

## ***Next Steps: SB 360 and Other Potential Actions***

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## ***What Next?***

### **Pending legislation:**

- **SB 360 would change how RDA pass-through payments are made and reported**

## *What Next?*

### Pending budget language:

- **Would establish process for recouping RDA dollars under-reported by LEAs in 2005-06/2006-07**
- **Would authorize state to borrow RDA funds to balance state budget, in return for extension of projects about to expire**

## *What Next?*

### Pending litigation:

- **Would address whether AB 1290 pass-through calculation should be a pre- or post-ERAF calculation**

## ***What Next?***

### **Pending OPSC/SAB issue:**

- **Should facility portion of districts' RDA pass-through dollars be counted as offset to state financial hardship funding?**

## ***SB 360 (Negrete McLeod)***

- **Would transfer, from RDA's to county auditors, the responsibility for calculating, making and reporting property tax increment pass-through payments to local entities**

## ***SB 360—Pass-Through Payments***

- **Requires county auditors, instead of RDA's, compute and allocate pass-through dollars for RDA agreements created on or after January 1, 1994**
- **Pre-1994 pass-through agreement funds continue to be allocated by RDA's**

## ***SB 360—Advisory Committee***

- **Authorizes State Controller's Office (SCO) to convene advisory committee to develop uniform and consistent methodology for calculation, payment, and reporting of pass-through payments by county auditors**

### ***SB 360—Subordination of Pass-Through Payments***

- **County auditor must transmit all subordinated payments directly to the RDA as required to pay debt service on indebtedness secured by subordinated payments**
- **Prohibits RDA's from subordinating pass-through payments to schools**

### ***SB 360—Reporting and Oversight***

- **Requires RDAs to respond within 10 working days to county auditor requests for information needed to calculate property tax revenue allocations**
- **Requires RDA's to respond within 10 working days to SCO and DOF requests for information needed to prepare various state reports**

## ***SB 360—Reporting and Oversight***

- **Requires RDA's to notify county auditor within 5 working days re change in the status of any RDA project within its jurisdiction.**
- **Requires county auditor to notify each RDA of the pass-through payments made to taxing entities on behalf of RDA.**

## ***SB 360—Reporting and Oversight***

- **Requires county auditor provide annual fiscal statement for each project area**
- **Requires county auditor provide statement re property tax disbursements made on behalf of each RDA, concurrent with the property tax revenue distributions made**
- **Provides method for RDA or taxing entity to dispute disbursement amount**

### ***SB 360—Reporting and Oversight***

- **Requires county auditor provide, within 60 days of close of fiscal year, a statement declaring the amount paid to each RDA, by project, during the prior fiscal year**
- **Requires this statement go to each RDA, to SCO and to DOF**

### ***SB 360—Reporting and Oversight***

- **Within 60 days of close of fiscal year, requires RDA's to provide to CDE, community college chancellor, SCO, DOF, and each taxing entity in the county, a statement providing specified information for prior fiscal year**

### ***SB 360—Reporting and Oversight***

- **Requires county auditor send to SPI and community college chancellor, information re amount of any pass-through payments made that are considered property tax for the purposes of determining specified revenue limits**
- **Authorizes SCO to audit any allocation of funds made by a county auditor or RDA**

### ***SB 360—Reimbursement***

- **Requires a county to establish a system to document its expenses incurred for calculating and distributing property tax allocations on behalf of an RDA**
- **Authorizes a county auditor to charge an RDA for all actual and reasonable costs incurred in providing information or clarification to an RDA or taxing entity**
- **Requires an RDA to reimburse the county auditor for any charges accrued**

## ***SB 360—Effective Date***

- **Delayed effective date of July 1, 2009, except for establishment of SCO advisory committee, which is effective January 1, 2009**

## ***Pending budget language: Recouping RDA dollars owed by schools***

**LAO proposal:**

**Capture \$70 million in prior-year under-reported RDA pass-through payments by:**

- **Requiring RDA's to pay overdue sums**
- **Modifying school reporting to recoup last 5 years of increased state backfill costs**

***Pending budget language: Recouping  
RDA dollars owed by schools***

**LAO proposal:**

- **Modify pass-through process to ensure funds are provided/reported (\$28 million)**
- **Require RDA's pass-through additional 5% of tax increment revenues to offset more of state costs of backfilling schools lost property taxes (\$200 million)**

**Pending budget language:**

- **SCO, county auditors, CDE oversee process to determine who owes what to whom**
- **Property tax (revenue limit offset) portion of prior RDA pass-throughs owed to schools by RDA's—will go directly into ERAF**
- **Facilities portion of past RDA pass-throughs owed to schools will go directly to affected LEA's**

**Pending budget language:**

- **Pass-through dollars owed by/misreported by LEA's will be recouped through offsets to state apportionments**
- **LEA ability to pay back over multiple years for large amounts owed, using current process for repayment of large dollar audit exceptions**

***Pending budget proposal: Borrowing from RDAs to balance the budget***

- **Extend life of expiring RDA's**
- **Direct to state general fund a portion of the additional tax increment generated**
- **State borrows against revenue stream, generating dollars to balance state budget**

***Redevelopment and school facilities  
financial hardship***

- Can the state require LEAs expend the facility portion of RDA pass-through funds on specific educational facilities for which it receives financial hardship funding under the State School Facilities Program?

***Redevelopment and school facilities  
financial hardship***

- Regardless of whether the facility project relates to/is within the RDA project area from which the pass-through funds were received?
- Regardless of whether such RDA funds have already been lawfully expended prior to the RCOE's application for financial hardship funding?

## ***Pending legislation***

- **Would address whether AB 1290 pass-through calculation should be a pre- or post-ERAF calculation**
- **Litigation update**

## ***What next?***

- **The future of state redevelopment policy**