

**ASSEMBLY BILL**

**No. 100**

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**Introduced by Assembly Member Simitian**

January 11, 2001

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An act to amend and repeal Section 41204.1 of the Education Code, and to add Section 97.42 to, and to repeal Section 97.43 of, the Revenue and Taxation Code, relating to local government finance.

LEGISLATIVE COUNSEL'S DIGEST

AB 100, as introduced, Simitian. Property tax revenue shifts: limitation.

Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. Existing property tax law also reduces the amounts of ad valorem property tax revenue that would otherwise be annually allocated to the county, cities, and special districts pursuant to these general allocation requirements by requiring, for purposes of determining property tax revenue allocations in each county for the 1992–93 and 1993–94 fiscal years, that the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund (ERAF) in

that county for allocation to school districts, community college districts, and the county office of education.

This bill would, for the 2002–03 fiscal year and each fiscal year thereafter, modify these reduction and transfer provisions by restricting the total amount of revenue allocated to a county’s ERAF to the applicable revenue shift limit, as defined. This bill would require that those revenues that may not be allocated to the county’s ERAF as a result of this limitation to instead be allocated among local agencies in the county in accordance with each local agency’s proportionate share of those revenues that would be deposited in the county’s ERAF in the absence of this bill. By imposing new duties upon local tax officials in the annual allocation of ad valorem property tax revenues, this bill would impose a state-mandated local program.

This bill would also state the intent of the Legislature, and would require the Director of Finance to make certain adjustments, with respect to ensuring that the modifications required by this bill and earlier acts to property tax revenue allocations do not have a net fiscal impact on school districts or community college districts, or upon the state’s obligation under the California Constitution to provide funding to those districts.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 41204.1 of the Education Code, as  
 2 amended by Chapter 1111 of the Statutes of 1996, is amended to  
 3 read:  
 4 41204.1. (a) (1) Pursuant to paragraph (2) of subdivision (b)  
 5 of Section 41204, the Director of Finance shall annually adjust  
 6 “the percentage of General Fund revenues appropriated for school  
 7 districts and community college districts, respectively, in the  
 8 1986–87 fiscal year,” for purposes of applying paragraph (1) of  
 9 subdivision (b) of Section 8 of Article XVI of the California



1 Constitution, to reflect those property tax revenue allocation  
2 modifications, required by the amendments made to Chapter 6  
3 (commencing with Section 95) of Part 0.5 of Division 1 of the  
4 Revenue and Taxation Code *and by the act adding this section,*  
5 *qualifying provisions* in a manner that ensures that those  
6 modifications will have no net fiscal impact upon the amounts that  
7 are otherwise required to be applied by the state for the support of  
8 school districts and community college districts pursuant to  
9 Section 8 of Article XVI of the California Constitution.

10 ~~(b)~~

11 (2) *For purposes of this section, “qualifying provisions” means*  
12 *the following:*

13 (A) *The amendments made to Chapter 6 (commencing with*  
14 *Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation*  
15 *Code during the 1991–92 Regular Session and the 1993–94*  
16 *Regular Session.*

17 (B) *The amendments made to Sections 97.2 and 97.3 of the*  
18 *Revenue and Taxation Code by Chapter 1111 of the Statutes of*  
19 *1996.*

20 (C) *Section 97.42 of the Revenue and Taxation Code.*

21 (b) *Notwithstanding any other provision of law, for the*  
22 *2002–03 fiscal year and each fiscal year thereafter, the percentage*  
23 *of “General Fund revenues appropriated for school districts and*  
24 *community college districts, respectively, in fiscal year 1986–87,”*  
25 *for purposes of paragraph (1) of subdivision (b) of Section 8 of*  
26 *Article XVI of the California Constitution, shall be deemed to be*  
27 *the percentage of General Fund revenues that would have been*  
28 *appropriated for those entities if the amendments made to Chapter*  
29 *6 (commencing with Section 95) of Part 0.5 of Division 1 of the*  
30 *Revenue and Taxation Code during the 1991–92 Regular Session,*  
31 *the amendments made to that same chapter during the 1993–94*  
32 *Regular Session, and Section 97.42 of the Revenue and Taxation*  
33 *Code, had been operative for the 1986–87 fiscal year.*

