be applied  
38 to their payment. By resolution, the legislative body may  
39 pledge, place a charge upon, and assign all or any part of  
40 the revenues for the security of the bonds. All revenues

1 that have been pledged to the payment of the bonds and  
2 interest earned thereon constitute a trust fund for the  
3 security and payment of the interest on and principal of  
4 the bonds.

5 (d) The bonds shall bear interest at a rate or rates not  
6 exceeding the maximum rate authorized by Section  
7 53531, may be payable at the time or times, may be issued  
8 in one or more series, may bear a date or dates, may  
9 mature at a time or times not exceeding 31 years from  
10 their respective dates, may be payable in the medium of  
11 payment at a place or places, may carry the registration  
12 privileges, may be subject to the terms of redemption and  
13 the premiums, may be executed and sold in the manner,  
14 may contain those terms, covenants, and conditions, and  
15 may be in the form as the resolution authorizing issuance  
16 may provide. The bonds may be sold at public or private  
17 sale in the manner and upon the terms as may be  
18 provided in the resolution authorizing issuance.

19 (e) Bonds of the same issue shall be equally and  
20 ratably secured by the pledge, lien, and charge on the  
21 revenues specified in the resolution authorizing the  
22 issuance of the bonds, without priority for date, number,  
23 or time of sale, execution, or delivery; except that any  
24 local agency may authorize the issuance of bonds of  
25 different series and may provide that the bonds in any  
26 series shall, to the extent and in the manner prescribed  
27 in the resolution authorizing issuance, be subordinated  
28 and be junior in standing, with respect to the payment of  
29 principal and interest and the security thereof, to those  
30 other bonds as may be specified in the resolution.

31 54827. The general fund of a local agency is not liable  
32 for the payment of any bonds issued pursuant to this  
33 article or the interest thereon. The general credit or  
34 taxing power of the local agency, other than the pledged  
35 revenues, is not liable for the payment of any bonds  
36 issued pursuant to this article or the interest thereon. The  
37 owner of bonds issued under this article shall not compel  
38 the exercise of taxing power by the local agency, or the  
39 forfeiture of its property, other than the pledged  
40 revenues. The principal of, and interest on, the bonds and

1 any premiums payable upon the redemption of  
2 bonds thereof, are not a debt of the local agency w  
3 the meaning of any constitutional or statutory  
4 limitation or restriction, nor a legal or equitable ple  
5 charge, lien, or encumbrance upon any of its propert  
6 upon any of its income, receipts, or revenues except  
7 revenues that have been pledged to their paym  
8 Every bond shall recite in substance that the princip  
9 and interest on the bond are payable solely from  
10 pledged revenues and that the local agency is  
11 obligated to pay the principal and interest except f  
12 the pledged revenues.

13 54828. The bonds and any interest on or income fr  
14 the bonds are exempt from taxation in this state, exc  
15 from bank and corporation franchise, gift, inherita  
16 and estate taxes.

17 54829. (a) In the resolution authorizing issuance  
18 the bonds, the legislative body may insert any of  
19 provisions authorized by this article, which shall beco  
20 a part of the contract with the bond owners.

21 (b) The legislative body may provide for all of t  
22 following:

23 (1) Limitations on the purpose to which the proces  
24 of sale of any issue of bonds may be applied.

25 (2) Limitations on the issuance of additional bonds  
26 the same purpose and on the lien of additional bond

27 (3) Events of default and terms upon which the bor  
28 may be declared due before maturity and the terms up  
29 which the declaration and its consequences may  
30 waived.

31 (4) The rights, liabilities, powers, and duties arisi  
32 upon the local agency's breach of any covenan  
33 conditions, or obligations.

34 (5) The vesting in a trustee of the right to enfor  
35 covenants to secure payment of, or in relation to, t  
36 bonds and the trustee's powers and duties, and t  
37 limitation of the trustee's liabilities.

38 (6) The terms upon which the bond owners or a  
39 percentage of them may enforce covenants or duties  
40 the local agency with respect to the bonds.

1 (7) A procedure for amending or abrogating the terms  
2 of the resolution with the consent of the owners of a  
3 specified number of the bonds. The procedure may also  
4 provide for meetings of bond owners or for their written  
5 assent without a meeting and the manner of consenting,  
6 with or without a meeting.

7 (8) Any other acts and things necessary, convenient,  
8 or desirable to secure the bonds or tending to make them  
9 more marketable.

10 (c) The resolution shall specifically state the effect of  
11 amendment upon the rights of the owners of all of the  
12 bonds and shall be binding upon the owners of all of the  
13 bonds issued pursuant to the resolution.

