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OPINION	:	No. 80-113
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of	:	<u>March 27, 1980</u>
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SUBJECT: DISTRICT TAX RATE—The requirement of section 307 of the Metropolitan Water District Act, which provides that upon the fixing of the tax rate by a district if any fraction of a cent results, the rate is to be taken as a full cent for each one hundred dollars assessed valuation, applies not only to the district's general operating purposes tax but also to its supplementary tax levied to meet debt service as required by section 308 of the Act.

The Honorable Newton R. Russell, Senator, Twenty-First District, has requested an opinion on the following question:

Does the requirement of section 307 of the Metropolitan Water District Act which provides that upon the fixing of the tax rate by a district if any fraction of a cent results, the rate is to be taken as a full cent for each one hundred dollars assessed valuation apply to all taxes levied by a district or only to the general operating purposes tax of the district?

CONCLUSION

The requirement of section 307 of the Metropolitan Water District Act, which provides that upon the fixing of the tax rate by a district if any fraction of a cent results, the rate is to be taken as a full cent for each one hundred dollars assessed valuation, applies not only to the district's general operating purposes tax but also to its supplementary tax levied to meet debt service as required by section 308 of the Act. The requirement of section 307, however, does not apply to a tax levied by a district to raise money to provide for payments under a state water contract pursuant to Water Code section 11652.

ANALYSIS

The Metropolitan Water District of Southern California (hereinafter "MWD") was organized under the Metropolitan Water District Act (Stats. 1927, ch. 429) (hereinafter "1927 Act"). The 1927 Act was repealed in 1969 and reenacted. (Stats. 1969, ch. 209; hereinafter "1969 Act.")¹ Section 307 of the 1969 Act, relating to the taxing procedures to be employed by MWD provides:

"On or before the 20th day of August the board shall by resolution determine the amount of money necessary to be raised by taxation during the fiscal year beginning the first day of July next preceding for all district and shall fix rates of taxation designating the number of cents upon each one hundred dollars (\$100) assessed valuation of property taxable by the district in each county (*but if any fraction of a cent occur, a must be taken as a full cent on each one hundred dollars (\$100 assessed valuation of such taxable property)*) and shall levy a tax accordingly." (Emphasis added.)

The emphasized language is the so-called "full cent" requirement applicable to MWD or any district organized under the 1969 Act. The question presented is whether the full cent requirement applies only to MWD's general purpose tax, which is limited to five cents per one hundred dollars assessed valuation (1969 Act, § 124) or is also applicable to other taxes levied for bonded debt service (1969 Act, § 308) and particularly for payments under MWD's state water contract as authorized and required by Water Code section 11652.² The

¹ The 1927 Act as amended through 1967 may be found in West's Water Code—Appendix chapter 35 or Deering's Water Code—Uncodified Acts, Part 4, Act 9129. The 1969 Act is also found in West's Water Code—Appendix chapter 109 and Deering's Water Code—Uncodified Acts, Part 4, Act 9129b.

² We understand that since the adoption of California Constitution, article XIII A MWD has not adopted any general purpose tax levies, that is a tax levy subject to the five cent per one hundred dollars assessed valuation limitation contained in section 124. Authority to levy such tax would,

significance of the question is demonstrated by the fact that MWD has an assessed valuation tax base of over \$64 billion. Thus, a tax of one cent per one hundred dollars of assessed valuation equals over \$6.4 million. The full cent requirement, if applicable, results in MWD collecting a substantial surplus or else too little each year for its debt and contract obligations.

Our review of the somewhat tortuous history of the full cent requirement leads us to conclude that it is applicable to all taxes levied by MWD pursuant to the 1969 Act. The state water contract taxing provision of Water Code section 11652, however, being a special act in this context, prevails over the more general taxing provisions of the 1969 Act, and we thus conclude that the full cent requirement is not applicable to those levies.

