



2.2

DEPARTMENT OF
FINANCE

FINANCE ADMINISTRATION

CITY OF SACRAMENTO
CALIFORNIA
September 10, 2003

SACRAMENTO CITY HALL
730 I STREET
ROOM 215
SACRAMENTO, CA
95814-2684

PH: 916-808-1240
FAX: 916-808-5755
TDD (ONLY) 916-264-7227

Law and Legislation Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: Assembly Bill 944 General Plans and Agricultural Land: Parking
and Business Improvement Districts

LOCATION AND COUNCIL DISTRICT: Citywide

RECOMMENDATION:

For Committee information and direction to staff.

CONTACT PERSONS: Aaron Chong, Sr. Management Analyst, 808-6762

FOR THE COMMITTEE MEETING OF: September 16, 2003

SUMMARY:

This bill would allow Parking and Improvement Districts use assessments to finance public works. It would also allow these districts to levy assessments on business owners.

DISCUSSION:

Assembly Bill 944 renames the general plan's open space element as the "local agriculture and open space element".

Recent amendments have completely revised the content of the bill. The current amendments substitute Assembly Member Darrell Steinberg as the bill's author and now allows Parking and Business Improvement Districts to use assessments to finance public works. The bill would also allow these districts to levy assessments on business owners.

The Property and Business Improvement District Law of 1994 allows property owners and local officials to set up property and business improvement districts (PBIDs) that levy benefit assessments on real property owners to pay for a wide variety of physical improvements and promotional activities.

Some cities want to adapt the PBID law so that they can pay for public works projects by issuing assessment bonds. However, instead of assessing property owners, city officials want to assess the business owners whose businesses would benefit.

Business Assessments:

Current law allows a city to levy PBID assessments on property owners, setting up separate benefit zones with different assessments.

The amendments would allow a city to levy PBID assessments on owners of businesses based on the benefits each business receives from the public works or activities. The amendments would also allow assessments on businesses to differ based on categories of businesses or based on business categories within different zones.

Bonds:

Current law allows a city to levy annual PBID assessments.

The amendments would allow a PBID to issue bonds under the Improvement Bond Act of 1915 or the Marks Roos Local Bond Pooling Act to pay of public works. The bonds cannot last longer than 30 years.

Formation of PBIDs:

Proposition 218 require property owners to approve benefit assessments in a weighted ballot election. Property owners vote in proportion to the amount of their proposed assessment. Current law allows property owners to initiate a PBID by a petition signed by the property owners who would pay at least 50% of the assessments.

The amendments would allow business owners to initiate the formation of a PBID by petition signed by the business owners who would pay at least 50% of the proposed assessments on the businesses. The amendments would declare that the PBID formation petitions serve as the equivalent to the constitutionally required weighted ballot election and that the PBID not be formed if there is a majority protest.

The bill is currently in the Senate for the bill's third and final reading.

FINANCIAL CONSIDERATIONS:

This bill would allow an additional mechanism and option for businesses to assess themselves or for the City to assess them for future public work projects. The amendment would allow a PBID to issue bonds for up to 30 years to pay for public works projects and use the PBID assessments to repay the bond.

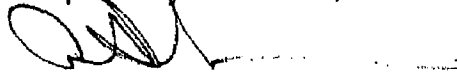
ENVIRONMENTAL CONSIDERATIONS:

Not applicable.

ESBD EFFORTS:

Not applicable.

Respectfully submitted,



Aaron Chong
Senior Management Analyst

RECOMMENDATION APPROVED:



KEN NISHIMOTO
Deputy City Manager

AMENDED IN SENATE SEPTEMBER 3, 2003

AMENDED IN SENATE JUNE 25, 2003

AMENDED IN SENATE JUNE 11, 2003

AMENDED IN ASSEMBLY APRIL 30, 2003

AMENDED IN ASSEMBLY APRIL 7, 2003

CALIFORNIA LEGISLATURE—2003-04 REGULAR SESSION

ASSEMBLY BILL

No. 944

Introduced by Assembly Member *Matthews Steinberg*

February 20, 2003

An act to amend Sections 65302, 65560, 65561, 65562, 65564, 65566, and 65567 of, to amend the heading of Article 10.5 (commencing with Section 65560) of Division 1 of Title 7 of, and to add Sections 65565 and 65571 to, the Government Code, relating to local planning. An act to amend Sections 36601, 36606, 36621, 36622, 36623, 36625, 36627, 36628, 36629, 36631, 36632, 36637, 36650, 36660, 36670, and 36671 of, and to add Sections 36603.5 and 36628.5 to, and to add Chapter 3.5 (commencing with Section 36640) to Part 7 of Division 18 of, the Streets and Highways Code, relating to benefit assessments.

