

Date of Hearing: July 16, 2025

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

SB 782 (Pérez) – As Amended July 2, 2025

SENATE VOTE: 38-0

SUBJECT: Enhanced infrastructure financing district: climate resilience districts.

SUMMARY: Creates a subcategory of climate resilience districts (CRDs) to finance disaster recovery efforts. Specifically, **this bill**:

- 1) Authorizes a city or county to adopt a resolution providing for the division of taxes of any participating entity without following the procedures for the preparation and adoption of an infrastructure financing plan (IFP) as described in Enhanced Infrastructure Finance District (EIFD) Law if all of the following are met:
 - a) The boundaries of the proposed CRD are limited to an area in which the disaster damage has caused conditions that are so prevalent and so substantial that they have caused a reduction, or a lack, of the normal predisaster usage of the area to an extent that causes a serious physical and economic burden that cannot reasonably be expected to be reversed or alleviated during the term of the IFP by private enterprise or governmental action, or both, without redevelopment.
 - b) Areas adjacent to the disaster area may be included within the boundaries of the proposed CRD, but those adjacent areas shall be no more than 20% of the total district area.
 - c) The city or county adopts a resolution no more than two years after the proclamation of the disaster.
 - d) The resolution does all of the following:
 - i) State that a CRD is proposed to be established under the terms of CRD Law and describe the boundaries of the proposed district, which may be accomplished by reference to a map on file in the office of the clerk of the city or in the office of the recorder of the county, as applicable. The map may identify, within a district, certain areas which shall be referred to as “project areas.”
 - ii) State the need for the CRD and the goals the CRD proposes to achieve.
 - iii) State that incremental property tax revenue from the city or county and all affected taxing entities within the CRD, if approved by resolution, as specified, may be used to finance these activities.
 - iv) State that a city, county, or city and county may allocate tax revenues derived from local sales and use taxes imposed pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or transactions and use taxes (TUTs) imposed in accordance with the TUT Law to a district, as specified, if applicable. The legislative body of the city or county that elects to make an allocation of such taxes shall enact an ordinance to establish the following:

- (1) The procedure by which the city or county will calculate the revenues derived from sales and use taxes and TUTs to be allocated to the EIFD.
 - (2) The decision process by which the city or county will determine the amount that will be dedicated to the proposed CRD.
- v) Fix a time and place for public meetings on the proposal.
- 2) Provides that the entity proposing formation of the CRD shall hold two public meetings on the proposal. The first public meeting shall be to consider the resolution of intention to establish the CRD. The second public meetings shall be to consider the adoption of the IFP.
 - 3) Specifies that the entity proposing the formation of the CRD shall post notice of each meeting required by this bill in an easily identifiable and accessible location on the CRD's internet website at least 10 days before the meeting. The notice shall do all of the following:
 - a) Describe specifically the boundaries of the proposed area.
 - b) Describe the purpose of the IFP.
 - c) State the day, hour, and place when and where the public can inspect documents related to the CRD.
 - 4) Provides that after adopting the resolution of intention to establish a CRD, the city or county shall designate an official to prepare a proposed IFP. This plan shall include all specified information and shall be made available for public inspection at least 30 days before the second public meeting. The designated official shall consult with each affected taxing entity, and, at the request of any affected taxing entity, shall meet with representatives of an affected taxing entity. Any affected taxing entity may suggest revision to the plan.
 - 5) Requires the CRD to follow the procedures for amending the IFP and providing an annual report outlined in EIFD Law, except that it shall not be required to mail any written notices.
 - 6) Specifies that a CRD established pursuant to this bill shall limit the use of its revenue to only the following:
 - a) The purpose of acquiring, demolishing, removing, relocating, repairing, restoring, rehabilitating, or replacing buildings, low- and moderate-income housing, facilities, structures, or other improvements, in accordance with applicable laws, which are within the district, and which have been damaged or destroyed by the disaster, which are unsafe to occupy, or which are required to be acquired, demolished, altered, or removed because of the disaster.
 - b) The purpose of mitigating the risk of a future disaster, including, but not limited to, both of the following:
 - i) Water and energy resource access and availability during emergencies and natural disasters.
 - ii) Undergrounding and hardening of electrical lines and other utilities.