1. The 1927 Act

As initially enacted, section 5 of the 1927 Act set forth certain powers granted to a municipal water district (hereinafter a “district”). Subdivision (8) provided in part:

“Any district incorporated as herein provided shall have power:

“ . . .

“(8) To levy and collect taxes for the purposes of carrying on the operations and paying the obligations of the district; *provided, however*, that such tax levied under this section exclusive of any tax levied to meet the bonded indebtedness of such district and the interest thereon shall not exceed five cents on each such one hundred dollars of assessed valuation;”

This subdivision was amended several times to add several additional exclusions from the

of course, be superseded by Revenue and Taxation Code, section 2237.

We express no opinion herein as to which, if any, levies made pursuant to section 308 for bonded indebtedness service would qualify for the voter approved indebtedness exemption of section 1 (b) of article XIII A to the property tax limitations of section 1 (a) of that article and Revenue and Taxation Code section 2237. We have assumed, without deciding, that tax levies by MWD made pursuant to Water Code section 11652 in order to make payments on its state water contract are exempt under section 1(b) of California Constitution, article XIII A from the property tax limitations of section 1(a) and Revenue and Taxation Code, section 2237. (See 61 Ops. Cal. Atty. Gen. 373 (1978).)

Finally, no question is presented as to whether the full cent requirement supersedes the five cent per hundred dollars assessed valuation limitation of section 124. We are informed that in fact where MWD did levy a general purposes tax, it never attempted to invoke the full cent provisions to in effect raise the general purpose tax to six cents.

five cent tax limitation.³ The basic operating limitation of five cents per hundred dollars, however, remained, as it does today.

Section 8 of the 1927 Act contained the taxing procedures for a district. As initially enacted, there were two alternative procedures available to the district. The first, contained in subdivisions (b) through (e) of section 8 directed the setting of a tax rate after the board of directors determined the amount of money necessary to be raised by taxation for the fiscal year. This total amount was divided among cities constituting the district. Each city had the option of paying its share or part thereof out of municipal funds. Any portion not so paid would then be collected for the district by the county in which the city is located. (1927 Act, § 8(k).) For purposes of this discussion, the two pertinent subdivisions of section 8 read:

“(b) On or before the twentieth day of August, the board of directors of the district shall by resolution determine the amount of money necessary to be raised by taxation during the ensuing fiscal year, and shall fix the rate of taxation of the district, designating the number of cents upon each one hundred dollars assessed valuation of taxable property in each county and shall levy a tax accordingly.”

(e) Before the first day of September, the controller of the district shall cause to be prepared and transmitted to the auditor of each county in which the district shall lie, a statement showing the tax rate to be applied to assessed property in each city, which rate shall be the rate fixed by resolution of the board of directors modified to the extent necessary to produce from each city only the amount of money apportioned thereto in said resolution, less any

³ As amended by Statutes 1967, chapter 34, subdivision (B) of section 5 in pertinent part read:

“(8) To levy and collect taxes for the purposes of carrying on the operations and paying the obligations of the district; provided, however, that such taxes levied under this section exclusive of any tax levied to meet the bonded indebtedness of such district and the interest thereon and exclusive of any tax levied to meet any obligation to the United States of America or to any board, department or agency thereof, shall not exceed five cents (\$0.05) on each such one hundred dollars (\$100) of assessed valuation (the term ‘tax levied to meet the bonded indebtedness of such district and the interest thereon’ as used in this section shall also include, but shall not be limited to, (a) any tax levied pursuant to Section 7.4 of this act to pay the principal of or interest on bond anticipation notes and (b) any tax levied under the provisions of any resolution or ordinance providing for the issuance of bonds of the district to pay, as the same shall become due, the principal of any term bonds which under the provisions of said resolution or ordinance are to be paid and retired by call or purchase before maturity with moneys set aside for that purpose;)”

amount paid or undertaken to be paid by such city, or credited thereto as herein provided, *but if any fraction of a cent occur, it must be taken as a full cent on each one hundred dollars.*” (Emphasis added.)