LEGISLATIVE COUNSEL'S DIGEST

AB 944, as amended, *Matthews Steinberg*. ~~Agricultural lands: local plans—~~ *Parking and business improvement areas: benefit assessments.*

The Parking and Business Improvement District Law of 1994 authorizes cities to form property and business improvement districts that may levy assessments within a business improvement area for the purpose of making improvements and promoting activities of benefit to the properties within the district.

This bill would also authorize the assessments to be levied for the purpose of making improvements and promoting activities of benefit to the businesses within the district. The bill would revise various provisions to refer to the rights and obligations under this law of property or business owners within the district. The bill would authorize a city council, by resolution, to determine that bonds should be issued to finance improvements within a district. The bill would make other related changes.

~~The Planning and Zoning Law requires that the general plan of a city or county include specified elements, including a land use plan that designates the proposed general distribution and general location and extent of the uses of the land for, among other things, housing, business, industry, and open space, including agriculture. The act also requires that every city and county adopt and submit to the Secretary of the Resources Agency a local open-space plan for the comprehensive and long-range preservation and conservation of open-space land within its jurisdiction and that the plan contain an action program consisting of specific programs to implement the open-space plan.~~

~~This bill would change references from open-space lands to agricultural and open-space lands, would rename the open-space plan of the general plan as the agricultural and open-space element of the general plan, and would make other conforming changes. The bill would also permit this element of a city or county general plan to include a specified land inventory identifying the type and use of the agricultural land, and goals, objectives, and policies that, among other things, support the long-term conservation of agricultural and open-space land, as specified.~~

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

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

- 1 ~~SECTION 1. Section 65302 of the Government Code is~~
- 2 ~~SECTION 1. Section 36601 of the Streets and Highways Code~~
- 3 ~~is amended to read:~~

1 36601. The Legislature finds and declares all of the
2 following:

3 (a) Businesses located and operating within the business
4 districts of this state's communities are economically
5 disadvantaged, are underutilized, and are unable to attract
6 customers due to inadequate facilities, services, and activities in
7 the business districts.

8 (b) It is in the public interest to promote the economic
9 revitalization and physical maintenance of the business districts of
10 its cities in order to create jobs, attract new businesses, and prevent
11 the erosion of the business districts.

12 (c) It is of particular local benefit to allow cities to fund
13 ~~property~~ *business* related improvements, maintenance, and
14 activities through the levy of assessments upon the *businesses or*
15 real property that benefits from those improvements.

16 (d) Assessments levied for the purpose of providing
17 improvements and promoting activities that benefit real property
18 *or businesses* are not taxes for the general benefit of a city, but are
19 assessments for the improvements and activities which confer
20 special benefits upon the real property *or businesses* for which the
21 ~~improvement~~ *improvements* and activities are provided.

22 *SEC. 2. Section 36603.5 is added to the Streets and Highways*
23 *Code, to read:*

24 *36603.5. Any provision in this part that conflicts with any*
25 *other provision of law shall prevail over the other provision of law.*

26 *SEC. 3. Section 36606 of the Streets and Highways Code is*
27 *amended to read:*

28 36606. "Assessment" means a levy for the purpose of
29 acquiring, constructing, installing, or maintaining improvements
30 and promoting activities which will benefit the properties *or*
31 *businesses* located within a property and business improvement
32 district.

33 *SEC. 4. Section 36621 of the Streets and Highways Code is*
34 *amended to read:*

35 36621. (a) Upon the submission of a written petition, signed
36 by the property *or business* owners in the proposed district who
37 will pay more than 50 percent of the assessments proposed to be
38 levied, the city council may initiate proceedings to form a district
39 by the adoption of a resolution expressing its intention to form a
40 district. The amount of assessment attributable to property *or a*

1 *business* owned by the same property *or business* owner that is in
2 excess of 40 percent of the amount of all assessments proposed to
3 be levied, shall not be included in determining whether the petition
4 is signed by property *or business* owners who will pay more than
5 50 percent of the total amount of assessments proposed to be
6 levied.