- c) The purpose of supporting economic recovery from a disaster, including but not limited to, all of the following:
 - i) Residential and commercial reconstruction.
 - ii) Affordable housing development, as specified.
 - iii) Prevention of displacement.
 - iv) Low-interest construction loans.
 - v) Capital access programs for small businesses.
 - vi) Workforce development and job training programs.
- 7) Provides that except as specifically provided in this bill, a CRD established pursuant to this bill shall comply with EIFD Law.
- 8) Specifies that a CRD established pursuant to this bill may plan, adopt, and implement an IFP, and the legislative body of the city or county that created it may approve projects in the disaster area even if it is inconsistent with the general plan, and specific plan, if applicable, of the city or county within which the CRD is located.
- 9) Provides that, for a CRD established pursuant to this bill, both of the following shall apply:
 - a) Bond proceeds shall not be used for costs of operations, programs, or providing services of any kind.
 - b) The specified statement required by existing law may be filed with the auditor of each levying county, and the statement and the map or plat shall be filed with each assessor whose roll is used for the levy and with the State Board of Equalization in Sacramento, no later than January 31 of the year in which the assessments or taxes are to be levied.
- 10) Specifies that prior to the termination of the CRD, a city or county may include all or a portion of the CRD within a separate CRD. However, any portion of the CRD included within the separate district shall meet all of the requirements of CRD Law.
- 11) Provides that for the purposes of this bill, “disaster” means a disaster for which the Governor has declared a state of emergency pursuant to the California Emergency Services Act.
- 12) Specifies that this bill is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure the timely restoration of critical infrastructure, uninterrupted delivery of public services, and economic stability, including communities devastated by the January 2025 wildfires in Los Angeles County, and to prevent unnecessary delays in rebuilding critical infrastructure, roads, and essential facilities, it is necessary that this bill take effect immediately.

FISCAL EFFECT: None.

COMMENTS:

- 1) **Los Angeles Fires.** In early January 2025, extremely dry conditions and high winds in Los Angeles resulted in two of the most destructive wildfires in state history. According to a January 31, 2025, *NBC News* article, “The Palisades fire, which started on January 7th, burned a total of 23,448 acres and damaged or destroyed almost 8,000 structures in the Pacific Palisades and Topanga State Park area of west Los Angeles. That same day, other fires also broke out in the greater Los Angeles area: the Eaton and Hughes fires. The Eaton fire consumed 14,021 acres and damaged or destroyed more than 10,000 structures, including significant portions of the unincorporated community of Altadena. The fires destroyed about half of all properties in both Palisades and Altadena and caused the deaths of at least 29 people.

According to a February 21, 2025, *Los Angeles Times* article, “Real estate losses from the Palisades and Eaton fires could top \$30 billion, and government agencies that receive revenue from taxes stand to lose \$61 million or more annually while homes are being rebuilt, a Times analysis shows.

“The analysis, comparing California Department of Forestry and Fire Protection assessments of buildings destroyed and damaged with Los Angeles County assessor parcel records, gives new perspective to the extent of the toll on the two communities. The fires destroyed structures on 56% of all the properties making up the Pacific Palisades. Nearly half of properties in Altadena were destroyed. More than 300 were commercial buildings. Churches, schools and hospitals were also lost. By far, the biggest impact was on homes.

“In all, just under 13,000 households were displaced by the two fires. They came from nearly 9,700 single-family homes and condominiums, almost 700 apartment units, more than 2,000 units of duplexes and bungalow courts and 373 mobile homes that Cal Fire determined were either destroyed or heavily damaged.”

- 2) **Redevelopment.** Article XVI, Section 16 of the California Constitution authorizes the Legislature to provide for the formation of redevelopment agencies (RDAs) to eliminate blight in an area by means of a self-financing schedule that pays for the redevelopment project with tax increment derived from any increase in the assessed value of property within the redevelopment project area (or tax increment). Generally, property tax increment financing involves a local government forming a tax increment financing district to issue bonds and use the bond proceeds to pay project costs within the boundaries of a specified project area. To repay the bonds, the district captures increased property tax revenues that are generated when projects financed by the bonds increase assessed property values within the project area.

