

Date of Hearing: May 13, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
 Buffy Wicks, Chair
 AB 2385 (Petrie-Norris) – As Amended April 27, 2026

Policy Committee:	Emergency Management	Vote:	6 - 0
	Local Government		10 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill authorizes a local jurisdiction to adopt an ordinance establishing a local reconstruction agency (LRA) to coordinate disaster recovery efforts in areas impacted by a disaster and allows an LRA to use tax increment financing (TIF) for the purposes of the agency.

The bill also requires the Office of Land Use and Climate Innovation (LCI), in consultation with the Office of Emergency Services (Cal OES), to assess the recovery and rebuilding needs of jurisdictions across the state and develop model ordinance language, and further requires Cal OES to prepare guidance on disaster recovery plans.

Specifically, among other things:

This bill authorizes local governments to establish LRAs with broad powers to coordinate recovery efforts in areas impacted by disaster. This bill allows a LRA to utilize property tax increment financing and to issue bonds. This bill specifies the board structure of an LRA and requires the LRA to specify a date on which it will cease to exist. This date must not be more than 45 years from the date on which a bond is issued or the issuance of a loan is approved.

This bill also expands the scope of existing local disaster plans, now referred to as “disaster recovery plans,” and local government ordinances already prepared to facilitate fast and efficient recovery and reconstruction following a disaster. This bill specifies additional elements that may be included in the contingency plan of action and organization, required as part of the recovery plan and ordinances, and requires LCI and Cal OES to provide assistance with plans and ordinances.

FISCAL EFFECT:

- 1) LCI estimates General Fund (GF) costs of \$672,000 for two years and \$264,000 annually thereafter to establish a statewide disaster recovery planning function, develop model ordinances and a planning toolkit, provide technical assistance to local governments, facilitate close interagency coordination, and conduct a statewide needs assessment. This estimate includes three air pollution specialist positions in the first two years, and one position ongoing.
- 2) Cal OES estimates GF costs of \$2.75 million for the first two years and \$2.15 million annually ongoing for eight positions and contract costs. This estimate includes two years of contractor support during program setup, and associated costs for technology and

equipment. Cal OES indicates the bill may also generate increased training needs for local reconstruction agency staff which may create additional workload on Cal OES' California Specialized Training Institute.

- 3) Local costs to county auditors of an unknown amount to the extent a county auditor must reallocate property tax revenues pursuant to this bill. These costs are not likely reimbursable by the state, subject to a determination by the Commission on State Mandates, because counties may levy fees, service charges, or assessments to cover the cost of these services.

The Legislative Analyst's Office recently warned of General Fund structural deficits of around \$35 billion per year in the 2027-28 fiscal year and ongoing.

COMMENTS:

- 1) **Purpose.** According to the author:

In the immediate aftermath of a wildfire, flood, or earthquake, first responders and community members rise to the challenge in the face of devastation. But after the crisis subsides, in the months and years following a disaster, people are often left navigating a complex web of insurance companies, disaster response agencies, and financial lenders.

[This bill] will provide local governments with a legal framework that they can modify to fit their needs that helps them prepare for the inevitable disaster. Communities recover best when they plan for recovery before disaster strikes.

- 2) **Background. *Local Disaster Plans.*** Existing law, the Disaster Recovery Reconstruction Act (DRRA) of 1986, authorizes each city, county, or other local subdivision, as provided, to prepare, prior to a disaster, plans and ordinances facilitating the expeditious and orderly recovery and reconstruction of the area in case of a disaster. Existing law authorizes the plans and ordinances to include, among other things, a contingency plan of action and organization for short-term and long-term recovery and reconstruction to be instituted after a disaster. Existing law authorizes the plans and ordinances to include the authority and proposed organization for establishment of a local reconstruction authority with powers parallel to those of a community redevelopment agency, with exceptions.

TIF Tools. After the dissolution of redevelopment agencies (RDAs) in 2012, per the Supreme Court's 2011 *Matasantos* decision, the Legislature created and subsequently modified new tax increment financing tools to pay for local economic development, including housing. These tools include Enhanced Infrastructure Financing Districts (EIFDs), Community Revitalization and Investment Authorities (CRIAs), affordable housing authorities (AHAs), and climate resilience districts (CRDs). These tools have been seldom used, some not at all. According to a 2021 report by the Governor's Office of Planning and Research (OPR), key limitations of these new tools (compared to RDAs) include their lack of access to the schools' share of property tax increment revenues and their reliance on voluntary participation of other taxing entities. Both features limit the revenue potential of these tools, thereby limiting their usefulness. EIFDs are the most commonly used infrastructure financing tool created since the dissolution of RDAs. This bill requires an LRA to follow the TIF and bond provisions in EIFD Law.

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