

AMENDED IN ASSEMBLY JANUARY 7, 2002

AMENDED IN ASSEMBLY APRIL 4, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 1355

Introduced by Assembly Member Daucher

February 23, 2001

An act to add Article 4.2 (commencing with Section 53738) to Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code, and to amend ~~Section~~ *Sections 96.1 and 96.5* of, and to add Section 96.51 to, the Revenue and Taxation Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 1355, as amended, Daucher. Local government ~~reorganization~~ *finance*.

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

This bill would allow a qualified county, as defined, in a qualified fiscal year, as defined, to apply to the Governor to request that local agencies in the county be permitted to negotiate the allocation of that portion of the annual tax increment that exceeds 2% of total property tax revenues allocated in the county for the immediately preceding fiscal year. This bill would, in the event that negotiations are approved but unsuccessful, provide for a revenue allocation determination by an allocation board, as provided, and the review of that allocation determination at least every 5 years. This bill would also specify, for the same county in the same qualified fiscal year, that an amount of property tax revenue, equal to 50% of the total amount of property tax revenue collected in that qualified fiscal year, be allocated among school entities in the qualified county, with the balance of revenues being allocated among local agencies in the qualified county. This bill also would provide that school entities be reimbursed by the state for any revenue losses resulting from the bill, and provide that an amount of property tax revenue that is equal to 20% of these reimbursements be allocated among the county and the cities in the qualified county to meet affordable housing goals, as specified.

~~The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 establishes various procedures and requirements for the reorganization of local government entities.~~

~~This bill would, as provided during the period from January 1, 2002, to March 1, 2003, inclusive, require each county, and the cities and special districts within that county, to enter into negotiations with respect to the allocation of a specified portion of the annual property tax increment. This bill would, if certain conditions are met, provide that any agreement that is so negotiated becomes operative on July 1, 2003. This bill would also require any agreement entered into under these provisions to include provisions that provide for renegotiations at regular intervals. This bill would, in the event that the initial negotiations are unsuccessful, provide for a revenue allocation determination by an allocation board, as provided, and the review of that allocation determination every 5 years. By requiring local agencies~~



~~to enter into a negotiation process, this bill would impose a state-mandated local program.~~

~~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 2003-04 fiscal year and each fiscal year thereafter, require that portion of the annual property tax increment, that exceeds 2% of total property tax revenues allocated in the county for the immediately preceding fiscal year, to be allocated, 40% among school entities and, except as otherwise negotiated or determined under other provisions of this bill, 35% among cities in the county and 25% to the county. By imposing additional duties upon local tax officials in the annual allocation of property tax revenues, this bill would impose a state-mandated local program.~~

~~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~~ *no*.

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

1 SECTION 1. Article 4.2 (commencing with Section 53738)
2 is added to Chapter 4 of Part 1 of Division 2 of Title 5 of the
3 Government Code, to read:

4
5 Article 4.2. Local Agency Service Responsibility and Annual
6 Increment Financing

7
8 53738. The Legislature finds and declares that it is in the best
9 interest of each local agency to have the most cost-effective and
10 efficient method of providing services to its residents. The
11 Legislature further finds and declares that the most effective
12 method of achieving this goal is for each county, and all of the
13 cities and special districts in that county, to negotiate among
14 themselves a formal agreement providing for the allocation of
15 ~~moneys from that portion of the annual countywide growth in~~
16 ~~property tax revenues that exceeds 2 percent of countywide~~
17 ~~property tax revenues for the preceding fiscal year.~~

18 ~~53738.1. (a) (1) The governing board of each county, and of~~
19 ~~each city and each special district in the county, shall, during the~~
20 ~~period from January 1, 2002, to March 1, 2003, inclusive,~~
21 ~~negotiate the allocation, of those property tax revenues described~~
22 ~~in paragraph (2) or (3) of subdivision (a) of Section 96.51 of the~~
23 ~~certain property tax revenues.~~

24 *53738.1. (a) (1) In a qualified fiscal year, the board of*
25 *supervisors of a qualified county may apply to the Governor, in the*
26 *form and manner prescribed by the Governor, to request that the*
27 *county be permitted to negotiate, in accordance with this article,*
28 *the method in which the designated increment portion, as defined*
29 *in Section 96.51 of the Revenue and Taxation Code, is allocated*
30 *among local agencies.*

31 *(2) The Governor may approve a qualified county's application*
32 *only if the housing element of the general plan of the county and*
33 *each city in the county has been found by the Department of*