The alternative tax levy method was contained in subdivisions (f) through (j) of section 8 and essentially provided a mechanism whereby cities and property owners could protest an apportionment, between the cities comprising the district of the total amount of money the district determined it would need from taxation for district purposes for the fiscal year. Of the amount finally apportioned to each city, the city had the option of paying part or all from municipal funds with the remainder to be collected by the county with its general tax collection. Subdivision (j) provided:

“(j) On or before the fifteenth day of August of each year, it shall be competent for any city within any metropolitan water district incorporated hereunder to file with the controller of the district a copy of its ordinance duly certified electing to pay at a time or times therein set out the amount or any part or percentage thereof which would otherwise be raised by taxes levied upon property within the city as such amount shall be determined. Such ordinance shall be presented to the board of directors at the time of said hearing and if approved by the board the rate of taxation for district purposes in the city filing such ordinance shall be so fixed that the aggregate of moneys derived from payments to be made pursuant to such ordinance and the money to be derived from taxation of property within such city for district purposes shall not exceed the amount finally apportioned thereto as herein provided *but if any fraction of a cent occur, it must be taken as a full cent on each one hundred dollars.*” (Emphasis added.)

In 1929 subdivision (b) of section 8 was amended to make it clear that the rate of taxation was to apply to amounts required for debt service as well as for general district purposes (Stats. 1929, ch. 796; § 3):

“(b) On or before the twentieth day of August the board of directors of the district shall by resolution determine the amount of money necessary to be raised by taxation during the fiscal year beginning the first day of July next preceding and shall fix the rate of taxation of the district, designating the number of cents upon each one hundred dollars assessed valuation of taxable property in each county and shall levy a tax accordingly:

“(1) Sufficient to meet interest and sinking fund requirements on all outstanding bonded indebtedness of said district; and

“(2) For all other district purposes.”⁴

The full cent requirement of subdivisions (e) and (j), however, was not changed. As of that time, then, the full cent requirement, when finally applied on a city by city basis, clearly applied to the general operating levy (five cent maximum) and debt service levies.

The Legislature in 1931 abolished the alternate tax procedure found in subdivisions (f) through (j) of section 8. (Stats. 1931, ch. 323, § 6.) The full cent provision of subdivision (e) remained applicable to the net taxes payable by each city after deduction of any in lieu payments by the city. (The new subdivision (h) made it clear that in lieu payments were for a public purpose and set forth the procedure for calculating such amounts and providing credits to the cities.)

Finally, in 1947, the Legislature moved the full cent provision from subdivision (e) to subdivision (b) of section 8, which then read:

“(b) On or before the twentieth day of August the board of directors of the district shall by resolution determine the amount of money necessary to be raised by taxation during the fiscal year beginning the first day of July next preceding and shall fix the rate of taxation of the district, designating the number of cents upon each one hundred dollars (\$100) assessed valuation of taxable property in each county (*but if any fraction of a cent occur, it must be taken as a full cent on each one hundred dollars (\$100) assessed valuation of such taxable property*) and shall levy a tax accordingly:

⁴ ‘In 1933 and 1937 paragraph (1) of subdivision (b) of section 8 was again expanded to read (after 1937):

“(1) Sufficient, when taken with other revenues available for the purpose, to meet interest and sinking fund requirements on all outstanding bonded indebtedness of said district: and sufficient, when taken with other revenues available for the purpose, to meet the payment of the principal and interest on any refunding bonds, or on any bonds the issuance of which may have not been authorized by the electors, and which bonds have been sold but which, in the judgment of the board of directors, will be sold prior to the time when money will be available from the next subsequent tax levy, and in case such bonds are not so issued and sold or such tax for any other reason is not required for said purpose, the tax so levied shall be applied to the payment of interest and/or principal on any refunding bonds, or on any bonds authorized by the electors, then outstanding or subsequently issued and/or sold: and

“. . . (Stats. 1933, ch. 507, § 4; Stats. 1937, ch. 140, § 5.)

