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AMENDED IN SENATE JUNE 17, 2002  
AMENDED IN SENATE MAY 14, 2002  
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CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

**ASSEMBLY BILL**

**No. 680**

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**Introduced by Assembly Member Steinberg  
(Coauthor: Assembly Member Kehoe)**

February 22, 2001

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An act to add Article 10 (commencing with Section 65500) to Chapter 3 of Division 1 of Title 7 of the Government Code, and to add Chapter 1.5 (commencing with Section 7215) to Part 1.5 of Division 2 of the Revenue and Taxation Code, relating to land use.

LEGISLATIVE COUNSEL'S DIGEST

AB 680, as amended, Steinberg. Land use: sales and use tax and property tax revenue allocation.

The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes a county to impose a local sales and use tax at a rate of 1.25%, and similarly authorizes a city, located within a county imposing such

a tax rate, to impose a local sales and use tax rate of 1% that is credited against the county rate. Existing law requires a city, county, or city and county imposing a local sales and use tax pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law to contract with the State Board of Equalization to administer the local sales and use tax. Existing law also requires the board, at least twice during each calendar quarter, to transmit local sales and use tax revenue to the city, county, or city and county in which the revenue was collected.

This bill would, pursuant to specified definitions and procedures, require the board to distribute sales and use tax revenue, derived from the application of a 1% tax rate by a qualified or electing county or city in the greater Sacramento region, among those same counties and cities on the basis of (1) the amount of sales and use tax revenue that those counties and cities received in the 2003 calendar year, as annually adjusted for inflation, as provided, and (2) the relative populations of those counties and cities, as determined by the board and the population research unit of the Department of Finance. The bill would provide that up to  $\frac{1}{3}$  of the sales and use tax revenue growth be shifted away from those counties and cities in the region that fail to become housing eligible, as defined, and require those revenues to instead be allocated to the Sacramento Area Council of Governments (SACOG) for the funding of regional projects, as defined, unless certain revenue targets are not met, in which case this bill would provide that all of these revenues be allocated in the manner prescribed by existing law. By imposing allocation duties upon SACOG, this bill would create a state-mandated local program.

~~This bill would also state the intent of the Legislature to create the Greater Sacramento Regional Open Space and Recreation Conservancy to acquire open space land.~~

This bill would make legislative findings and declarations as to the necessity of a special statute, and as to the public purposes served by this bill.

This bill also would require the Legislative Analyst's office, in conjunction with the State Board of Equalization, to report to the Legislature regarding the impact of the bill, as specified, in the greater Sacramento region.

This bill would also provide that its operation be postponed, as specified, if a statute is enacted in any year from 2002 to 2010 that decreases the amount of certain revenues that would have been received by cities and counties in the greater Sacramento region under the law



in effect on January 1, 2002. This bill would also provide that its provisions become inoperative on the operative date of a revenue-sharing agreement, as specified, between all of the cities and counties in the greater Sacramento region.

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, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

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. Article 10 (commencing with Section 65500) is  
2 added to Chapter 3 of Division 1 of Title 7 of the Government  
3 Code, to read:

4  
5 Article 10. Sacramento Regional Smart Growth Act of 2002

6  
7 65500. For purposes of this article, the following definitions  
8 apply:

9 (a) "Greater Sacramento region" means the region  
10 encompassing the total combined area of the County of El Dorado,  
11 the County of Placer, the County of Sacramento, the County of  
12 Sutter, the County of Yolo, and the County of Yuba, but does not  
13 include the region, as defined in subsection (a) of Article II of  
14 Public Law 96-551, governed by the Tahoe Regional Planning  
15 Agency, as described in Article III of Public Law 96-551.

16 (b) "Regional project" includes, but is not limited to, the  
17 following:

18 (1) Regional transportation projects.

19 (2) Transit-oriented development.

20 (3) Infill development.



- 1 (4) Development to provide a balance between jobs and
- 2 housing.
- 3 (5) Mixed use development.
- 4 (6) Quality of life projects, including, but not limited to, theater
- 5 and the arts.
- 6 (7) Open-space acquisition.
- 7 (8) Housing developments composed of housing for persons
- 8 and families at a variety of income levels.
- 9 (9) Community redevelopment projects.
- 10 (10) Other regional land use projects as determined to be
- 11 necessary by the Sacramento Area Council of Governments.