1 *Housing and Community Development to substantially comply*
2 *with Article 10.6 (commencing with Section 65580) of Chapter 3*
3 *of Title 7.*

4 *(b) (1) Commencing on November 15 of a qualified fiscal year,*
5 *the governing board of each local agency in a qualified county,*
6 *whose application has been approved by the Governor pursuant*
7 *to subdivision (a), shall negotiate the allocation of those property*
8 *tax revenues described in paragraph (3) of subdivision (a) of*
9 *Section 96.51 of the Revenue and Taxation Code. If a special*
10 *district governing board has the same membership as the*
11 *governing board of the qualified county or of a city, the governing*
12 *board of that county or city shall act on behalf of the district in the*
13 *negotiation process. Any agreement arising from these*
14 ~~*negotiations shall become operative on July 1, 2003, provided that*~~
15 ~~*the agreement has been ratified, on or before June 30, 2003, by a*~~
16 ~~*majority of the entire membership of the governing board of each*~~
17 ~~*local agency affected by the agreement. arising from these*~~
18 *negotiations shall be operative immediately, provided that the*
19 *agreement has been ratified, on or before March 31 of that*
20 *qualified fiscal year; by a majority of the entire membership of the*
21 *governing board of each local agency. The agreement shall be*
22 *operative for that qualified fiscal year and any subsequent*
23 *qualified fiscal year, but shall become inoperative for any fiscal*
24 *year that is not a qualified fiscal year.*

25 (2) Any agreement entered into under this subdivision shall
26 include provisions that provide for the initial and subsequent
27 renegotiation of that agreement at regular intervals.

28 ~~(b) (1) If an agreement is not reached by March 1, 2003,~~
29 ~~pursuant to the negotiation process required by subdivision (a), the~~
30 ~~allocation of the property tax revenues described in paragraph (2)~~
31 ~~or (3) of Section 96.51 shall be determined with the approval of a~~
32 ~~majority of the entire membership of an allocation board,~~
33 ~~composed of the following persons:~~

34 ~~(A) Three members drawn from the governing board of three~~
35 ~~different special districts within the county, or from the governing~~
36 ~~boards of all of the special districts in the county if there are less~~
37 ~~than three special districts in that county.~~

38 ~~(B) Two members drawn from the county board of supervisors.~~



1 ~~(C) Two members drawn from the city councils of two different~~
2 ~~cities in that county, or from the city council of the city in that~~
3 ~~county if there are less than two cities in the county.~~

4 (c) (1) *If an agreement is not reached pursuant to the*
5 *negotiation process described in subdivision (b) by March 31 of*
6 *the first qualified fiscal year in which the negotiations are*
7 *initiated, the allocation of those property tax revenues described*
8 *in paragraph (3) of Section 96.51 of the Revenue and Taxation*
9 *Code shall be determined with the approval of a majority of the*
10 *entire membership of the allocation board whose membership was*
11 *determined as described in subdivision (d).*

12 (2) An allocation board required to be established under
13 paragraph (1) shall make a determination as to the allocation of
14 subject property tax revenues on or before ~~May 1, 2003~~ *May 1 of*
15 *the first qualified fiscal year in which the agreement is to be*
16 *operative. The allocation determination made by the board shall*
17 *be reviewed, and may be revised, at least every five years by a*
18 *similarly composed, successor allocation board. Any revision*
19 *made by a successor allocation board shall be approved by a*
20 *majority of the entire membership of that board on or before May*
21 *1 of the qualified fiscal year in which that board is convened. All*
22 *proceedings of an allocation board or successor allocation board*
23 *shall be conducted in a public hearing, and all determinations of*
24 *any such board shall be made in writing on the public record. An*
25 *allocation board's determination shall be operative for that*
26 *qualified fiscal year and any subsequent qualified fiscal year, but*
27 *shall become inoperative for any fiscal year that is not a qualified*
28 *fiscal year. Notwithstanding any other provision of law, if the*
29 *allocation board of a qualified county cannot agree on the*
30 *allocation of those property tax revenues described in paragraph*
31 *(3) of subdivision (a) of Section 96.51 of the Revenue and Taxation*
32 *Code on or before May 1 of the first qualified fiscal year in which*
33 *the allocation determination was to be operative, then all property*
34 *tax revenues in that county shall be allocated as otherwise required*
35 *by law.*

36 (d) *For the purposes of this section and Section 96.51 of the*
37 *Revenue and Taxation Code:*

38 (1) *“Qualified county” means a county in which all of the*
39 *following conditions are met:*



1 (A) A majority of the entire membership of the board of
2 supervisors of the county enacts a written resolution to participate
3 in the negotiations described in this section.