The full cent provision remained unchanged in subdivision (e) of section 8.

“(1) Sufficient, when taken with other revenues available for the purpose, to meet interest and sinking fund requirements on all outstanding bonded indebtedness of said district; and sufficient, when taken with other revenues available for the purpose, to meet the payment of the principal and interest on any refunding bonds, or on any bonds the issuance of which may have been authorized by the electors, and which bonds have not been sold but which, in the judgment of the board of directors, will be sold prior to the time when money will be available from the next subsequent tax levy, and in case such bonds are not so issued and so levied shall be applied to the payment of interest and/or principal on any refunding bonds, or on any bonds authorized by the electors, then outstanding or subsequently issued and/or sold; and

(2) For all other district purposes.” (Emphasis added.)

Subdivision (b) then remained substantially in this forms⁵ until the repeal of the 1927 Act in 1969.

Finally, there is one other section of the 1927 Act of some relevance to this discussion. Section 7 of the 1927 Act set forth the procedure for issuing bonds pursuant to the authorization to borrow money and issue bonds contained in subdivision (7) of section 5, the basic powers section.⁶ Subdivision (j) of section 7 provided:

“(j) The board of directors of the metropolitan water district shall *at the time of fixing the tax levy and in the manner for such tax levy provided*, levy and collect annually until said bonds are paid or until there shall be a sum in the treasury of the district set apart for that purpose sufficient to meet all sums coming due for principal and interest on such bonds, a tax sufficient to pay the annual interest on such bonds, and also such part of the principal

⁵ Statutes 1967, chapter 34, section 4 inserted a comma after the word “principal” and after the word “interest” in the second line of subdivision (b) (1) and struck the word “outstanding” in the next line.

⁶ As enacted in 1927, subdivision (7) of section 5 provided:

“(7) To borrow money and incur indebtedness and to issue bonds or other evidence of such indebtedness; *provided, however*, that no district incorporated hereunder shall incur indebtedness which, in the aggregate, shall exceed fifteen (15) per cent of the assessed valuation of all the taxable property included within the district, as shown by the assessment records of the county or counties, excepting property subject to taxation for state purposes under the provisions of section 14 of article XIII of the constitution of the State of California.”

thereof as shall become due before the time when money will be available from the next general tax levy; *provided, however*, that if the maturity of the indebtedness created by the issue of bonds be made to begin more than one year after the date of the issuance of such bonds, such tax shall be levied and collected at the time and in the manner aforesaid annually sufficient to pay the interest on such indebtedness as it falls due and also to constitute a sinking fund for the payment of principal thereof on or before maturity. *The taxes herein required to be levied and collected shall be in addition to all other taxes levied for district purposes and shall be collected at the time and in the same manner as other district taxes are collected and shall be used for no purpose other than the payment of such bonds and accruing interest.*” (Emphasis added.)⁷

It is our conclusion that this taxation requirement, by the “at the time and in the same manner language, incorporated the tax procedure of section 8 of the 1927 Act. Thus, as of 1969, it appears clear that the full cent requirement of section 8(b) was applicable to tax rates set for bonded indebtedness as well as the basic tax rate for general operations of the district. We will discuss the relationship of this section to state water contract payments under Water Code section 11652 below.