14 54830. (a) A separate, distinct, and special fund shall  
15 be created at or before the issuance of the bonds, that  
16 shall be maintained continuously during the time that  
17 any of the bonds or the interest thereon are outstanding  
18 and unpaid. The pledged revenues shall be deposited in  
19 the special fund to the extent necessary to pay the  
20 principal of the bonds and the interest thereon. All  
21 pledged revenues deposited in the special fund shall be  
22 held in trust for the benefit of the owners of the bonds  
23 and shall be applied in accordance with the resolution  
24 authorizing issuance of the bonds. Pending the  
25 application the pledge revenues may be invested in  
26 property or securities in which the local agency may  
27 legally invest funds subject to its control.

28 (b) The local agency shall keep proper books of record  
29 and accounts of the revenues, separate from all other  
30 records and accounts, in which complete and correct  
31 entries shall be made of all transactions relating to the  
32 revenues. At all reasonable times, and upon reasonable  
33 notice to the local agency, the books shall be subject to  
34 inspection by the owners of not less than 10 percent of the  
35 outstanding bonds or their representatives duly  
36 authorized in writing.

37 (c) Any duty of the local agency with respect to the  
38 bonds may be exercised by agents appointed by the local  
39 agency or upon terms as the local agency may provide.  
40 The duties set forth in this article shall not require the

1 local agency to expend any funds other than t  
2 revenues.

3 (d) All bonds issued under this article shall by the  
4 issuance be conclusive evidence of the regular  
5 validity, and legal sufficiency of all proceedings, acts, and  
6 determinations in any manner pertaining thereof, had  
7 made hereunder. Any action, suit, or proceeding of any  
8 kind or nature in which the validity of any of the  
9 proceedings or actions taken by the legislative body with  
10 respect to the bonds is questioned or attacked, shall be  
11 filed within 30 days after the date of adoption of the  
12 resolution authorizing issuance of the bonds, and in case  
13 an action is not brought raising that issue within the  
14 period, then thereafter all persons whatsoever shall be  
15 barred in any action, suit, or proceeding from pleading  
16 asserting, or claiming that any of the proceedings or other  
17 actions herein specified, were defective, faulty, or invalid  
18 in any respect.

19 SEC. 2. Section 98.6 of the Revenue and Taxation  
20 Code is amended to read:

21 98.6. (a) Notwithstanding any other provision of this  
22 chapter except Sections 98.65, 98.66, and 98.67, the  
23 amount allocated pursuant to Sections 96 or 97, and 98, to  
24 a special district, as defined in Article 1 (commencing  
25 with Section 2201) of Chapter 3 of Part 4, excluding  
26 multicounty districts and any special district, including a  
27 county service area, formed after January 1, 1992, and the  
28 amount allocated pursuant to Section 75.70 to a special  
29 district which is governed by the board of supervisors of  
30 a county or whose governing body is the same as the  
31 board of supervisors of a county, shall be reduced by an  
32 amount computed as follows:

33 (1) A ratio shall be computed for each of the special  
34 districts equal to the amount of state assistance payment  
35 for the special district for the ~~1978-79~~ 1978-79 fiscal year  
36 divided by the sum of the state assistance payment for the  
37 special district plus the amount of property tax revenue  
38 allocated to the special district for the 1978-79 fiscal year  
39 pursuant to Section 26912 of the Government Code.

40 (2) The amount by which the allocation is reduced

1 pursuant to Sections 75.70, 96 or 97, and 98, shall be equal  
2 to the allocation multiplied by the factor computed for  
3 the district pursuant to paragraph (1).

4 (3) For the 1984-85 fiscal year and each fiscal year  
5 thereafter, the amount computed for each special district  
6 pursuant to this subdivision, other than a special district  
7 governed by a county board of supervisors or whose  
8 governing board is the same as the county board of  
9 supervisors, shall not be greater than the amount  
10 computed for the 1983-84 fiscal year.

11 (4) Notwithstanding paragraph (3), for the 1988-89  
12 fiscal year and each fiscal year thereafter, the amount  
13 computed for each special district, which, on or after July  
14 1, 1988, ceases to be governed by the county board of  
15 supervisors or whose governing body ceases to be the  
16 same as the county board of supervisors, shall not be  
17 greater than the average annual amount computed for  
18 the last three full fiscal years in which the special district  
19 was governed by the county board of supervisors or its  
20 governing body was the same as the county board of  
21 supervisors.

22 (5) The total of all amounts computed for special  
23 districts within each county shall be deposited in the  
24 Special District Augmentation Fund which shall specify  
25 amounts for each governing body as defined in Section  
26 16271 of the Government Code and which shall be  
27 allocated pursuant to subdivision (b).