7 (b) The petition of property *or business* owners required under
8 subdivision (a) shall include a summary of the management
9 district plan. That summary shall include all of the following:

10 (1) A map showing the boundaries of the district.

11 (2) Information specifying where the complete management
12 district plan can be obtained.

13 (3) Information specifying that the complete management
14 district plan shall be furnished upon request.

15 (c) The resolution of intention described in subdivision (a)
16 shall contain all of the following:

17 (1) A brief description of the proposed activities and
18 improvements, the amount of the proposed assessment, *a*
19 *statement as to whether the assessment will be levied on property*
20 *or businesses within the district, a statement as to whether bonds*
21 *will be issued*, and a description of the exterior boundaries of the
22 proposed district. The descriptions *and statements* do not need to
23 be detailed and shall be sufficient if they enable an owner to
24 generally identify the nature and extent of the improvements and
25 activities and the location and extent of the proposed district.

26 (2) A time and place for a public hearing on the establishment
27 of the property and business improvement district and the levy of
28 assessments, which shall ~~not be held more than 90 days after the~~
29 ~~adoption of the resolution of intention~~ *be consistent with the*
30 *requirements of Section 36623.*

31 *SEC. 5. Section 36622 of the Streets and Highways Code is*
32 *amended to read:*

33 36622. The management district plan shall contain all of the
34 following:

35 (a) A map of the district in sufficient detail to locate each parcel
36 of property *and, if businesses are to be assessed, each business*
37 within the district.

38 (b) The name of the proposed district.

39 (c) A description of the boundaries of the district, including the
40 boundaries of any benefit zones, proposed for establishment or

1 extension in a manner sufficient to identify the *affected lands and*
2 *businesses* included. Under no circumstances shall the boundaries
3 of a proposed district overlap with the boundaries of another
4 existing district created pursuant to this part. Nothing in this part
5 prohibits the boundaries of a district created pursuant to this part
6 to overlap with other assessment districts established pursuant to
7 other provisions of law including, but not limited to, the Parking
8 and Business Improvement Area Law of 1989.

9 (d) The improvements and activities proposed for each year of
10 operation of the district and the maximum cost thereof.

11 (e) The total annual amount proposed to be expended for
12 improvements, maintenance and operations, *and debt service* in
13 each year of operation of the district.

14 (f) The proposed source or sources of financing including the
15 proposed method and basis of levying the assessment in sufficient
16 detail to allow each property *or business* owner to calculate the
17 amount of the assessment to be levied against his or her property
18 *or business. The plan shall also state whether bonds will be issued*
19 *to finance improvements.*

20 (g) The time and manner of collecting the assessments.

21 (h) The specific number of years in which assessments will be
22 levied. In a new district, the maximum number of years shall be
23 five. Upon renewal, a district shall have a term not to exceed 10
24 years. *Notwithstanding these limitations, a district created*
25 *pursuant to this part to finance capital improvements with bonds*
26 *may levy assessments until the maximum maturity of the bonds.*
27 The management district plan may set forth specific increases in
28 assessments for each year of operation of the district.

29 (i) The proposed time for implementation and completion of
30 the management district plan.

31 (j) Any proposed rules and regulations to be applicable to the
32 district.

33 (k) A list of the properties *or businesses* to be assessed,
34 including the assessor's parcel numbers *for any properties to be*
35 *assessed*, and a statement of the method or methods by which the
36 expenses of a district will be imposed upon benefited real property
37 *or businesses*, in proportion to the benefit received by the property
38 *or business*, to defray the cost thereof, including operation and
39 maintenance. The plan may provide that all or any class or
40 category of real property which is exempt by law from real

1 property taxation may nevertheless be included within the
2 boundaries of the district but shall not be subject to the assessment
3 on real property.

4 (I) Any other item or matter required to be incorporated therein
5 by the city council.

