UNFINISHED BUSINESS

Bill No: SB 516
Author: Ashby (D)
Amended: 9/4/25 in Assembly
Vote: 21

SENATE LOCAL GOVERNMENT COMMITTEE: 6-0, 5/7/25
AYES: Durazo, Choi, Arreguín, Cabaldon, Laird, Wiener
NO VOTE RECORDED: Seyarto

SENATE FLOOR: 38-0, 6/3/25
AYES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear,
  Cabaldon, Caballero, Cervantes, Choi, Dahle, Durazo, Gonzalez, Grayson,
  Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello,
  Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas,
  Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
NO VOTE RECORDED: Cortese, Reyes

ASSEMBLY FLOOR: 79-0, 9/8/25 - See last page for vote

SUBJECT: Enhanced infrastructure financing districts: California Capital City
               Downtown Revitalization Act

SOURCE: Author

DIGEST: This bill enacts the California Capital City Downtown Revitalization
Act, which creates a new type of enhanced infrastructure financing district (EIFD)
specific to Downtown Sacramento.

Assembly Amendments allow all EIFDs statewide to accept state funds and address
chaptering issues with SB 5 (Cabaldon).

ANALYSIS:

Existing law:

1) Creates EIFDs and allows them to finance public capital facilities or other specified projects of communitywide significance that provide significant benefits to the district or the surrounding community with an estimated useful life of 15 years or more, including projects that enable communities to adapt to the impacts of climate change.

2) Allows, in addition to construction costs, EIFDs to finance planning and design work, displacement of affordable housing residents, defending the district against protests over their formation, and the ongoing or capitalized costs to maintain the projects the district finances.

3) Provides that an EIFD is governed by a public financing authority (PFA) with three members of each participating taxing entity's legislative body and a minimum of two public members. Member agencies can also appoint an alternate member from their legislative body. If at least three taxing entities participate in the district, upon agreement of all taxing entities participating, the district's governing board can be reduced to one member and one alternate member of each legislative body and a minimum of two public members.

4) Requires the PFA to hold public meetings and meet notice requirements to consider an EIFD's formation, as specified.

This bill:

1) Enacts the California Capital City Downtown Revitalization Act, which creates a new type of EIFD specific to Downtown Sacramento.

2) Allows the City of Sacramento or the County of Sacramento to create a California Capital City Downtown Revitalization District (downtown district).

3) Provides that a downtown district is an EIFD, but must be within the downtown Sacramento geographic area, defined by the Sacramento River, the American River, Broadway, and Alhambra Boulevard.

4) Allows affected taxing entities with at least a part in Sacramento County to join a downtown district.

5) Allows downtown districts to accept state funds.

Comments

Purpose of this bill. According to the author, "As the Capitol of California, Sacramento has a uniquely high concentration of state-owned buildings and

property, particularly within its downtown core. Over 60% of downtown Sacramento's office space is owned or leased by the state and is therefore exempt from local property taxes. This leaves the city with fewer resources to invest in infrastructure, housing, and public services. SB 516 gives the City and County of Sacramento the ability to establish a special financing district, an EIFD, to reinvest local tax dollars back into the downtown area. Once created, the district would also be eligible for state funding and could issue bonds, providing the city with a flexible tool to move forward on critical projects like housing, transit, and revitalization."

Necessary? The City and County of Sacramento can already create an EIFD. The only difference between a downtown district and a normal district is that downtown districts include an explicit authorization to receive state funds. However, there is no explicit prohibition against any EIFD receiving state funds. SB 516 could have the unintended consequence of implying that downtown districts are the only EIFDs that can receive state funds. Additionally, many downtowns, and other parts of cities and counties, are in dire need of economic development opportunities. While downtown Sacramento serves a particular purpose in California as the seat of state government, other areas, including those affected by recent wildfires, could also benefit from clear authority to receive state funds. Should the Legislature allow all EIFDs to explicitly receive state funds?

FISCAL EFFECT: Appropriation: No   Fiscal Com.:   No   Local: No

SUPPORT: (Verified 9/8/25)

Cal Asian Chamber of Commerce
California Apartment Association
California State University, Sacramento
City of Sacramento
Downtown Sacramento Partnership
Sacramento Metro Chamber of Commerce
Visit Sacramento

OPPOSITION: (Verified 9/8/25)

None received

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark

González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NOES:

NO VOTE RECORDED: Nguyen

Prepared by: Anton Favorini-Csorba / L. GOV. / (916) 651-4119
9/8/25 19:32:04

**** END ****