2. The 1969 Act

The Legislature in 1969 repealed the 1927 Act (Stats. 1969, ch. 209, § 550) and reenacted the Metropolitan Water District Act. Section 16 of the 1969 Act provides:

“The provisions of this act, insofar as they are substantially the same as the provisions of the Metropolitan Water District Act (Chapter 429,

⁷ At the time of the repeal of the 1927 Act, section 7(j) read:

“(j) If from any cause, the revenues of the district shall be inadequate to pay the interest or principal of any bonded debt as the same becomes due, the board of directors shall, at the time of fixing the tax levy and in the manner for such tax levy provided, levy and collect annually until said bonds are paid or until there shall be a sum in the treasury of the district set apart for that purpose sufficient to meet all sums coming due for principal and interest on such bonds, a tax sufficient to pay the annual interest on such bonds and such part of the principal of such bonds as shall become due before the time when money will be available from the next general tax levy, or such portion thereof as shall not be met from previous levies or other revenues of the district. The taxes herein required to be levied and collected shall be in addition to all other taxes levied for district purposes and shall be collected at the time and in the same manner as other district taxes are collected and shall be used for no purpose other than the payment of such bonds and accruing interest.”

Statutes of 1927), shall be construed as restatements and continuations of said act and not as new enactments, it being the intention of the Legislature, by this act, to repeal and reenact the provisions of said act without making any substantive changes therein.”

Chapter 441 of Statutes of 1969 made numerous changes in this new Act. As so amended, section 124 of the 1969 Act provides basic taxing authority for the district as follows:

“A district may levy and collect taxes on all property within the district for the purposes of carrying on the operations and paying the obligations of the district, except that such taxes, exclusive of any tax levied to meet the bonded indebtedness of such district and the interest thereon, exclusive of any tax levied to meet any obligation to the United States of America or to any board, department or agency thereof, and exclusive of any tax levied to meet any obligation to the state pursuant to Section 11652 of the Water Code, shall not exceed five cents (\$0.05) on each such one hundred dollars (\$100) of assessed valuation. The term ‘tax levied to meet the bonded indebtedness of such district and the interest therein’ as used in this section shall also include, but shall not be limited to, any tax levied pursuant to Section 287 to pay the principal of, or interest on, bond anticipation notes and any tax levied under the provisions of any resolution or ordinance providing for the issuance of bonds of the district to pay, as the same shall become due, the principal of any term bonds which under the provisions of such resolution or ordinance are to be paid and retired by call or purchase before maturity with moneys set aside for that purpose.

A comparison with the last form of section 5(8) of the 1927 Act (n. 3, *supra*) shows that section 124 is essentially the same tax authorization provision with the exception of the addition of an exclusion from the five cent tax rate limitation for taxes levied to pay for state water contract obligations pursuant to Water Code section 11652.

The tax procedures in the 1969 Act are contained in part 6 of the Act, commencing with section 305.

Section 307, quoted at the-outset of this analysis,⁸ is essentially section 8(b) up to paragraph

⁸ As enacted by chapter 209 of Statutes of 1969, section 307 read:

“On or before the 20th day of August the board shall by resolution determine the amount of money necessary to be raised by taxation during the fiscal year beginning the first day of July next preceding for all district purposes and shall fix rates of taxation of the district, designating the number of cents, upon each one hundred dollars (\$100)

I of section 8(b) and it includes the full cent requirement.

As enacted by chapter 209, section 308 of the 1969 Act provided:

“The tax levied pursuant to Section 307 shall, in addition to all other district purposes, be sufficient, when taken with other revenues available for such purpose to meet interest, principal and sinking fund requirements on all bonded indebtedness, including refunding bonds, of the district and to meet the payment of the principal and interest on any bonds the issuance of which has been authorized by the electors and which have not been sold but which, in the judgment of the board, will be sold prior to the time when money will be available from the next subsequent tax levy. In case such authorized bonds are not so issued and sold or such tax for any other reason is not required for such latter purpose, any tax so levied shall be applied to the payment of interest or principal, or both, on any refunding bonds or on any bonds authorized by the electors, then outstanding or subsequently issued.”