6 SEC. 6. Section 36623 of the Streets and Highways Code is
7 amended to read:

8 36623. *If a city council proposes to levy an assessment that is*
9 *consistent with the assessment proposed in the petition of property*
10 *owners or businesses submitted pursuant to Section 36621 and*
11 *with the management district plan submitted pursuant to Section*
12 *36622, the city shall provide notice of the public hearing set*
13 *pursuant to paragraph (2) of subdivision (c) of Section 36621 to*
14 *the property or business owners as required by Article XIII D of the*
15 *California Constitution. The petition shall serve as the equivalent*
16 *of a protest ballot procedure for purposes of Article XIII D. If a city*
17 *council proposes to levy a new or increased-benefit assessment,*
18 *or an assessment that is materially different from the assessment*
19 *proposed in the petition and management plan, the notice and*
20 *protest and hearing procedure shall comply with Section 53753 of*
21 *the Government Code. However, notwithstanding the provisions*
22 *of Section 53753 of the Government Code, if the assessment will*
23 *be levied on businesses, the required notice shall be provided to the*
24 *businesses that would be assessed, and only assessment ballots*
25 *submitted by owners of those businesses shall be tabulated in*
26 *determining whether a majority protest exists.*

27 SEC. 7. Section 36625 of the Streets and Highways Code is
28 amended to read:

29 36625. (a) If the city council, following the public hearing,
30 decides to establish the proposed property and business
31 improvement district, ~~and the city council has made changes~~
32 ~~pursuant to Section 36624, and the changes substantially change~~
33 ~~the proposed assessment,~~ the city council shall adopt a resolution
34 of preliminary adoption formation that shall contain all of the
35 following:

36 (1) A brief description of the proposed activities and
37 improvements, the amount of the proposed assessment, a
38 statement as to whether the assessment will be levied on property
39 or businesses within the district, a statement about whether bonds
40 will be issued, and a description of the exterior boundaries of the

1 proposed district. The descriptions *and statements* do not need to
2 be detailed and shall be sufficient if they enable an owner to
3 generally identify the nature and extent of the improvements and
4 activities and the location and extent of the proposed district.

5 (2) The number, date of adoption, and title of the resolution of
6 intention.

7 (3) The time and place where the public hearing was held
8 concerning the establishment of the district.

9 (4) A determination regarding any protests received. *The city*
10 *shall not establish the district or levy assessments if a majority*
11 *protest was received.*

12 (5) A statement that the properties *or businesses* in the district
13 established by the resolution shall be subject to any amendments
14 to this part.

15 (6) A statement that the improvements and activities to be
16 provided in the district will be funded by the levy of the
17 assessments. The revenue from the levy of assessments within a
18 district shall not be used to provide improvements or activities
19 outside the district or for any purpose other than the purposes
20 specified in the resolution of intention, as modified by the city
21 council at the hearing concerning establishment of the district.

22 (7) A finding that the property *or businesses* within the
23 ~~business and improvement area of the property and business~~
24 ~~improvement district~~ will be benefited by the improvements and
25 activities funded by the assessments proposed to be levied.

26 (b) ~~Not earlier than 30 days after the resolution of preliminary~~
27 ~~adoption, if the city council decides to establish the proposed~~
28 ~~property and business improvement district, the council shall~~
29 ~~consider all written protests. If written protests are received from~~
30 ~~property owners in the proposed district who pay 50 percent or~~
31 ~~more of the assessments proposed to be levied and protests are not~~
32 ~~withdrawn so as to reduce the protests to less than that 50 percent,~~
33 ~~the proceedings to create the proposed district shall be terminated.~~

34 (c) ~~If not required to terminate the proceedings in compliance~~
35 ~~with subdivision (b), the city council shall adopt a resolution~~
36 ~~consistent with the resolution of preliminary adoption. The~~
37 adoption of the resolution *of formation* and recordation of the
38 notice and map pursuant to Section 36627 shall constitute the levy
39 of an assessment in each of the fiscal years referred to in the

1 management district plan. ~~The resolution shall contain all of the~~
2 ~~following:~~

3 ~~(1) A brief description of the proposed activities and~~
4 ~~improvements, the amount of the proposed assessment, and a~~
5 ~~description of the exterior boundaries of the proposed district. The~~
6 ~~descriptions do not need to be detailed and shall be sufficient if~~
7 ~~they enable an owner to generally identify the nature and extent of~~
8 ~~the improvements and activities and the location and extent of the~~
9 ~~proposed district.~~