28 (6) Notwithstanding any other provision of law, for  
29 purposes of this section, an existing mosquito abatement  
30 district, as provided for in Chapter 5 (commencing with  
31 Section 2108) of Division 3 of the Health and Safety Code,  
32 located in Monterey County that, on or after January 1,  
33 1988, annexes property in a county adjoining Monterey  
34 County and which prior to the date of annexation is not  
35 a multicounty district, shall not be deemed a multicounty  
36 district.

37 (b) (1) There is hereby created a Special District  
38 Augmentation Fund in each county to augment the  
39 revenues of special districts. On or before September 11,  
40 1992, and on or before June 1 of each year thereafter, the

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1 governing body shall notify each special district of the  
2 estimated amount of funds in the Special District  
3 Augmentation Fund available to special districts in the  
4 coming fiscal year. The auditor shall, on or before  
5 September 11, 1992, and on or before August 31 of each  
6 year thereafter, notify each governing body, as defined in  
7 Section 16271 of the Government Code, of the amount  
8 allocated to it pursuant to this section.

9 (2) (A) On or before October 9, 1992, and on or  
10 before August 30 of each year thereafter, an independent  
11 special district selection committee may meet and adopt  
12 a resolution recommending a particular distribution of  
13 the Special District Augmentation Fund for that fiscal  
14 year. For purposes of this paragraph, representatives of a  
15 majority of all the independent special districts in the  
16 county shall constitute a quorum for the transaction of  
17 business by an independent special district selection  
18 committee. Any resolution adopted pursuant to this  
19 paragraph shall be adopted pursuant to the recorded vote  
20 of the majority of the total membership of the committee.  
21 An independent special district selection committee may  
22 adopt any other appropriate rules or procedures with  
23 respect to its action and proceedings pursuant to this  
24 paragraph.

25 (B) For purposes of this section, an "independent  
26 special district" means a special district that is not  
27 governed by the board of supervisors or a city council.  
28 For purposes of this section, an "independent special  
29 district selection committee" means a committee that  
30 consists of the presiding officer of the legislative body of  
31 each independent special district.

32 (c) Within 15 days of receiving a resolution from an  
33 independent special district selection committee  
34 recommending a particular distribution of the Special  
35 District Augmentation Fund, or by October 23, 1992, or  
36 by September 15 of each year thereafter if no resolution  
37 is received by October 9, 1992, or by August 30 of each  
38 year thereafter, the governing body shall hold a public  
39 hearing for the purpose of determining the distribution  
40 of the funds. The governing body shall send written

1 notice to the legislative body of each independent special  
2 district. The notice shall include all of the following:

3 (1) The amount of funds disbursed to each special  
4 district and the amount of funds disbursed pursuant to  
5 subdivision (j) in the past fiscal year.

6 (2) The amount of funds computed pursuant to  
7 subdivision (a).

8 (3) The amount of funds proposed to be allocated  
9 pursuant to subdivision (j).

10 (4) The time, date, and place of the hearing.

11 The governing body shall also publish the notice in a  
12 newspaper of general circulation in the county not less  
13 than three days prior to the hearing. The published  
14 notice shall include the time, date, and place of the  
15 hearing.

16 At the public hearing, the governing body shall  
17 consider any resolution submitted by an independent  
18 special district selection committee, and any other  
19 written or oral testimony.

20 (d) Within 30 days of the hearing, the governing body  
21 shall allocate the funds to special districts, and may  
22 allocate funds pursuant to subdivision (j). The governing  
23 body shall disburse the entire amount of the fund to  
24 special districts during the fiscal year, except for the  
25 amounts allocated pursuant to subdivision (j).

26 (e) In determining the amount of funds to be  
27 disbursed to each special district, the governing body  
28 shall not consider any revenues raised by a special district  
29 pursuant to Article 3.6 (commencing with Section 50078)  
30 of Chapter 1 of Part 1 of Division 1, ~~or~~ Article 16  
31 (commencing with Section 53970) of Chapter 4 of Part 1  
32 of Division 2, *or Chapter 7 (commencing with Section*  
33 *54800) of Part 1 of Division 2* of Title 5 of the Government  
34 Code.

35 (f) In determining the amount of funds to be allocated  
36 to each special district, the governing body may consider  
37 the revenues which are raised, or could be raised, by a  
38 special district from its enterprise activities.

39 (g) In determining the amount of funds to be  
40 allocated to each special district, the governing body shall

1 not allocate funds to any special district which is  
2 governed by the board of supervisors or the city council  
3 if the governing body intends that those funds are to be  
4 transferred to that county or city upon or after  
5 disbursement to the special district, except as  
6 reimbursement to the city or county for services  
7 rendered to the special district.

8 (h) Within 30 days after determining the amount of  
9 funds to be allocated, the governing body shall send  
10 written notice to the legislative body of each  
11 independent special district which shall include:

12 (1) The total amount of funds computed pursuant to  
13 subdivision (a).