To calculate the increased property tax revenues captured by the district, the amount of property tax revenues received by any local government participating in the district is “frozen” at the amount it received from property within a project area prior to the project area’s formation. In future years, as the project area’s assessed valuation grows above the frozen base, the resulting additional property tax revenues — the so-called property tax “increment” revenues — flow to the tax increment financing district instead of other local

governments. After the bonds have been fully repaid using the incremental property tax revenues, the district is dissolved, ending the diversion of tax increment revenues from participating local governments.

Prior to Proposition 13, very few RDAs existed; however, after its passage, RDAs became a source of funding for a variety of local infrastructure activities. Eventually, RDAs were required to set aside 20% of funding generated in a project area to increase the supply of low and moderate income housing in the project areas. At the time RDAs were dissolved, the Controller estimated that statewide, RDAs were obligated to spend \$1 billion on affordable housing. At the time of dissolution, over 400 RDAs statewide were diverting 12% of property taxes, over \$5.6 billion yearly.

In 2011, facing a severe budget shortfall, the Governor proposed eliminating RDAs in order to deliver more property taxes to other local agencies. Ultimately, the Legislature approved and the Governor signed two measures, ABX1 26 (Blumenfield), Chapter 5 and ABX1 27 (Blumenfield), Chapter 6 that together dissolved RDAs as they existed at the time and created a voluntary redevelopment program on a smaller scale. In response, the California Redevelopment Association (CRA) and the League of California Cities, along with other parties, filed suit challenging the two measures. The Supreme Court denied the petition for peremptory writ of mandate with respect to ABX1 26. However, the Court did grant CRA's petition with respect to ABX1 27. As a result, all RDAs were required to dissolve as of February 1, 2012.

- 3) **Disaster RDAs.** Because of their extraordinary powers to generate public capital and manage real estate, redevelopment agencies could speed recovery after disasters. The Community Redevelopment Disaster Project Law allowed local officials to accelerate the adoption of redevelopment plans after declared disasters [AB 189 (Hauser), Chapter 186, Statutes of 1995].

Standard redevelopment law set time limits on redevelopment activities: 20 years to create debt, 30 years for the effectiveness of the redevelopment plan, and 45 years to repay debt with property tax increment revenues. The disaster redevelopment law cut those deadlines to 10 years to create debt, 10 years for the plan's effectiveness, and 30 years to repay debt.

- 4) **Attempts to Replace RDAs.** After the Supreme Court's 2011 Matosantos decision dissolved all RDAs, legislators enacted several measures creating new tax increment financing tools to pay for local economic development. The Legislature authorized the creation of EIFDs [SB 628 (Beall), Chapter 785, Statutes of 2014] quickly followed by CRIAs [AB 2 (Alejo), Chapter 319, Statutes of 2015]. Similar to EIFDs, CRIAs use tax increment financing to fund infrastructure projects. CRIAs may currently only be formed in economically depressed areas.

The Legislature has also authorized the formation of affordable housing authorities (AHAs), which may use tax increment financing exclusively for rehabilitating and constructing affordable housing and also do not require voter approval to issue bonds [AB 1598 (Mullin), Chapter 764, Statutes of 2017]. SB 961 (Allen), Chapter 559, Statutes of 2018, removed the vote requirement for a subset of EIFDs to issue bonds and required these EIFDs to instead solicit public input, and AB 116 (Ting), Chapter 656, Statutes of 2019, removed the voter requirement for any EIFD to issues bonds in favor of a formal protest process. SB 852

(Dodd), Chapter 266, Statutes of 2022, created climate resilience districts (CRDs), which can also utilize tax-increment financing. CRDs were also given the authority to issue general obligation bonds and impose special taxes. While these entities share fundamental similarities with RDAs in terms of using various forms of tax-increment financing, they differ in two significant aspects, 1) not having access to the school's share of property tax increment, and 2) not automatically including the tax increment of other taxing entities.