10 ~~(2) The number, date of adoption, and title of the resolution of~~
11 ~~intention and resolution of preliminary adoption.~~

12 ~~(3) The time and place where the public hearing was held~~
13 ~~concerning the establishment of the district.~~

14 ~~(4) A determination regarding any protests received.~~

15 ~~(5) A statement that a property and business improvement~~
16 ~~district has been established.~~

17 ~~(6) A statement that the properties in the district established by~~
18 ~~the resolution shall be subject to any amendments to this part.~~

19 ~~(7) A statement that the improvements and activities to be~~
20 ~~provided in the district will be funded by the levy of the~~
21 ~~assessments. The revenue from the levy of assessments within a~~
22 ~~district shall not be used to provide improvements or activities~~
23 ~~outside the district or for any purpose other than the purposes~~
24 ~~specified in the resolution of intention, as modified by the city~~
25 ~~council at the hearing concerning establishment of the district.~~

26 ~~(8) A finding that the property within the property and business~~
27 ~~improvement district will be benefited by the improvements and~~
28 ~~activities funded by the assessments proposed to be levied.~~

29 *SEC. 8. Section 36627 of the Streets and Highways Code is*
30 *amended to read:*

31 36627. Following adoption of the resolution establishing the
32 district pursuant to Section 36625 or 36626, the clerk of the city
33 shall record a notice and an assessment diagram pursuant to
34 Section 3114. *If the assessment is levied on businesses, the text of*
35 *the recorded notice shall be modified to reflect that the assessment*
36 *will be levied on businesses, or specified categories of businesses,*
37 *within the area of the district. No other provision of Division 4.5*
38 *(commencing with Section 3100) applies to an assessment district*
39 *created pursuant to this part.*

1 *SEC. 9. Section 36628 of the Streets and Highways Code is*
2 *amended to read:*

3 36628. The city council may establish one or more separate
4 benefit zones within the district based upon the degree of benefit
5 derived from the improvements or activities to be provided within
6 the benefit zone and may impose a different assessment within
7 each benefit zone. *If the assessment is to be levied on businesses,*
8 *the city council may also define categories of businesses based*
9 *upon the degree of benefit that each will derive from the*
10 *improvements or activities to be provided within the district and*
11 *may impose a different assessment or rate of assessment on each*
12 *category of business, or on each category of business within each*
13 *zone.*

14 *SEC. 10. Section 36628.5 is added to the Streets and*
15 *Highways Code, to read:*

16 36628.5. *The city council may levy assessments on businesses*
17 *or on property owners, or a combination of the two, pursuant to*
18 *this part. The city council shall structure the assessments in*
19 *whatever manner it determines corresponds with the distribution*
20 *of benefits from the proposed improvements and activities.*

21 *SEC. 11. Section 36629 of the Streets and Highways Code is*
22 *amended to read:*

23 36629. All provisions of this part applicable to the
24 establishment, modification, or disestablishment of a property and
25 business improvement district apply to the establishment,
26 modification, or disestablishment of benefit zones *or categories*
27 *of business.* The city council shall, to establish, modify, or
28 disestablish a benefit zone *or category of business,* follow the
29 procedure to establish, modify, or disestablish a parking and
30 business improvement area.

31 *SEC. 12. Section 36631 of the Streets and Highways Code is*
32 *amended to read:*

33 36631. The collection of the assessments levied pursuant to
34 this part shall be made at the time and in the manner set forth by
35 the city council in the resolution establishing the management
36 district plan described in Section 36622. ~~The assessments~~
37 *Assessments levied on real property* may be collected at the same
38 time and in the same manner as for the ad valorem property tax,
39 and may provide for the same lien priority and penalties for

1 delinquent payment. All delinquent payments for assessments
2 levied pursuant to this part shall be charged interest and penalties.

3 *SEC. 13. Section 36632 of the Streets and Highways Code is*
4 *amended to read:*

5 36632. (a) The assessments levied on real property pursuant
6 to this part shall be levied on the basis of the estimated benefit to
7 the real property within the property and business improvement
8 district. The city council may classify properties for purposes of
9 determining the benefit to property of the improvements and
10 activities provided pursuant to this part.