12 65501. Those moneys apportioned to the Sacramento Area  
 13 Council of Governments pursuant to subparagraph (C) of  
 14 paragraph (2) of subdivision (b) of Section 7215.1 of the Revenue  
 15 and Taxation Code shall be allocated among *counties and cities*  
 16 *that made an election under subdivision (e) of that section and*  
 17 *among* qualified cities and qualified counties, as defined in Section  
 18 7215.1 of the Revenue and Taxation Code, to fund and administer  
 19 regional projects, as defined in Section 65500, *in the greater*  
 20 *Sacramento region* that are specified on a list adopted by the  
 21 Sacramento Area Council of Governments.

22 ~~65502. It is the intent of the Legislature to enact a program to~~  
 23 ~~establish the Greater Sacramento Regional Open Space and~~  
 24 ~~Recreation Conservancy for the purpose of acquiring open-space~~  
 25 ~~land, as defined in Section 65560.~~

26 SEC. 2. Chapter 1.5 (commencing with Section 7215) is  
 27 added to Part 1.5 of Division 2 of the Revenue and Taxation Code,  
 28 to read:

29  
 30 CHAPTER 1.5. GREATER SACRAMENTO REGION PER CAPITA  
 31 REVENUE ALLOCATIONS  
 32

33 7215. ~~(a)~~ It is the intent of the Legislature in enacting this act  
 34 to implement a program of local sales and use tax allocation in the  
 35 greater Sacramento region because of the unique circumstances  
 36 currently presented in that region.

37 ~~(b) The Legislature may not enact a statewide sales and use tax~~  
 38 ~~revenue allocation program that allocates local sales and use tax~~  
 39 ~~revenue on a regional per capita basis.~~



1 ~~(e) This act may not be used to facilitate the enactment of a local~~  
2 ~~sales and use tax revenue sharing program in any part of the state~~  
3 ~~that is outside the greater Sacramento region.~~

4 7215.1. Notwithstanding any other provision of this part, all  
5 of the following apply:

6 (a) The board shall segregate into a separate account that  
7 amount of sales and use tax revenue, net of refunds, that is  
8 collected pursuant to returns filed in accordance with this part in  
9 the greater Sacramento region as a result of the application of a 1  
10 percent sales or use tax rate imposed pursuant to this part by either  
11 a qualified county or a qualified city, or by a county or city making  
12 an election under subdivision (e).

13 (b) Except as provided in paragraph (3), for the first calendar  
14 quarter of 2004 and each calendar quarter thereafter, the board  
15 shall apportion the revenue segregated pursuant to subdivision (a)  
16 as follows:

17 (1) Each qualified county ~~or qualified city~~, *qualified city*, and  
18 *each county and city that made an election under subdivision (e)*  
19 shall be apportioned its base quarter revenue amount.

20 (2) The remaining revenues segregated pursuant to subdivision  
21 (a) shall be allocated as follows:

22 (A) One-third of the revenues shall be apportioned, in two or  
23 more installments, among the qualified counties ~~and qualified~~  
24 ~~cities~~, *qualified cities*, and *counties and cities that made an*  
25 *election under subdivision (e)* in which the taxable sales or uses  
26 occurred, in the manner required by Section 7204.

27 (B) One-third of the revenues shall be apportioned, in two or  
28 more installments, among qualified counties ~~and qualified cities~~,  
29 *qualified cities*, and *counties and cities that made an election*  
30 *under subdivision (e)* in shares determined by multiplying that  
31 portion of the revenues by the most recent jurisdictional share  
32 determined for each qualified county ~~and qualified city~~, *qualified*  
33 *city*, and *each county and city that made an election under*  
34 *subdivision (e)* pursuant to Section 7215.2.

35 (C) One-third of the revenues shall also be apportioned in  
36 shares determined in the same manner as required by subparagraph  
37 (A), except that any share that is so calculated with respect to a  
38 qualified county ~~or qualified city~~, *qualified city*, or *county or city*  
39 *that made an election under subdivision (e)* that is not housing  
40 eligible for that calendar year shall instead be apportioned to the



1 Sacramento Area Council of Governments for apportionment as  
2 provided in Section 65501 of the Government Code.

3 (3) (A) If in any calendar quarter commencing on or after  
4 January 1, 2005, the board determines that the amount of sales and  
5 use tax revenue segregated pursuant to subdivision (a) is less than  
6 the amount segregated pursuant to that subdivision in the  
7 corresponding calendar quarter in the immediately preceding  
8 calendar year, adjusted for inflation as described in subparagraph  
9 (B), then sales and use tax revenue in that calendar quarter shall be  
10 transmitted in the manner required by Section 7204.