34 (c) *In no event may the recalculations required by subdivisions*  
35 *(a) and (b) result in a percentage that exceeds the “percentage of*  
36 *General Fund revenues appropriated for school districts and*  
37 *community college districts, respectively, in fiscal year 1986–87,”*  
38 *for purposes of paragraph (1) of subdivision (b) of Section 8 of*  
39 *Article XVI of the California Constitution prior to the amendments*  
40 *made to Chapter 6 (commencing with Section 95) of Part 0.5 of*



1 *Division 1 of the Revenue and Taxation Code during the 1991–92*  
2 *Regular Session.*

3 (d) It is the intent of the Legislature ~~in enacting the act adding~~  
4 ~~this section~~ to ensure both of the following:

5 (1) That the changes required by the ~~act adding this section~~  
6 *qualifying provisions* in the allocations of ad valorem property tax  
7 revenues do not have a net fiscal impact upon school districts, as  
8 defined in ~~accordance with~~ Section 41302.5, or community  
9 college districts.

10 (2) That the changes required by the ~~act adding this section~~  
11 *qualifying provisions* in the allocations of ad valorem property tax  
12 revenues do not have a net fiscal impact upon the amounts of  
13 revenue otherwise required to be applied by the state for the  
14 support of school districts and community college districts

15 pursuant to Section 8 of Article XVI of the California Constitution.  
16 SEC. 2. Section 41204.1 of the Education Code, as amended  
17 by Section 1 of Chapter 84 of the Statutes of 1999, is repealed.

18 ~~41204.1. (a) (1) Pursuant to paragraph (2) of subdivision (b)~~  
19 ~~of Section 41204, the Director of Finance shall annually adjust~~  
20 ~~“the percentage of General Fund revenues appropriated for school~~  
21 ~~districts and community college districts, respectively, in the~~  
22 ~~1986–87 fiscal year” for purposes of applying paragraph (1) of~~  
23 ~~subdivision (b) of Section 8 of Article XVI of the California~~  
24 ~~Constitution, to reflect those property tax revenue allocation~~  
25 ~~modifications, required by the amendments made to Chapter 6~~  
26 ~~(commencing with Section 95) of Part 0.5 of Division 1 of the~~  
27 ~~Revenue and Taxation Code by the qualifying provisions, in a~~  
28 ~~manner that ensures that those modifications will have no net fiscal~~  
29 ~~impact upon the amounts that are otherwise required to be applied~~  
30 ~~by the state for the support of school districts and community~~  
31 ~~college districts pursuant to Section 8 of Article XVI of the~~  
32 ~~California Constitution.~~

33 (2) For purposes of this section, “~~qualifying provisions~~”  
34 means all of the following:

35 (A) ~~The amendments made to Chapter 6 (commencing with~~  
36 ~~Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation~~  
37 ~~Code during the 1991–92 Regular Session and the 1993–94~~  
38 ~~Regular Session.~~



1 ~~(B) The amendments made to Sections 97.2 and 97.3 of the~~  
2 ~~Revenue and Taxation Code by Chapter 1111 of the Statutes of~~  
3 ~~1996.~~

4 ~~(C) Section 97.43 of the Revenue and Taxation Code.~~

5 ~~(b) Notwithstanding any other provision of law, for the~~  
6 ~~2000-01 fiscal year and each fiscal year thereafter, the percentage~~  
7 ~~of “General Fund revenues appropriated for school districts and~~  
8 ~~community college districts, respectively, in fiscal year~~  
9 ~~1986-87,” for purposes of paragraph (1) of subdivision (b) of~~  
10 ~~Section 8 of Article XVI of the California Constitution, shall be~~  
11 ~~deemed to be the percentage of General Fund revenues that would~~  
12 ~~have been appropriated for those entities if the amendments made~~  
13 ~~to Chapter 6 (commencing with Section 95) of Part 0.5 of Division~~  
14 ~~1 of the Revenue and Taxation Code during the 1991-92 Regular~~  
15 ~~Session, the amendments made to that same chapter during the~~  
16 ~~1993-94 Regular Session, and Section 97.43 of the Revenue and~~  
17 ~~Taxation Code, had been operative for the 1986-87 fiscal year.~~

18 ~~(e) In no event shall the recalculations pursuant to subdivisions~~  
19 ~~(a) and (b) result in a percentage that exceeds the “percentage of~~  
20 ~~General Fund revenues appropriated for school districts and~~  
21 ~~community college districts, respectively, in fiscal year~~  
22 ~~1986-87,” for purposes of paragraph (1) of subdivision (b) of~~  
23 ~~Section 8 of Article XVI of the California Constitution prior to the~~  
24 ~~amendments made to Chapter 6 (commencing with Section 95) of~~  
25 ~~Part 0.5 of Division 1 of the Revenue and Taxation Code during~~  
26 ~~the 1991-92 Regular Session.~~