14 (2) The amount of funds allocated to each special  
15 district.

16 (3) The amount of funds allocated pursuant to  
17 subdivision (j).

18 (i) In determining the amount of funds to be  
19 disbursed to a special district, the governing body may  
20 restrict the use of the funds requested by a special district  
21 for purposes of capital purchases to those purposes.

22 (j) The funds allocated pursuant to this section shall be  
23 used exclusively for special districts and shall not be used  
24 for any general county or municipal expenses, except  
25 that:

26 (1) The governing body may allocate to its general  
27 fund an amount not to exceed the actual demonstrated  
28 cost of administering the Special District Augmentation  
29 Fund, which shall be an amount necessary to reimburse  
30 the actual demonstrated expenditures made to carry out  
31 the requirements of subdivisions (a) to (i), inclusive, and  
32 also the actual demonstrated cost of providing the  
33 assistance requested by special districts, which amount  
34 shall not exceed 1 percent of the amount in the fund.

35 (2) The governing body may allocate to a special  
36 account in its general fund an amount not to exceed 1  
37 percent of the amount of the Special District  
38 Augmentation Fund to pay only the costs of the  
39 following:

40 (A) Expenses incurred by special districts in the event

1 of an emergency. As used in this subparagraph,  
2 "emergency" means a sudden, unexpected occurrence  
3 which threatens the public peace, health, safety, or  
4 welfare and which is, or is likely to be, beyond the control  
5 of the services, personnel, equipment, or facilities of the  
6 special district.

7 (B) To carry out the purposes of the California Special  
8 District Consolidation Assistance Program established  
9 pursuant to Chapter 9.5 (commencing with Section  
10 60350) of Division 2 of Title 6 of the Government Code.

11 (C) To establish a Special District Augmentation Fund  
12 Loan program. The program funds may be loaned to  
13 special districts under those terms and conditions and in  
14 those amounts as are specified by the governing body.

15 (3) Notwithstanding the limits of paragraph (2), the  
16 governing body of a county with a population of less than  
17 50,000, as determined by the Department of Finance,  
18 may allocate an amount not to exceed 2 percent of the  
19 fund. Those governing bodies may accumulate in the  
20 special account an amount not to exceed 5 percent of the  
21 fund over a period of three fiscal years.

22 (4) The governing body shall disburse to special  
23 districts any amount allocated pursuant to this  
24 subdivision which is greater than the limits set by  
25 paragraphs (2) and (3) in the succeeding fiscal year.

26 (5) Notwithstanding the limits of paragraph (2), the  
27 governing body of Monterey County or Santa Cruz  
28 County may accrue annually to a special account in its  
29 general fund an amount not to exceed 1 percent of the  
30 amount of the Special District Augmentation Fund to pay  
31 only for the costs specified in paragraph (2). However,  
32 the total amount that may be accrued pursuant to this  
33 paragraph shall not exceed 4 percent of the amount of the  
34 Special District Augmentation Fund. Any interest which  
35 accrues to this special account shall be considered part of  
36 this account and shall not be allocated or distributed in  
37 any way to the general fund of the governing body.

38 (k) The county auditor shall disburse funds to the  
39 special district in the same manner as disbursements  
40 which are made from the county treasurer's property tax

1 trust fund.

2 (l) Disbursements to cities with more than or  
3 subsidiary special district may be made to the city. Eac  
4 city shall distribute these funds to their individu  
5 subsidiary special districts in accordance with the cit  
6 council's final determination.

7 (m) Any interest which accrues to the Special Distric  
8 Augmentation Fund shall be considered part of the fun  
9 and shall not be allocated or distributed in any way to th  
10 general fund of the governing body.

11 (n) Notwithstanding any other provision to th  
12 contrary, the governing body of Marin County shall no  
13 allocate pursuant to this section to any special district  
14 other than a special district governed by the county  
15 board of supervisors or whose governing board is the  
16 same as the county board of supervisors, an amount  
17 which is less than the amount of the reduction  
18 determined for that district pursuant to subdivision (a).  
19 However, if an allocation shall cause a special district to  
20 exceed its appropriations limit established pursuant to  
21 Section 7910 of the Government Code, the governing  
22 body shall reduce that allocation in an amount equal to  
23 the amount which is in excess of that district's  
24 appropriations limit.

25 SEC. 3. This act is an urgency statute necessary for  
26 the immediate preservation of the public peace, health,  
27 or safety within the meaning of Article IV of the  
28 Constitution and shall go into immediate effect. The facts  
29 constituting the necessity are:

30 In order to prevent an immediate shortage of funds  
31 necessary to fund current expenses and operations of  
32 public library services and facilities throughout the state,  
33 it is necessary that this act take effect immediately.