This section essentially combines and restates former paragraphs (1) and (2) of subdivision (b) of section 8 of the 1927 Act. Also contained in the initial enactment of the 1969 Act was section 230, a portion of part 5, the bond procedures:

“If from any cause the revenues of the district shall be inadequate to pay the interest or principal of any bonded debt at such time as it becomes due, the board shall, at the time of fixing the tax levy and in the same manner provided for such tax levy, levy and collect annually until the bonds are paid or until there shall be a sum in the treasury of the district set apart for that purpose sufficient to meet all sums coming due for principal and interest on such bonds, a tax sufficient to pay the annual interest on such bonds and such part of the principal of the bonds as shall become due before the time when money will be available from the next general tax levy, or such portion thereof as shall not be met from previous levies or other revenues of the district. Such taxes shall be in addition to all other taxes levied for district purposes and shall be collected at the time and in the same manner as other district taxes are collected and shall be used for no purposes other than the payment of such bonds and accruing interest.”

assessed valuation of taxable property in each county (but if any fraction of a cent occur, it must be taken as a full cent on each one hundred dollars (\$100) assessed valuation of such taxable property) and shall levy a tax accordingly”

Statutes 1969, chapter 441, section 56 amended section 307 to read as set forth at the outset of this analysis.

This is clearly a restatement of section 7(j) of the 1927 Act, which we previously concluded subjected this bond tax levy to the full cent rule of section 8(b). As of the moment of adoption of chapter 209, Statutes of 1969, then, we would likewise conclude that the full cent provision of section 307 would apply to bonded indebtedness tax levies through sections 308 and 230.

Section 33 of chapter 441 of Statutes of 1969, however, repealed section 230, and amended its provisions into section 308, so that section then (as it does now) read:

“If from any cause the income and revenues of the district shall be inadequate to pay the interest or principal (including sinking fund requirements, if any) of any bonds issued under Chapters 1, 2 and 3 of Part 5, except bonds payable only out of income derived from special taxes levied and collected pursuant to annexation proceedings pursuant to Articles 1, 2, 3, and 6 of Chapter 1 of Part 7, as the same become due, the board shall, *at the time of fixing the tax levy, pursuant to Section 307, and in the same manner provided for such tax levy*, levy and collect annually until such bonds shall be paid or until there shall be a sum in the treasury of the district set apart for such purposes sufficient to meet all sums coming due for such interest or principal, a tax, in addition to all other taxes levied for district purposes, sufficient to pay the annual interest on such bonds and such part of the principal as shall become due before the time when money will be available from the next general tax levy, or such portion thereof as shall not be met from previous levies or other revenues of the district. Taxes so levied and collected shall be used for no purpose other than the payment of such interest or principal, except that in case a tax is levied, as above stated, for any authorized but unsold bonds, and such bonds are not so issued and sold or such tax for any other reason is not required for such purpose, the proceeds from the tax levied shall be applied to the payment of interest or principal, on any bonds authorized by the electors then outstanding or subsequently issued. In addition to the foregoing, taxes shall also be levied to meet the requirement of any resolution adopted pursuant to Section 288.” (Emphasis added.)

The question IS thus raised as to whether by this change the Legislature intended bonded indebtedness tax levies made pursuant to section 308 to be exempt from the full cent requirement of section 307. We think not for three reasons. First, as we previously noted the “at the time of fixing the tax levy” and “in the same manner language of former section 7(j), now contained in section 308 compels a conclusion that the procedural full cent requirement does apply. Indeed, the language of section 308 is even more compelling: “. .

. at the time of fixing the tax levy, pursuant to Section 307, and in the same manner provided for such tax levy.”

Secondly, the language of section 307 directs the district board to determine the amount of money necessary to be raised by taxation . . . *for all district purposes* and . . . [to] fix rates of taxation” It is these rates which are then subject to the full cent rule adjustment. “All district purposes,” in our judgment, Includes taxes levied to service bonded indebtedness.