- 5) **EIFD Governance.** To create an EIFD, the legislative body of a city or county must adopt a resolution of intention to establish the EIFD. The resolution must state a time and place for a hearing on the proposal, the proposed district's boundaries, the types of facilities and development to be financed, the need for the district, the goals the district proposes to achieve, and that incremental property tax revenues may be used to finance the EIFD's activities.

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, they can agree to reduce the district's governing board to one member and one alternate member of each legislative body and a minimum of two public members.

- 6) **EIFD Formation and Plan Adoption.** The city or county must create the PFA at the same time it adopts the resolution of intention. The PFA then provides public notice and directs an official to prepare an IFP. This process requires the PFA to make the draft infrastructure IFP available to the public and to each landowner within the area at least 30 days before noticing the first public meeting. SB 1140 (Caballero), Chapter 599, Statutes of 2024, made a number of changes to EIFD law, including reducing the number of meetings a PFA must hold to consider an EIFD's formation from four to three as follows:

- a) One meeting to present the IFP to the public and answer questions.
- b) One public hearing to consider any written and oral comments and take action to modify or reject the IFP.
- c) If the IFP is not rejected at the first hearing, the PFA must hold a second public hearing where it must hold a protest proceeding to consider IFP adoption.

These meetings must be at least 30 days apart and noticed in an easily identifiable and accessible location on the EIFD's website. The PFA must mail a written notice, within the propose EIFD, of the meeting or public hearing to each landowner, each resident, and each taxing entity at least 10 days before the meeting or public hearing. Before the PFA holds each public meeting or hearing, it must meet certain noticing requirements. All notices must describe the:

- a) EIFD's boundaries.
- b) Purpose of the IFP.
- c) Time, place, and location where people can provide written and oral comments.

To reduce mailing costs, SB 780 (Cortese), Chapter 391, Statutes of 2021, allowed the PFA to consolidate some of the mailing and meeting notice requirements. Under this alternative process, the official responsible mails each landowner, resident, and affected taxing entity a notice at least 40 days prior to the first meeting with: (1) a plan summary, (2) a website where the documents are available, (3) a contact person to receive requests for mailed materials, and, (4) the location and time for the first two public meetings. SB 1140 revised the alternative mailing and noticing process to include all EIFD formation meetings, annual reports, and potential amendments, and required specified information to be included in the notice, as applicable. The PFA must also review the IFP annually and adopt an annual report by June 30 each year, make any amendments to the IFP that are necessary, and prepare an annual independent financial audit.

- 7) **Climate Resilience Districts.** SB 852 (Dodd), Chapter 266, Statutes of 2022, authorized a city, county, city and county, or a combination of these to form a CRD for the purpose of raising and allocating funding for eligible projects to address climate change mitigation, adaptation, or resilience and the operating expenses of these projects. The bill required the agency forming the CRD to adopt a resolution describing the intent, boundaries, projects, and goals for the district, as well as whether it intends to use property tax increment to finance projects. SB 852 also prohibited the agency forming the CRD from enacting a resolution providing for the division of taxes of any participating entity unless it follows the procedures for the preparation and adoption of an IFP in EIFD law.

SB 852 provided that CRDs can only use bond proceeds to finance eligible projects that meet the requirements for capital projects EIFDs can finance and granted CRDs specific powers, and requires each CRD to adopt an annual expenditure plan and operating and capital improvement budget that, adopted after a public hearing, are subject to review and revision at least annually. While SB 852 does not grant CRDs access to a greater share of property tax increment, it did give CRDs substantial new powers that other tax increment financing districts do not have. For example, EIFDs cannot issue general obligation bonds or revenue bonds, or impose special taxes or property-related fees as CRDs can.

SB 852 made the Sonoma County Regional Climate Protection Authority a CRD, which is the only CRD in operation.

- 8) **Bill Summary.** This bill creates a subcategory of CRDs to finance disaster recovery efforts. These districts have the same powers of a CRD, but with several differences. Under existing law, before CRDs can use tax increment financing, they have to go through various meetings and notices. The measure allows a city or county to bypass some of these meeting and notice requirements if a resolution that is adopted to use tax increment financing contains specified information and if the following are met:
- a) District boundaries are limited to areas where disaster damage is so prevalent and substantial that there is a significant reduction in the normal pre-disaster economic or physical usage of an area that cannot reasonably be expected to be reversed or alleviated during the term of the IFP without redevelopment.
 - b) Areas adjacent to the disaster area may be included but those areas must not be more than 20% of the total district area.