4 (B) A majority of the entire membership of each governing
5 board of two-thirds of the cities in the county that represent
6 two-thirds of the population of the incorporated areas of that
7 county enacts a written resolution to participate in the
8 negotiations described in this section.

9 (C) A majority of the entire membership of each governing
10 board of two-thirds of the independent special districts in the
11 county that represent at least two-thirds of the total population of
12 those portions of the county that are within the jurisdiction of an
13 independent special district enacts a written resolution to
14 participate in the negotiations described in this section.

15 (D) A majority of the entire membership of the board of
16 supervisors of the county enacts a written resolution that specifies
17 the membership of the allocation board described in this section.

18 (E) A majority of the entire membership of each governing
19 board of two-thirds of the cities in the county that represent
20 two-thirds of the population of the incorporated areas of that
21 county enacts a written resolution that specifies the membership
22 of the allocation board described in subparagraph (D).

23 (F) A majority of the entire membership of each governing
24 board of two-thirds of the independent special districts in the
25 county that represent at least two-thirds of the total population of
26 those portions of the county that are within the jurisdiction of an
27 independent special district enacts a written resolution that
28 specifies the membership of the allocation board described in
29 subparagraph (D).

30 (2) “Qualified fiscal year” means a fiscal year in which the
31 Director of Finance has determined that the conditions specified
32 in subdivisions (a) and (b) of Section 6051.45 of the Revenue and
33 Taxation Code have been met.

34 (3) “Local agency” has the same definition as specified in
35 Section 95 of the Revenue and Taxation Code.

36 (4) “Independent special district” means a special district
37 having a legislative body all of whose members are elected by
38 registered voters or landowners within the district, or whose
39 members are appointed to fixed terms, but does not include any
40 special district having a legislative body consisting, in whole or in



1 *part, of ex officio members who are officers of a county or another*
2 *local agency or who are appointees of those officers other than*
3 *those who are appointed to fixed terms.*

4 ~~SEC. 2.—Section 96.5 of the Revenue and Taxation Code is~~
5 ~~amended to read:~~

6 ~~96.5.—The difference between the total amount of property tax~~
7 ~~revenue computed each year using the equalized assessment roll~~
8 ~~and the sum of the amounts allocated pursuant to subdivision (a)~~
9 ~~of Section 96.1 shall be known and may be cited as the annual tax~~
10 ~~increment. That portion of the annual tax increment that is in~~
11 ~~excess of 2 percent of the sum of the amounts allocated pursuant~~
12 ~~to subdivision (a) of Section 96.1 shall be known as the designated~~
13 ~~increment portion, and shall be allocated in accordance with~~
14 ~~Section 96.51. The remaining balance of the annual tax increment~~
15 ~~shall be allocated, subject to allocation and payment of funds as~~
16 ~~provided for in subdivision (b) of Section 33670 of the Health and~~
17 ~~Safety Code, and modified by any adjustments made pursuant to~~
18 ~~Section 99 or 99.02, as follows:~~

19 ~~(a) For each tax rate area, the auditor shall determine an amount~~
20 ~~of property tax revenue by multiplying the value of the change in~~
21 ~~taxable assessed value from the equalized assessment roll for the~~
22 ~~prior fiscal year to the equalized assessment roll for the current~~
23 ~~fiscal year by a tax rate of four dollars (\$4) per one hundred dollars~~
24 ~~(\$100) of assessed value. When computing the change in taxable~~
25 ~~assessed value between the 1980–81 fiscal year and the 1981–82~~
26 ~~fiscal year, the assessed values for the 1980–81 fiscal year shall be~~
27 ~~multiplied by four. Starting with the 1981–82 fiscal year, the tax~~
28 ~~rate used in this calculation shall be one dollar (\$1) per one~~
29 ~~hundred dollars (\$100) of full value.~~

30 ~~(b) Each amount determined pursuant to subdivision (a) shall~~
31 ~~be divided by the total of all those amounts computed for all tax~~
32 ~~rate areas within the county.~~

33 ~~(c) That portion of the difference between the total amount of~~
34 ~~property tax revenue for the county and the sum of the amounts~~
35 ~~allocated pursuant to subdivision (a) of Section 96.1 that does not~~
36 ~~exceed 2 percent of the latter sum shall be computed.~~

37 ~~(d) The amount determined pursuant to subdivision (c) shall be~~
38 ~~multiplied by the quotients determined pursuant to subdivision (b)~~
39 ~~to derive, for each tax rate area, the amount of property tax revenue~~
40 ~~attributable to changes in assessed valuation.~~



