

**Metropolitan Transportation Commission and Association of Bay Area Governments
Joint MTC ABAG Legislation Committee**

June 14, 2024

Agenda Item 3b

Assembly Bill 2813 (Aguiar-Curry): Government Investment Act

Subject:

Implementing legislation for the 55 percent vote threshold constitutional amendment; adds local accountability requirements and makes other changes.

Background:

Last year, the state Legislature placed Assembly Constitutional Amendment (ACA) 1 (Aguiar-Curry) on the November 2024 statewide ballot. If approved by voters, the measure would allow local/regional bonds and special taxes for housing and public infrastructure to pass with a 55 percent vote instead of the current two-thirds. The Legislature moved ACA 1 through the legislative process with unusual speed, so the author committed to coming back in 2024 with an implementation bill that would flesh out ACA 1's accountability provisions along with making other clarifying amendments. MTC and ABAG supported ACA 1 and dedicated significant staff time to securing its passage. MTC and ABAG also identified several important technical refinements that would be needed to ensure compatibility with the Bay Area Housing Finance Authority's (BAHFA) planned 2024 housing bond. Assembly Bill (AB) 2813 is the vehicle for those implementation amendments. Among other provisions, the bill:

- 1) Establishes various requirements applicable to citizen oversight committees, which are required by ACA 1.
- 2) Requires all funded projects to have a useful life of at least 15 years, excepting public safety related buildings and equipment, which must have a five-year useful life.
- 3) Requires the State Auditor to review an unspecified percentage of the performance and financial audits that must be conducted under ACA 1.
- 4) Defines various terms used in ACA 1, as requested by MTC and ABAG.

Recommendation:

Support and seek amendments / ABAG Executive Board Approval

Support and seek amendments / Commission Approval

Discussion:

If approved by voters, ACA 1 (or a replacement ACA) and AB 2813 will comprise the legal parameters for local 55 percent vote threshold measures for housing and public infrastructure.

The constitutional amendment sets the broad framework and AB 2813 fills in details that more appropriately belong in statute, where they can be modified from time to time by the Legislature to reflect evolving practice and policy. This is a common approach in California.

Consistent with Item 3A of MTC-ABAG’s 2024 Advocacy Program, staff has been working with partners and the author’s office to ensure AB 2813 aligns with BAHFA’s business plan and draft ballot measure. The author has accepted one amendment we requested and indicated openness to additional changes. Based on these productive conversations, staff recommends supporting AB 2813 and seeking friendly amendments to: 1) Modify the “useful life” provision to align with federal regulations governing municipal bonds. Specifically, in place of the 15-year standard in the bill, we would seek to apply the federal requirement that the average maturity of the bonds does not exceed 120% of the average useful life of funded projects, and 2) Clarify that restrictions on use of bond proceeds applies only to the proceeds, not to future programs BAHFA may fund with loan repayments.

Known Positions:

Support


California Professional Firefighters

Oppose

None known

Attachments:

None



Andrew B. Fremier