- c) The city or county adopts the resolution within two years of the disaster proclamation.

This bill also requires the entity proposing formation of a district to hold two public meetings on the proposal and specifies what must be considered at each meeting, the noticing requirements, and the requirements for the preparation and adoption of an IFP. Lastly, this bill enumerates how a district may use its revenue, including limiting the use of bond proceeds from being used for the cost of operation, programs or providing services.

Los Angeles County is the sponsor of this bill.

- 9) **Author's Statement.** According to the Author, "In January of this year, 14 destructive wildfires – namely the Eaton and Palisades Fire – ravaged the Los Angeles metropolitan region and San Diego County. These fires claimed at least 29 lives, forced over 200,000 residents to evacuate, burned over 57,000 acres of land, and destroyed more than 18,000 homes and structures. The devastation exposed the shortcomings of traditional financing methods – they are often too slow and cumbersome to meet the urgent needs of the communities in crisis.

"That is why I am authoring SB 782, to ensure Los Angeles County can rebuild quickly and effectively. This bill establishes a pathway for creating disaster recovery financing districts to rapidly mobilize resources for repairs, mitigation and resilience-building through a community-based approach. It will help local communities rebuild and promote equitable development in the areas most impacted by disasters. Additionally, it ensures that revenue generated through the financing district is strictly dedicated to economic recovery and workforce development programs. By targeting these investments, this legislation not only accelerates recovery, but it also strengthens a community's ability to face future disasters."

- 10) **Policy Considerations.** The Committee may wish to consider the following:

- a) **Striking the Right Balance.** The lengthy formation process for EIFDs has often been cited as an impediment for some local agencies. It can take up to a year for them to work through the extensive EIFD formation process. As stated by the author, traditional financing methods are often too slow and cumbersome to meet the urgent needs of communities after a disaster. While the Legislature recently streamlined the EIFD formation process with the adoption of SB 1140 last year, SB 1140's impact on the formation process is not yet clear. This bill condenses the meeting and notice requirements further to make it easier for a city or county to establish a CRD (which must adhere to the same requirements as an EIFD), reducing the number of meetings from three to two and forgoing the opportunity for the public to weigh in during a formalized protest process. Is posting a notice on its website and holding two public meetings sufficient to inform the public on the potential CRD's formation? The Committee may wish to consider if this bill strikes the right balance between the need to respond to declared disasters and the ability of the public to provide input.
- b) **Who Holds the Meetings?** Existing law authorizes a city or county, or a combination of those entities, to form a CRD; however, this bill requires the entity proposing formation of the district to hold both required public meetings when considering the establishing the CRD and the adoption of the IFP. As currently drafted, this bill does not account for the scenario of when more than one agency partners to form a CRD. If agencies establish a

CRD together, all participating agencies would be represented on the governing board of the CRD. Should it be the governing board of the CRD that holds the second meeting to consider the adopted of the IFP to ensure all partnering agencies are able to participate? In light of this question, the Committee may wish to consider if additional clarity is needed.

- 11) **Committee Amendments.** In response to policy consideration b), above, the Committee may wish to consider the following amendments:

62313(b)(1) The ~~entity~~ city or county proposing formation of the district shall hold ~~two a~~ public meetings ~~on the proposal. The first public meeting shall be~~ to consider the resolution of intention to establish the district.

(2) The governing board of the district shall hold a public meeting ~~The second public meeting shall be~~ to consider the adoption of the infrastructure financing plan.

(c) The ~~entity~~ city or county proposing formation of the district shall post notice of ~~each the~~ meeting described in Paragraph (1) of subdivision (b) required by this section in an easily identifiable and accessible location on the ~~district's~~ local agency's internet website at least 10 days before the meeting. The notice shall do all of the following:

- (1) Describe specifically the boundaries of the proposed area.
- (2) Describe the purpose of the infrastructure financing plan.
- (3) State the day, hour, and place when and where the public can inspect documents related to the district.