1 ~~(c) Except as provided in paragraph (4) of subdivision (b) of~~
 2 ~~former Section 97.3, as that section read on January 1, 1994, in the~~
 3 ~~1984–85 fiscal year only, in subdivision (d) of former Section~~
 4 ~~97.32, as that section read on January 1, 1994, in the 1985–86~~
 5 ~~fiscal year only, and in paragraph (4) of subdivision (b) of former~~
 6 ~~Sections 97.35, 97.37, and 97.38 in the 1989–90 fiscal year only,~~
 7 ~~the amount of property tax revenue determined pursuant to~~
 8 ~~subdivision (d) shall be allocated to the jurisdictions in the tax rate~~
 9 ~~area in the same proportion that the total property tax revenue~~
 10 ~~determined pursuant to subdivision (d) for the prior year was~~
 11 ~~allocated to all those jurisdictions in the tax rate area except that~~
 12 ~~those proportions within each tax rate area may be adjusted for~~
 13 ~~affected agencies pursuant to the provisions of Section 99 or 99.02.~~

14 ~~(f) Any agency that has not filed a map of its boundaries by~~
 15 ~~January 1, in compliance with Chapter 8 (commencing with~~
 16 ~~Section 54900) of Part 1 of Division 2 of Title 5 of the Government~~
 17 ~~Code, shall not receive any allocation pursuant to this section for~~
 18 ~~the following fiscal year:~~

19 ~~(g) For purposes of the calculations made pursuant to this~~
 20 ~~section or its predecessor for the 1993–94 and 1998–99 fiscal~~
 21 ~~years, the amount of property tax revenue allocated to the county,~~
 22 ~~a city, a special district, a school district, community college~~
 23 ~~district, or an Educational Reserve Augmentation Fund in the prior~~
 24 ~~fiscal year shall be that amount as determined pursuant to Section~~
 25 ~~96.1, as modified or as provided in Article 3 (commencing with~~
 26 ~~Section 97).~~

27 ~~SEC. 3.—Section 96.51 is added to the Revenue and Taxation~~
 28 ~~Code, to read:~~

29 ~~96.51. (a) For the 2003–04 fiscal year and each fiscal year~~
 30 ~~thereafter, and subject to allocation and payment of funds as~~
 31 ~~provided for in subdivision (b) of Section 33670 of the Health and~~
 32 ~~Safety Code and any modification made in accordance with~~
 33 ~~Article 5 (commencing with Section 99) or subdivision (b) of this~~
 34 ~~section, the designated increment portion shall be allocated as~~
 35 ~~follows:~~

36 ~~(1) Forty percent shall be allocated among school entities in the~~
 37 ~~county in the same percentage shares as the total amount of~~
 38 ~~property tax revenue otherwise allocated among those school~~
 39 ~~entities in accordance with this chapter.~~



1 ~~(2) Thirty-five percent among the cities in the county in the~~
2 ~~same percentage shares as the total amount of property tax revenue~~
3 ~~otherwise allocated among those cities in accordance with this~~
4 ~~chapter.~~

5 ~~(3) Twenty-five percent to the county.~~

6 ~~(b) The property tax revenue allocations required by~~
7 ~~paragraphs (2) and (3) of subdivision (a) shall be superseded by the~~
8 ~~allocations among local agencies of those same revenues as~~
9 ~~required by any operative agreement or allocation board~~
10 ~~determination for the county that has been entered into or made~~
11 ~~pursuant to Article 4.2 (commencing with Section 53738) of~~
12 ~~Chapter 4 of Part 1 of Division 2 of the Government Code.~~

13 ~~SEC. 4. Notwithstanding Section 17610 of the Government~~
14 ~~Code, if the Commission on State Mandates determines that this~~
15 ~~act contains costs mandated by the state, reimbursement to local~~
16 ~~agencies and school districts for those costs shall be made pursuant~~
17 ~~to Part 7 (commencing with Section 17500) of Division 4 of Title~~
18 ~~2 of the Government Code. If the statewide cost of the claim for~~
19 ~~reimbursement does not exceed one million dollars (\$1,000,000),~~
20 ~~reimbursement shall be made from the State Mandates Claims~~
21 ~~Fund.~~

22 *SEC. 2. Section 96.1 of the Revenue and Taxation Code is*
23 *amended to read:*