11 (B) In each calendar quarter commencing on or after January  
12 1, 2005, for purposes of making the determination described in  
13 subparagraph (A), the board shall do all of the following:

14 (i) Determine the amount of sales and use tax revenue  
15 segregated pursuant to subdivision (a) in the corresponding  
16 calendar quarter in the immediately preceding calendar year.

17 (ii) Determine the sum of the following amounts:

18 (I) The amount determined pursuant to clause (i).

19 (II) The product of the following:

20 (ia) The amount determined pursuant to clause (i).

21 (ib) An inflation factor that is the percentage change, rounded  
22 to the nearest one-thousandth of 1 percent, from December of the  
23 immediately preceding year to December of the current year in the  
24 California Consumer Price Index for all items, as determined by  
25 the California Department of Industrial Relations.

26 (c) For purposes of this chapter, all of the following apply:

27 (1) (A) “Base quarter revenue amount” means an amount of  
28 sales and use tax revenue that is equal to the amount of sales and  
29 use tax revenue that a qualified county ~~or qualified city~~, *qualified*  
30 *city, or county or city that made an election under subdivision (e)*  
31 in the greater Sacramento region received pursuant to returns filed  
32 in the corresponding calendar quarter in the year 2003, adjusted for  
33 inflation pursuant to subparagraph (B), except that for newly  
34 incorporated cities the “base quarter revenue amount” is the  
35 amount of sales and use tax revenue collected in the incorporated  
36 area in the corresponding calendar quarter in the year immediately  
37 preceding incorporation, adjusted for inflation as provided in  
38 subparagraph (B). If in any calendar quarter in the year 2003, the  
39 sales and use tax revenue received by a qualified county ~~or a~~  
40 ~~qualified city~~, *qualified city, or a county or city that made an*



1 *election under subdivision (e)* pursuant to returns filed in that  
2 quarter, is less than the amount of sales and use tax revenue  
3 received by that county or city in the corresponding calendar  
4 quarter in the year 2002, pursuant to returns filed in that quarter,  
5 the “base quarter revenue amount” of that county or city for that  
6 quarter is the arithmetic mean of the amounts of sales and use tax  
7 revenue collected in the corresponding calendar quarter during the  
8 year 2000, the year 2001, the year 2002, and the year 2003, as  
9 adjusted for inflation pursuant to subparagraph (B).

10 (B) On and after January 1, 2005, the “base quarter revenue  
11 amount” for a qualified county ~~or qualified city~~, *qualified city*, or  
12 *a county or city that made an election under subdivision (e)* is the  
13 sum of the following amounts:

14 (i) The “base quarter revenue amount” determined for that  
15 county or city under subparagraph (A).

16 (ii) The product of the following:

17 (I) The “base quarter revenue amount” described in  
18 subparagraph (A).

19 (II) An inflation factor that is the percentage change, rounded  
20 to the nearest one-thousandth of 1 percent, from December of the  
21 immediately preceding year to December of the current year in the  
22 California Consumer Price Index for all items, as determined by  
23 the California Department of Industrial Relations.

24 (2) “Greater Sacramento region” means the region  
25 encompassing the total combined area of the County of El Dorado,  
26 the County of Placer, the County of Sacramento, the County of  
27 Sutter, the County of Yolo, and the County of Yuba, but does not  
28 include the region, as defined in subsection (a) of Article II of  
29 Public Law 96-551, governed by the Tahoe Regional Planning  
30 Agency, as described in Article III of Public Law 96-551.

31 (3) “Qualified city” means a city in the greater Sacramento  
32 region that imposes a sales and use tax pursuant to this part and that  
33 has a population growth rate of more than one-half of 1 percent.

34 (4) “Qualified county” means a county in the greater  
35 Sacramento region that imposes a sales and use tax pursuant to this  
36 part, and has a population growth rate of more than one-half of 1  
37 percent.

38 (5) A “qualified city” or “qualified county” is “housing  
39 eligible” for a calendar year if the city or county is in compliance  
40 with the housing element contained in its general plan.



1 (d) A city or county in the greater Sacramento region, that  
 2 imposes a sales and use tax pursuant to this part but is not a  
 3 qualified city ~~or a qualified county~~ *a qualified county, or a county*  
 4 *or city that made an election under subdivision (e)*, shall be  
 5 allocated sales and use tax revenue as otherwise required by this  
 6 part in the absence of this section.

7 (e) Notwithstanding any other provision of this section, a city  
 8 or a county in the greater Sacramento region that imposes a sales  
 9 and use tax pursuant to this part and that has an annual population  
 10 growth rate of less than one-half of 1 percent may elect, by a  
 11 resolution enacted by a majority of its governing body, to  
 12 participate in the allocation of sales and use tax revenue according  
 13 to this section.

