

# CLIENT NEWS BRIEF

## Public Finance Legislative Roundup

In August and September 2016, Governor Jerry Brown signed three Assembly bills and one Senate bill related to public finance, including bills regarding K-14 school districts' general obligation bonds and school district parcel taxes.

The specifics of each bill are described below.

### **Assembly Bill (AB) 2116: Requirement to Obtain Reasonable and Informed Projections of Assessed Valuations Prior to Ordering a Bond Election**

Some critics have complained that too often, advisors may be tempted to offer an overly optimistic revenue projection when presenting a potential bond measure to a district's governing board. AB 2116 is intended to provide improved school bond oversight, accountability and fiscal responsibility by requiring that the governing board consider the county assessor's projections as well. As amended by the bill, Education Code section 15100, subdivision (c) now requires a school district or community college to "obtain reasonable and informed projections of assessed property valuations that take into consideration projections of assessed property valuations made by the county assessor" before calling a bond election. The Governor signed the bill on August 17, 2016 and it becomes effective on January 1, 2017.

### **Assembly Bill (AB) 1891: Parcel Tax Exemptions Granted by a School District are Now Valid until Taxpayer Becomes Ineligible**

Under existing law, a public agency granting exemptions from parcel taxes to seniors or disabled individuals may choose whether to require an annual re-certification or "opt-out" from paying the special tax. By adding section 50079, subdivision (d) to the Government Code, AB 1891 clarifies that any exemption granted shall remain in effect until the taxpayer becomes ineligible and that, if the taxpayer becomes ineligible, a new exemption may be granted by the school district in the same manner as the original exemption. The Governor signed the bill on September 22, 2016 and it becomes effective on January 1, 2017.

### **Assembly Bill (AB) 2738: Bond Construction Proceeds on Deposit with the County May No Longer be Invested Outside of County Treasury**

AB 2738 is intended to address a dispute over ostensibly conflicting law as to whether a district may withdraw funds from a county-held building fund for investment outside of the county treasury pool. As a matter of policy, AB 2738 answers the question in the negative. The bill amends section 15146, subdivision (g) of the Education Code to expressly prohibit a school district or community college from withdrawing bond proceeds from the building fund held by the county for investment outside of the county treasury. The Governor signed the bill on September 22, 2016 and it becomes effective on January 1, 2017.

October 2016  
Number 69



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## **Senate Bill 1029: Additional Annual Bond Reporting Requirements to State Treasurer**

SB 1029 continues the State Treasurer's drive for more transparency in bond reporting for California public agencies. Effective for any debt for which the public agency files a "Report of Final Sale" on or after January 17, 2017, all public agencies issuing bonds, notes, certificates of participation or other debt must supply the California Debt and Investment Advisory Commission (CDIAC), a commission chaired by the State Treasurer, with an annual report containing information about the public agency's debt issued and outstanding and the use of proceeds of the debt, for the prior reporting period (July 1 through June 30). The annual report will be due to CDIAC within seven months of the end of the reporting period (starting with the report due in January 2018, for any debt sold after January 1, 2017.) SB 1029 affects section 8855 of the Government Code, which generally authorizes CDIAC to collect, maintain and provide information on local agency debt and investments. The Governor signed the bill on September 12, 2016 and it becomes effective on January 1, 2017.

If you have questions about general obligation bonds or any other issues impacting California school district or community college financing, please contact the authors of this Client News Brief or an attorney at one of our [10 offices](#) located statewide. You can also visit our [website](#), follow us on [Facebook](#) or [Twitter](#) or download our [Client News Brief App](#).

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