(d) The governing board of the district shall post notice of the meeting described in Paragraph (2) of subdivision (b) in an easily identifiable and accessible location on the district's internet website at least 10 days before the meeting. The notice shall do all of the following:

- (1) Describe specifically the boundaries of the proposed area.
- (2) Describe the purpose of the infrastructure financing plan.
- (3) State the day, hour, and place when and where the public can inspect documents related to the district.

- 12) **Technical Amendments.** The Committee may wish to consider the following technical and conforming amendments:

- a) Page 2, Line 1: SECTION 1. Section 62313 is added to the Government Code, immediately following Section 62312
- b) Page 4, Line 6: use taxes to be allocated to the ~~enhanced infrastructure financing~~
- c) Page 4, Line 30: least 30 days before the ~~second~~ district's public meeting. The designated
- d) Page 5, Line 12: emergencies and natural disasters.
- e) Page 5, lines 26-27: of ~~Chapter 2.99 (commencing with Section 53398.50) of Part 1 of line 27 Division 2 of Title 5~~ this division.

- 13) **Related Legislation.** AB 417 (Carrillo) makes numerous changes to EIFD law and CRIA law. AB 417 is currently on the Senate Floor.

SB 5 (Cabaldon) prohibits EIFDs and CRIAs from including taxes levied upon parcels enrolled in a Williamson Act or farmland security zone contract. SB 5 is currently in this committee

SB 516 (Ashby) enacts the California Capital City Downtown Revitalization Act, which creates a new type of EIFD specific to Downtown Sacramento. SB 516 is currently in this committee.

SB 549 (Allen) removes the authority for a subset of EIFDs to receive sales and use tax revenue and authorizes Los Angeles County to establish a Resilient Rebuilding Authority. SB 549 is currently in this committee.

- 14) **Arguments in Support.** According to the sponsor, Los Angeles County, “In the wake of the January 2025 wildfires—which destroyed over 18,000 structures, claimed 29 lives, and displaced hundreds of thousands—SB 782 offers a streamlined, community-driven path to recovery. By allowing jurisdictions to define disaster zones, dedicate local tax revenues, and accelerate rebuilding through emergency procurement and expedited approvals, this bill equips local governments with the tools to respond swiftly and effectively.

“SB 782 will support housing, infrastructure, risk mitigation, small business recovery, and workforce development—ensuring communities like Los Angeles County can rebuild stronger and more resilient.”

- 15) **Arguments in Opposition.** According to California (un)Incorporated, “Unfortunately, SB782 works against local control for unincorporated communities like Altadena because it:

- Was devised without community consultation and education,
- Creates a new and largely unaccountable bureaucracy - yet another top-down governing body that keeps the community at arm’s length from decisions involving its own future,
- Vests power in the hands of an outside, non-resident organization - an aspect of the municipal incorporation provisions of the Cortese-Knox-Hertzberg Act for which we seek reform, and
- Works against the community-driven rebuilding effort envisioned by AB797, already approved by the state Assembly, which would provide an innovative mechanism to guide and transform local economic development in addition to disaster response

“We believe the residents and businesses of unincorporated communities deserve the same rights and privileges held by residents and businesses of incorporated municipalities. Altadena, Pasadena and Sierra Madre are all resilient, closely-knit communities. They all suffered harm from the Eaton Fire. Being cities, both Pasadena and Sierra Madre are entrusted with leadership to rebuild their damaged neighborhoods. But Altadena, being unincorporated, does not have a Mayor and City Council. Altadena’s future must rely on the kindness of people and institutions who are not part of the community fabric. That is a strategy for ineffectiveness. SB782 would continue the state’s unfair and undemocratic treatment of Californians whose voices, needs and hopes are often overlooked because their communities are unincorporated.”

REGISTERED SUPPORT / OPPOSITION:

Support

Los Angeles County [SPONSOR]
California Democratic Party Rural Caucus

Opposition

California (un)Incorporated
Sustainable Community Development Corporation

Analysis Prepared by: Jimmy MacDonald / L. GOV. / (916) 319-3958