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MEETING DATE: April 10, 2024

TO: Local Agency Formation Commission
of Orange County

FROM: Executive Officer
Assistant Executive Officer

SUBJECT: Legislative Report (April 2024)

BACKGROUND

As we approach Spring, some momentum has picked up in the Legislature with introduction of the budget by the Governor, support of State propositions, and the moving of many bills through committees. However, as anticipated earlier in the legislative session, proposed legislation of LAFCO interest continues to be minimal. Whether this pace will continue throughout the session, time will tell as the California Association of Local Agency Formation Commissions (CALAFCO) focuses on the effort of potential amendments to the provision that governs LAFCO's authority involving the extension of services outside of an agency's boundary and continuous appearance of open meeting and teleconferencing bills in the Capitol chambers.

Staff and Commissioner McGregor continue to stay engaged on the legislative front through participation in monthly meetings of the CALAFCO Legislative Committee. In addition to bills directly affecting LAFCOs, during the committee's March 22 meeting, members discussed a request received from the California Special Districts Association (CSDA) to support the Special District Grant Accessibility Act (H.R. 7525). The next sections of this report provide the status of bills discussed and positions adopted by the Commission thus far for the current legislative session and additional background on the CSDA effort.

Update on Previously Reviewed Legislation

2023-2024 Legislative Session – Bill Status			
Bill	Description	Adopted Position	Status
AB 805	Proposes the designation of an “Administrator” by the State Water Resources Control Board involving inadequate and failing sewer systems serving disadvantaged communities.	Watch	AB 805 is under review in the Assembly Committee on Appropriations. Next hearing date: None scheduled.
AB 3277	Proposes to amend the CKH Act for proposals seeking formation of a special district to exclude the exchange of property tax revenue when an affected agency is not seeking a share of the property tax revenue.	Support	AB 3277 is currently under review in the Assembly Committee on Local Government. Next hearing date: April 10.
SB 1209	Proposes to amend current State law for explicit authorization by LAFCOs to require indemnification by applicants for litigation involving proposals.	Support	SB 1209 is currently under review in the Senate Local Government Committee. Next hearing date: None scheduled.

CALAFCO Review of CSDA Effort on H.R. 7525

In March 2024, CALAFCO received a request from CSDA to support proposed federal legislation, H.R. 7525 sponsored by House Representatives, Pat Fallon (Texas) and Brittany Pettersen (Colorado). H.R. 7525 proposes to codify a formal definition of special district in federal law and direct federal agencies to recognize special districts as local governments to ensure districts are eligible to receive federal assistance, including funding and grants. The CALAFCO legislative committee, which serves in an advisory role to the CALAFCO Board involving legislation that affects LAFCOs and other stakeholders, has submitted a recommendation to the Board to support CSDA’s request by adopting a support position on H.R. 7525. At the time of preparation of this report, the Board's position on the bill was pending. The bill language for H.R. 7525 is attached for your reference, and staff will keep the Commission apprised on this effort as warranted.

RECOMMENDED ACTION

Receive and file item.

Respectfully Submitted,


 CAROLYN EMERY


 LUIS TAPIA

Attachment:

1. House of Representatives (H.R. 7525): Special Grant Accessibility Act

118TH CONGRESS
2^D SESSION

H. R. 7525

To require the Director of the Office of Management and Budget to issue guidance to agencies requiring special districts to be recognized as local government for the purpose of Federal financial assistance determinations.

IN THE HOUSE OF REPRESENTATIVES

MARCH 5, 2024

Mr. FALLON (for himself and Ms. PETTERSEN) introduced the following bill; which was referred to the Committee on Oversight and Accountability

A BILL

To require the Director of the Office of Management and Budget to issue guidance to agencies requiring special districts to be recognized as local government for the purpose of Federal financial assistance determinations.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Special District Grant
5 Accessibility Act”.

1 **SEC. 2. AGENCY FINANCIAL ASSISTANCE GUIDANCE ON**
2 **SPECIAL DISTRICTS.**

3 (a) **REQUIREMENTS FOR AGENCY ACKNOWLEDG-**
4 **MENT OF SPECIAL DISTRICTS AS GRANT RECIPIENTS.—**

5 (1) **OMB GUIDANCE.—**Not later than 180 days
6 after the date of the enactment of this Act, the Di-
7 rector shall issue guidance that clarifies how an
8 agency recognizes a special district as a unit of local
9 government for the purpose of being eligible to re-
10 ceive Federal financial assistance.

11 (2) **AGENCY REQUIREMENTS.—**Not later than 1
12 year after the date on which the guidance is issued
13 pursuant to paragraph (1), the head of each agency
14 shall implement the requirements of such guidance
15 and conform any policy, principle, practice, proce-
16 dure, or guideline relating to the administration of
17 the Federal financial assistance programs of the
18 agency.

19 (3) **REPORTING REQUIREMENT.—**Not later than
20 2 years after the date of the enactment of this Act,
21 the Director shall submit to the Committee on Over-
22 sight and Accountability of the House of Represent-
23 atives and the Committee on Homeland Security and
24 Governmental Affairs of the Senate a report that
25 evaluates agency implementation of and conformity
26 to the guidance issued pursuant to paragraph (1).

1 (b) DEFINITIONS.—In this section:

2 (1) AGENCY.—The term “agency” has the
3 meaning given the term in section 552 of title 5,
4 United States Code.

5 (2) DIRECTOR.—The term “Director” means
6 the Director of the Office of Management and Budg-
7 et.

8 (3) FEDERAL FINANCIAL ASSISTANCE.—The
9 term “Federal financial assistance”—

10 (A) means assistance that a non-Federal
11 entity receives or administers in the form of a
12 grant, loan, loan guarantee, property, coopera-
13 tive agreement, interest subsidy, insurance, food
14 commodity, direct appropriation, or other as-
15 sistance; and

16 (B) does not include an amount received as
17 reimbursement for services rendered to an indi-
18 vidual in accordance with guidance issued by
19 the Director.

20 (4) SPECIAL DISTRICT.—The term “special dis-
21 trict” means a political subdivision of a State, with
22 specified boundaries and significant budgetary au-
23 tonomy or control, created by or pursuant to the
24 laws of the State, for the purpose of performing lim-
25 ited and specific governmental or proprietary func-

1 tions that distinguish it as a significantly separate
2 entity from the administrative governance structure
3 of any other form of local government unit within a
4 State.

5 (5) STATE.—The term “State” means each of
6 the several States, the District of Columbia, each
7 commonwealth, territory, or possession of the United
8 States, and each federally recognized Indian Tribe.

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