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Reclamation Districts May Levy Assessments on School Districts.

Reclamation District No. 17 (“Reclamation District”) is a special district that maintains levees and provides flood protection benefits to San Joaquin County. Each year, the Reclamation District imposes assessments on the properties within its boundaries for these special benefits. The Manteca Unified School District (“School District”) owns real property within the Reclamation District’s boundaries.

In 2008, the Reclamation District determined it needed to construct a new levee seepage project requiring an increased operation and maintenance assessment. The Reclamation District held an assessment ballot proceeding in which landowners could cast their votes on an increased assessment to fund the levee seepage project. The proposed assessment was approved by nearly 70% of the vote. The School District participated in the ballot proceeding and voted in favor of the assessment. The School District subsequently paid its annual assessment billings for the next three years.

In 2011, the School District filed a lawsuit challenging the authority of the Reclamation District to assess school property. The School District argued that Water Code Section 51200 (“Section 51200”) exempts public school districts from assessments. Section 51200, which was adopted by the Legislature in 1951, provides: “The assessments levied by a [reclamation] district shall include all lands and rights of way within the district . . . other than public roads, highways, and school districts.”

The Reclamation District argued that the statutory exemption provided in Section 51200 is subject to Proposition 218. Proposition 218, which was approved by voters in 1996, amended the California Constitution to provide: “Parcels within a district . . . shall not be exempted from an assessment unless an agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.” (Cal. Const., art. XIII D, § 4, subd. (a).) Because the School District acknowledged it receives a special benefit from the Reclamation District’s services, the Reclamation District argued the assessments are valid.

The trial court rejected the Reclamation District’s arguments and entered a judgment in favor of the School District. The trial court agreed with the School District that the assessment authority of reclamation districts is set forth in Section 51200 and that authority does not presently include, and did not at the time voters passed Proposition 218 include, the authority to assess public school districts.

The Reclamation District appealed and the Court of Appeal reversed. The Court of Appeal discussed the interplay between Proposition 218 and Section 51200 and concluded that Proposition 218 “supersedes section 51200 in both time and stature.” The Court explained “[t]he effect of [Proposition 218] is to render a school district subject to assessments that apply to other entities unless the district can demonstrate it receives no special benefit.” Thus, the assessment was proper.

Manteca Unified School District v. Reclamation District No. 17 (2017) 10 Cal.App.5th 730.

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