11 (b) *Assessments levied on businesses pursuant to this part shall*
12 *be levied on the basis of the estimated benefit to the businesses*
13 *within the property and business improvement district. The city*
14 *council may classify businesses for purposes of determining the*
15 *benefit to the businesses of the improvements and activities*
16 *provided pursuant to this part.*

17 (c) Properties zoned solely for residential use, or that are zoned
18 for agricultural use, are conclusively presumed not to benefit from
19 the improvements and service funded through these assessments,
20 and shall not be subject to any assessment pursuant to this part.

21 *SEC. 14. Section 36637 of the Streets and Highways Code is*
22 *amended to read:*

23 36637. Any subsequent modification of the resolution shall
24 be reflected in subsequent notices and maps recorded pursuant to
25 Division 4.5 (commencing with Section 3100), *in a manner*
26 *consistent with the provisions of Section 36627.*

27 *SEC. 15. Chapter 3.5 (commencing with Section 36640) is*
28 *added to Part 7 of Division 18 of the Streets and Highways Code,*
29 *to read:*

30

31

CHAPTER 3.5. FINANCING

32

33 36640. (a) *The city council may, by resolution, determine*
34 *and declare that bonds shall be issued to finance the estimated cost*
35 *of some or all of the proposed improvements described in the*
36 *resolution of formation adopted pursuant to Section 36625, if the*
37 *resolution of formation adopted pursuant to that section provides*
38 *for the issuance of bonds, under the Improvement Bond Act of 1915*
39 *(Division 10 (commencing with Section 8500)) or in conjunction*
40 *with Marks-Roos Local Bond Pooling Act of 1985 (Article 4*

1 (commencing with Section 6584) of Chapter 5 of Division 7 of Title
2 1 of the Government Code). Either act, as the case may be, shall
3 govern the proceedings relating to the issuance of bonds, although
4 proceedings under the Bond Act of 1915 may be modified by the
5 city council as necessary to accommodate assessments levied upon
6 business pursuant to this part.

7 (b) The resolution adopted pursuant to subdivision (a) shall
8 generally describe the proposed improvements specified in the
9 resolution of formation adopted pursuant to Section 36625, set
10 forth the estimated cost of those improvements, specify the number
11 of annual installments and the fiscal years during which they are
12 to be collected. The amount of debt service to retire the bonds shall
13 not exceed the amount of revenue estimated to be raised from
14 assessments over 30 years.

15 (c) Notwithstanding any other provision of this part,
16 assessments levied to pay the principal and interest on any bond
17 issued pursuant to this section shall not be reduced or terminated
18 if doing so would interfere with the timely retirement of the debt.

19 SEC. 16. Section 36650 of the Streets and Highways Code is
20 amended to read:

21 36650. (a) The owners' association shall cause to be prepared
22 a report for each fiscal year, except the first year, for which
23 assessments are to be levied and collected to pay the costs of the
24 improvements and activities described in the report. The owners'
25 association's first report shall be due after the first year of
26 operation of the district. The report may propose changes,
27 including, but not limited to, the boundaries of the property and
28 business improvement district or any benefit zones within the
29 district, the basis and method of levying the assessments, and any
30 changes in the classification of property, *including any categories*
31 *of business*, if a classification is used.

32 (b) The report shall be filed with the clerk and shall refer to the
33 property and business improvement district by name, specify the
34 fiscal year to which the report applies, and, with respect to that
35 fiscal year, shall contain all of the following information:

36 (1) Any proposed changes in the boundaries of the property and
37 business improvement district or in any benefit zones *or*
38 *classification of property or businesses* within the district.

39 (2) The improvements and activities to be provided for that
40 fiscal year.

1 (3) An estimate of the cost of providing the improvements and
2 the activities for that fiscal year.

3 (4) The method and basis of levying the assessment in
4 sufficient detail to allow each real property *or business* owner, *as*
5 *appropriate*, to estimate the amount of the assessment to be levied
6 against his or her property *or business* for that fiscal year.

7 (5) The amount of any surplus or deficit revenues to be carried
8 over from a previous fiscal year.

9 (6) The amount of any contributions to be made from sources
10 other than assessments levied pursuant to this part.

11 (c) The city council may approve the report as filed by the
12 owners' association or may modify any particular contained in the
13 report and approve it as modified. Any modification shall be made
14 pursuant to Sections 36635 and 36636.