Finally, we are informed that MWD has in fact for many years been applying the full cent rule to its bonded indebtedness tax levies. A long standing practice of an agency charged with the administration of laws is persuasive as to their meaning. (*Richfield Oil Corp. v. Crawford* (1952) 39 Cal. 2d 729–736; *County of Los Angeles v. Frisbie* (1942) 19 Cal. 2d 634, 643–644.) We conclude, therefore, that the full cent requirement of section 307 of the 1969 Act is applicable to levies made pursuant to section 308.⁹

3. State Water Contract Payments

As part of the Central Valley Project (Wat. Code, § 11100 *et seq.*), the Water Code contains provisions for contracts with state agencies for the furnishing of water and other services. (Wat. Code, § 11650 *et seq.*) MWD has entered into such a contract with the state. Water Code section 11652 provides:

“The governing body shall, whenever necessary, levy upon all property in the state agency not exempt from taxation, a tax or assessment sufficient to provide for all payments under the contract then due or to become due within the then current fiscal year or within the following fiscal year before the time when money will be available from the next general tax levy.”

The issue presented is whether a tax levied by MWD pursuant to the authorization and direction of Water Code section 11652 is subject to the full cent requirement of section 307 of the 1969 Act. At first blush one might conclude that although state water contract payments may not be included in the bonded indebtedness tax levy provisions of section

⁹ As noted earlier, this conclusion will result in MWD collecting too much or too little each year for bonded indebtedness service for that fiscal year. The Supreme Court has noted, however, that the MWD is:

“ . . . a public instrumentality of legislative creation whose powers and duties may be enlarged, restricted or abolished at the will of the Legislature,” (*Metropolitan Water Dist. v. Whitsett* (1932) 215 Cal. 400, 407.)

308, they are included within the language of “for all district purposes” of section 307 and thus subject to the full cent requirement.

We noted above that section 124 of the 1969 Act, the former tax authorization provisions of section 5(8) of the 1927 Act, contained a specific exemption from the five cent per one hundred dollar assessed valuation tax ceiling for “. . . any tax levied to meet any obligation to the state pursuant to Section 11652 of the Water Code” Water Code section 11652 is, of course, direct authority to levy such tax. In *Metropolitan Water Dist. v. Marquardt* (1963) 59 Cal. 2d 159, the Supreme Court ruled on many challenges to the MWD contract for delivery to MWD of water from the facilities of the state water resources development system, including the validity of the California Water Resources Development Bond Act. (Wat. Code, § 12930 *et seq.*) One of the allegations was that the provisions of the state water contract would violate the five cent per one hundred dollar tax rate limitation of section 5(8) of the 1927 Act (now § 124 of the 1969 Act). The court defined and resolved this question as follows:

“O. Does article 34(a) of the contract, which requires the district to levy any tax necessary to provide means for the payments under the contract, contravene the limitation on taxation set forth in section 5, subdivision 8, of the Metropolitan Water District Act.”^[10]

“The contractual provision is based on section 11652, which reads: ‘The governing body shall, whenever necessary, levy upon all property in the State agency not exempt from taxation, a tax or assessment sufficient to provide for all payments under the contract then due or to become due within the then current fiscal year.’ Section 11652 is a special provision relating only to taxation to meet obligations from water contracts with state agencies, whereas section 5, subdivision 8, of the Metropolitan Water District Act is a general provision relating taxation by a district for all purposes not specifically excepted. The special provision controls over the general provision and has the effect of adding another exception to it. (59 Cal. 2d at 200.)

We believe the same reasoning applies to the full cent requirement of section 307. The taxing authority for MWD to make state water contract payments is thus contained in Water Code section 11652 rather than in either section 124 or section 307 of the 1969 Act. Section 11652 is then a special provision and controls over the general provisions of section 307. We conclude, therefore, that the full cent requirement of section 307 does not apply to the

¹⁰ The courts footnote setting forth article 34(a) of the MWD contract and summarizing section 5(8) of the 1927 Act is omitted

tax levies made by MWD pursuant to Water Code section 11652.