14 7215.2. (a) No later than March 1 of 2004 and each year  
 15 thereafter, and within 30 days of determining new population  
 16 estimates pursuant to subparagraph (B) of paragraph (2) of  
 17 subdivision (c), the board shall calculate the jurisdictional shares,  
 18 determined pursuant to subdivision (b), for those counties and  
 19 cities imposing a sales and use tax pursuant to this part in the  
 20 greater Sacramento region.

21 (b) The board shall, for each county or city imposing a sales and  
 22 use tax pursuant to this part in the greater Sacramento region,  
 23 determine a jurisdictional share in accordance with the following  
 24 formula:

25 (1) Determine the total population of the greater Sacramento  
 26 region.

27 (2) Determine the total population of the relevant county or  
 28 city. In the case of a county, total population means the total  
 29 population of only the unincorporated area of that county.

30 (3) Divide the amount determined pursuant to paragraph (2) by  
 31 the amount determined pursuant to paragraph (1), rounded to the  
 32 nearest one-thousandth of 1 percent.

33 (c) (1) Except as otherwise provided in paragraph (2), the  
 34 population determinations described in subdivision (b) shall be  
 35 made upon the basis of annual population estimates that are made  
 36 by the population research unit in the Department of Finance for  
 37 purposes of this section, and are transmitted to the board not later  
 38 than February 1 in each year.



1 (2) (A) For the 2003 calendar year, the population  
2 determinations described in subdivision (b) shall be made on the  
3 basis of the later of the following:

4 (i) The most recent population estimates for counties and cities  
5 in the greater Sacramento region, as otherwise required or  
6 authorized by law, that have been made by the population research  
7 unit in the Department of Finance.

8 (ii) The most recent census validated by the population  
9 research unit in the Department of Finance.

10 (B) The population research unit in the Department of Finance  
11 shall newly estimate the population of the affected city, and any  
12 other affected city or county in the greater Sacramento region, and  
13 provide those new estimates to the board within 30 days after any  
14 of the following occur:

15 (i) A newly incorporated city in the greater Sacramento region  
16 imposes a sales and use tax pursuant to this part.

17 (ii) A city in the greater Sacramento region that imposes a sales  
18 and use tax pursuant to this part completes the annexation of  
19 additional territory.

20 (iii) A consolidation of one city in the greater Sacramento  
21 region with another city in that region results in a consolidated city  
22 that imposes a sales and use tax pursuant to this part.

23 ~~7215.3. A county in the greater Sacramento region, as defined~~  
24 ~~in Section 7215.1, is not a qualified county for purposes of that~~  
25 ~~section if all of the following conditions are met:~~

26 ~~(a) That county enacts ordinances and substantially complies~~  
27 ~~with these ordinances requiring all of the following:~~

28 ~~(1) That a fair share of the greater Sacramento region's~~  
29 ~~residential housing needs for persons of low and moderate income~~  
30 ~~will be located in that county.~~

31 ~~(2) That all new residential and commercial development occur~~  
32 ~~within the existing boundaries of a city within that county.~~

33 ~~(3) That for every acre of new residential and commercial~~  
34 ~~development in the county, one acre be set aside in that county as~~  
35 ~~open-space land, as defined in Section 65560 of the Government~~  
36 ~~Code.~~

37 ~~(b) The county and two or more of the cities in that county have~~  
38 ~~entered into a revenue sharing agreement, pursuant to Article 1~~  
39 ~~(commencing with Section 55700) of Chapter 5 of Part 2 of~~  
40 ~~Division 2 of Title 5 of the Government Code.~~



1 ~~(c) For purposes of this section, “new” residential and~~  
2 ~~commercial development is development that occurs on or after~~  
3 ~~January 1, 2004.~~

4 SEC. 3. On or before January 1, 2010, the Legislative  
5 Analyst’s office, in conjunction with the State Board of  
6 Equalization shall report to the Legislature regarding the  
7 reallocation of local sales and use tax revenue pursuant to this act.  
8 To the extent possible, the Legislative Analyst’s office shall  
9 incorporate comments from the Sacramento Area Council of  
10 Governments regarding the impact of this act on affected local  
11 jurisdictions. The report shall include, but not be limited to, the  
12 following:

13 (a) Estimates of the fiscal impact of this act on local  
14 governments in the greater Sacramento region.