15 The city council shall not approve a change in the basis and
16 method of levying assessments that would impair an authorized or
17 executed contract to be paid from the revenues derived from the
18 levy of assessments, *including any commitment to pay principal*
19 *and interest on any bonds issued on behalf of the district.*

20 *SEC. 17. Section 36660 of the Streets and Highways Code is*
21 *amended to read:*

22 36660. (a) Any district previously established whose term
23 has expired, may be renewed by following the procedures for
24 establishment as provided in this chapter.

25 (b) Upon renewal, any remaining revenues derived from the
26 levy of assessments, or any revenues derived from the sale of assets
27 acquired with the revenues, shall be transferred to the renewed
28 district. If the renewed district includes additional parcels *or*
29 *businesses* not included in the prior district, the remaining
30 revenues shall be spent to benefit only the parcels *or businesses* in
31 the prior district. If the renewed district does not include parcels
32 *or businesses* included in the prior district, the remaining revenues
33 attributable to these parcels shall be refunded to the owners of
34 these parcels *or businesses*.

35 (c) Upon renewal, a district shall have a term not to exceed 10
36 years, *or, if the district is authorized to issue bonds, until the*
37 *maximum maturity of those bonds*. There is no requirement that the
38 boundaries, assessments, improvements, or activities of a renewed
39 district be the same as the original or prior district.

1 *SEC. 18. Section 36670 of the Streets and Highways Code is*
2 *amended to read:*

3 36670. (a) Any district established or extended pursuant to
4 the provisions of this part, where there is no indebtedness,
5 outstanding and unpaid, incurred to accomplish any of the
6 purposes of the district, may be disestablished by resolution by the
7 city council in either of the following circumstances:

8 (1) If the city council finds there has been misappropriation of
9 funds, malfeasance, or a violation of law in connection with the
10 management of the district, it shall notice a hearing on
11 disestablishment.

12 (2) During the operation of the district, there shall be a 30-day
13 period each year in which assesses may request disestablishment
14 of the district. The first such period shall begin one year after the
15 date of establishment of the district and shall continue for 30 days.
16 The next such 30-day period shall begin two years after the date
17 of the establishment of the district. Each successive year of
18 operation of the district shall have such a 30-day period. Upon the
19 written petition of the owners of real property *or of businesses* in
20 the area who pay 50 percent or more of the assessments levied, the
21 city council shall pass a resolution of intention to disestablish the
22 district. The city council shall notice a hearing on
23 disestablishment.

24 (b) The city council shall adopt a resolution of intention to
25 disestablish the district prior to the public hearing required by this
26 section. The resolution shall state the reason for the
27 disestablishment, shall state the time and place of the public
28 hearing, and shall contain a proposal to dispose of any assets
29 acquired with the revenues of the assessments levied within the
30 property and business improvement district. The notice of the
31 hearing on disestablishment required by this section shall be given
32 by mail to the property owner of each parcel *or to the owner of each*
33 *business subject to assessment* in the district, *as appropriate*. The
34 city shall conduct the public hearing not less than 30 days after
35 mailing the notice to the property *or business* owners. The public
36 hearing shall be held not more than 60 days after the adoption of
37 the resolution of intention.

38 *SEC. 19. Section 36671 of the Streets and Highways Code is*
39 *amended to read:*

1 36671. (a) Upon the disestablishment of a district, any
2 remaining revenues, after all outstanding debts are paid, derived
3 from the levy of assessments, or derived from the sale of assets
4 acquired with the revenues, *or from bond reserve or construction*
5 *funds*, shall be refunded to the owners of the property *or businesses*
6 then located and operating within the district in which assessments
7 were levied by applying the same method and basis that was used
8 to calculate the assessments levied in the fiscal year in which the
9 district is disestablished. All outstanding assessment revenue
10 collected after disestablishment shall be spent on improvements
11 and activities specified in the management district plan.

12 (b) If the disestablishment occurs before an assessment is
13 levied for the fiscal year, the method and basis that was used to
14 calculate the assessments levied in the immediate prior fiscal year
15 shall be used to calculate the amount of any refund.

16
17
18
19
20
21
22

**All matter omitted in this version of the
bill appears in the bill as amended in the
Senate June 25, 2003 (JR 11)**

O