27 ~~(d) It is the intent of the Legislature to ensure both of the~~  
28 ~~following:~~

29 ~~(1) That the changes required by the qualifying provisions in~~  
30 ~~the allocations of ad valorem property tax revenues do not have a~~  
31 ~~net fiscal impact upon school districts, as defined in accordance~~  
32 ~~with Section 41302.5, or community college districts.~~

33 ~~(2) That the changes required by the qualifying provisions in~~  
34 ~~the allocations of ad valorem property tax revenues do not have a~~  
35 ~~net fiscal impact upon the amounts of revenue otherwise required~~  
36 ~~to be applied by the state for the support of school districts and~~  
37 ~~community college districts pursuant to Section 8 of Article XVI~~  
38 ~~of the California Constitution.~~

39 SEC. 3. Section 97.42 is added to the Revenue and Taxation  
40 Code, to read:



1 97.42. Notwithstanding any other provision of this chapter,  
2 for purposes of ad valorem property tax revenue allocations for the  
3 2002–03 fiscal year and each fiscal year thereafter, both of the  
4 following apply:

5 (a) The total amount of ad valorem property tax revenue  
6 annually allocated to the county’s Educational Revenue  
7 Augmentation Fund may not exceed the applicable revenue shift  
8 limit as described below:

9 (1) For the 2002–03 fiscal year, the total amount of ad valorem  
10 property tax revenue allocated to the county’s Educational  
11 Revenue Augmentation Fund for the 2001–02 fiscal year, plus  
12 two-thirds of that fund’s otherwise applicable share of the annual  
13 tax increment.

14 (2) For the 2003–04 fiscal year, the total amount of ad valorem  
15 property tax revenue allocated to the county’s Educational  
16 Revenue Augmentation Fund for the 2002–03 fiscal year, plus one  
17 third of that fund’s otherwise applicable share of the annual tax  
18 increment.

19 (3) For the 2004–05 fiscal year and each fiscal year thereafter,  
20 the total amount of ad valorem property tax revenue allocated to  
21 the county’s Educational Revenue Augmentation Fund for the  
22 2003–04 fiscal year.

23 (b) Those amounts of ad valorem property tax revenue that may  
24 not be allocated to the county’s Educational Revenue  
25 Augmentation Fund as a result of subdivision (a) shall instead be  
26 allocated among the local agencies in the county in accordance  
27 with each local agency’s proportionate share of the total amount  
28 of ad valorem property tax revenues that would be required to be  
29 allocated to the county’s Educational Revenue Augmentation  
30 Fund in the absence of this section.

31 SEC. 4. Section 97.43 of the Revenue and Taxation Code is  
32 repealed.

33 ~~97.43. (a) Notwithstanding any other provision of this~~  
34 ~~article, for purposes of ad valorem property tax revenue~~  
35 ~~allocations for the 2000–01 fiscal year and each fiscal year~~  
36 ~~thereafter, the total amount of ad valorem property tax revenue~~  
37 ~~allocated to the county’s Educational Revenue Augmentation~~  
38 ~~Fund shall not exceed the total amount of revenues allocated to that~~  
39 ~~fund for the 1999–2000 fiscal year.~~



1 ~~(b) In the 2000–01 fiscal year and each fiscal year thereafter,~~  
2 ~~any amount of ad valorem property tax revenue that is not~~  
3 ~~allocated to a county’s Educational Revenue Augmentation Fund~~  
4 ~~as a result of the limit established by subdivision (a) shall instead~~  
5 ~~be allocated among the local agencies in the county in accordance~~  
6 ~~with each local agency’s proportionate share of the total amount~~  
7 ~~of ad valorem property tax revenues that would be required to be~~  
8 ~~allocated to the county’s Educational Revenue Augmentation~~  
9 ~~Fund in the absence of this section.~~

10 SEC. 5. No reimbursement is required by this act pursuant to  
11 Section 6 of Article XIII B of the California Constitution because  
12 this act provides for offsetting savings to local agencies or school  
13 districts that result in no net costs to the local agencies or school  
14 districts, within the meaning of Section 17556 of the Government  
15 Code.