15 (b) To the extent that data are available, representative case  
16 studies documenting whether land use decisions made by local  
17 jurisdictions in the greater Sacramento region were affected by this  
18 act.

19 (c) An analysis of the number of permits issued for very low,  
20 low-, moderate-, and above-moderate income affordable housing  
21 and regional projects by local governments in the greater  
22 Sacramento region.

23 SEC. 4. The Legislature finds and declares that a special law  
24 is necessary and that a general law cannot be made applicable  
25 within the meaning of Section 16 of Article IV of the California  
26 Constitution because the unique fiscal, jurisdictional, and public  
27 service dynamics in the greater Sacramento region provide a  
28 unique opportunity to implement and refine possible solutions to  
29 the fiscal, planning, and public service problems resulting from the  
30 imposition of multiple local sales and use taxes.

31 SEC. 5. The Legislature finds and declares that, due to the  
32 unique circumstances in the greater Sacramento region, requiring  
33 the allocation of local sales and use tax revenue in the greater  
34 Sacramento region on a per capita basis serves a specific public  
35 purpose of each county or city imposing a sales and use tax in that  
36 region by reducing the unhealthy competition that currently exists  
37 between these entities for new retail establishments, helping to  
38 equate revenue streams with public service requirements, and  
39 allowing land use decisions to be made solely on the basis of land  
40 use planning considerations.



1 SEC. 6. Notwithstanding Section 17610 of the Government  
2 Code, if the Commission on State Mandates determines that this  
3 act contains costs mandated by the state, reimbursement to local  
4 agencies and school districts for those costs shall be made pursuant  
5 to Part 7 (commencing with Section 17500) of Division 4 of Title  
6 2 of the Government Code. If the statewide cost of the claim for  
7 reimbursement does not exceed one million dollars (\$1,000,000),  
8 reimbursement shall be made from the State Mandates Claims  
9 Fund.

10 SEC. 7. (a) This act shall not become operative if, during any  
11 legislative session commencing with the 2001–02 Regular Session  
12 to the 2009–10 Regular Session, inclusive, or any extraordinary  
13 session that runs concurrently with those regular sessions, either  
14 of the following occurs:

15 (1) A bill is chaptered that decreases the amount of ad valorem  
16 property tax revenue that otherwise would have been allocated to  
17 a city or county within the greater Sacramento region, as defined  
18 in Section 7215.1 of the Revenue and Taxation Code, under the  
19 law in effect on January 1, 2002, for the purpose of increasing the  
20 amount of ad valorem property tax revenue that is allocated to an  
21 Educational Revenue Augmentation Fund.

22 (2) A bill is chaptered that decreases the amount of vehicle  
23 license fee revenue that otherwise would have been received by a  
24 city or a county within the greater Sacramento region, as defined  
25 in Section 7215.1 of the Revenue and Taxation Code, under the  
26 statutes in effect on January 1, 2002, or decreases the amount of  
27 General Fund moneys that would have been received by a city or  
28 county within the greater Sacramento region, as defined in Section  
29 7215.1 of the Revenue and Taxation Code, under Section 11000  
30 of the Revenue and Taxation Code as that section read on January  
31 1, 2002.

32 (b) If this act fails to become operative as a result of subdivision  
33 (a), this act shall become operative on the date that one or more  
34 bills are chaptered that remove the applicable condition or  
35 conditions described in subdivision (a) by doing the applicable of  
36 the following:

37 (1) Increases the amount of ad valorem property tax revenue  
38 otherwise allocated to a city or county within the greater  
39 Sacramento region, as defined in Section 7215.1 of the Revenue



1 and Taxation Code, to the amount that would have been allocated  
2 to that city or county under the statutes in effect on January 1, 2002.  
3 (2) Increases the amount of vehicle license fee revenue  
4 received by a city or a county within the greater Sacramento  
5 region, as defined in Section 7215.1 of the Revenue and Taxation  
6 Code, to that amount of vehicle license fee revenues that would  
7 have been received by that city or county under the statutes in  
8 effect on January 1, 2002; or increases the amount of General Fund  
9 moneys received by a city or county under Section 11000 of the  
10 Revenue and Taxation Code to that amount that would have been  
11 received by those cities or counties under that section as it read on  
12 January 1, 2002.  
13 SEC. 8. This act shall become inoperative on the operative  
14 date of a tax revenue-sharing agreement, entered into according  
15 to state law, between all of the cities and all of the counties in the  
16 greater Sacramento region, as defined in Section 7215.1 of the  
17 Revenue and Taxation Code.

