

# CLIENT NEWS BRIEF

## Assembly Bill 6: A Cure for AB 195, But Too Late?

As previously reported, effective January 1, 2018, Assembly Bill (AB) 195 requires summary statements for all local ballot measures that impose or raise a tax to include the amount of money the tax will raise annually and the rate and duration of the tax to be levied. ([See 2017 Client News Brief No. 82.](#))

In addition to eating into the 75-word limit for summary statements, the new law poses compliance challenges specific to general obligation bonds, which are subject to market forces that can make both the rate and duration of the resulting tax impossible to predict.

In response to criticism of AB 195, two proposed remedies have been introduced: Senate Bill (SB) 863, and now AB 6. SB 863 would suspend AB 195 requirements for bond measures for two years, but appears to have stalled.

The newcomer, AB 6, would require that, instead of the additional information required by AB 195, bond measures include estimates in the summary statement of (1) the best estimate from official sources of the average annual tax rate that would be required to be levied to fund that bond issue over the entire duration of the bond debt service, based on assessed valuations available at the time of the election or a projection based on experience within the same jurisdiction or other demonstrable factors; and (2) the final fiscal year in which the tax is anticipated to be collected.

The new requirements of AB 6 mirror information already required to be provided to voters in the tax rate statement by section 9401, subdivision (a)(1) of the Elections Code. AB 6, an urgency statute, would take effect immediately. However, the Legislature has adjourned for summer recess and will not convene again until August 6, which is four days before the last day some public agencies may order a general obligation bond measure election, including school districts. The potential for a last-minute or late action by the Legislature is causing uncertainty for county officials, who may have little to no time to prepare conforming changes to ballots for November bond measures already ordered by public agencies. Public agencies will need to work closely with their bond counsel and consultants to address the issues raised by AB 195, AB 6, and any other bill which may affect bond measures headed for the November ballot.

As bond counsel on more than \$1 billion in public agency bond issues, Lozano Smith has expertise in public finance matters. Lozano Smith provides bond and special financing counsel services and advice to California public agencies. Lozano Smith is currently conducting bond workshops across the state, covering topics that include:

- Elections: Timelines and Requirements
- Bonds: Types, Validity and Tax Treatment
- Roles and Responsibilities: Committees, Consultants and Counsel

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- Disclosure and Record-Keeping: Regulations and Legal Considerations
- Statewide Bond: Matching and Impact

If you have any questions regarding the applicability of AB 195 or AB 6 to your measures, compliance with laws, or about navigating a future bond campaign, please contact the authors of this Client News Brief or an attorney at one of our [eight offices](#) located statewide. You can also visit our [website](#), follow us on [Facebook](#) or [Twitter](#) or download our [Client News Brief App](#).

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