24 96.1. Except as otherwise provided in *Section 96.51*, Article
25 3 (commencing with Section 97), and in Article 4 (commencing
26 with Section 98), for the 1980–81 fiscal year and each fiscal year
27 thereafter, property tax revenues shall be apportioned to each
28 jurisdiction pursuant to this section and Section 96.2 by the county
29 auditor, subject to allocation and payment of funds as provided for
30 in subdivision (b) of Section 33670 of the Health and Safety Code,
31 to each jurisdiction in the following manner:

32 (a) For each tax rate area, each jurisdiction shall be allocated an
33 amount of property tax revenue equal to the amount of property tax
34 revenue allocated pursuant to this chapter to each jurisdiction in
35 the prior fiscal year, modified by any adjustments required by
36 Section 99 or 99.2.

37 (b) The difference between the total amount of property tax
38 revenue and the amounts allocated pursuant to subdivision (a)
39 shall be allocated pursuant to Section 96.5, and shall be known as
40 the “annual tax increment.”



1 (c) For purposes of this section, the amount of property tax
2 revenue referred to in subdivision (a) shall not include amounts
3 generated by the increased assessments under Chapter 3.5
4 (commencing with Section 75).

5 *SEC. 3. Section 96.5 of the Revenue and Taxation Code is*
6 *amended to read:*

7 96.5. The difference between the total amount of property tax
8 revenue computed each year using the equalized assessment roll
9 and the sum of the amounts allocated pursuant to subdivision (a)
10 of Section 96.1 shall be known and may be cited as the annual tax
11 increment, and shall be allocated, subject to allocation and
12 payment of funds as provided for in subdivision (b) of Section
13 33670 of the Health and Safety Code, and modified by any
14 adjustments made pursuant to Section 96.51, 99, or 99.02, as
15 follows:

16 (a) For each tax rate area, the auditor shall determine an amount
17 of property tax revenue by multiplying the value of the change in
18 taxable assessed value from the equalized assessment roll for the
19 prior fiscal year to the equalized assessment roll for the current
20 fiscal year by a tax rate of four dollars (\$4) per one hundred dollars
21 (\$100) of assessed value. When computing the change in taxable
22 assessed value between the 1980–81 fiscal year and the 1981–82
23 fiscal year, the assessed values for the 1980–81 fiscal year shall be
24 multiplied by four. Starting with the 1981–82 fiscal year, the tax
25 rate used in this calculation shall be one dollar (\$1) per one
26 hundred dollars (\$100) of full value.

27 (b) Each amount determined pursuant to subdivision (a) shall
28 be divided by the total of all those amounts computed for all tax
29 rate areas within the county.

30 (c) The difference between the total amount of property tax
31 revenue for the county and the sum of the amounts allocated
32 pursuant to subdivisions (a) and (b) of Section 96 or subdivision
33 (a) of Section 96.1 shall be computed.

34 (d) The amount determined pursuant to subdivision (c) shall be
35 multiplied by the quotients determined pursuant to subdivision (b)
36 to derive, for each tax rate area, the amount of property tax revenue
37 attributable to changes in assessed valuation.

38 (e) Except as provided in paragraph (4) of subdivision (b) of
39 former Section 97.3, as that section read on January 1, 1994, in the
40 1984–85 fiscal year only, in subdivision (d) of former Section



1 97.32, as that section read on January 1, 1994, in the 1985–86
 2 fiscal year only, and in paragraph (4) of subdivision (b) of former
 3 Sections 97.35, 97.37, and 97.38 in the 1989–90 fiscal year only,
 4 the amount of property tax revenue determined pursuant to
 5 subdivision (d) shall be allocated to the jurisdictions in the tax rate
 6 area in the same proportion that the total property tax revenue
 7 determined pursuant to subdivision (d) for the prior year was
 8 allocated to all those jurisdictions in the tax rate area except that
 9 those proportions within each tax rate area may be adjusted for
 10 affected agencies pursuant to the provisions of Section 99 or 99.02.

11 (f) Any agency that has not filed a map of its boundaries by
 12 January 1, in compliance with Chapter 8 (commencing with
 13 Section 54900) of Part 1 of Division 2 of Title 5 of the Government
 14 Code, shall not receive any allocation pursuant to this section for
 15 the following fiscal year.

16 (g) For purposes of the calculations made pursuant to this
 17 section or its predecessor for the 1993–94 and 1998–99 fiscal
 18 years, the amount of property tax revenue allocated to the county,
 19 a city, a special district, a school district, community college
 20 district, or an Educational Reserve Augmentation Fund in the prior
 21 fiscal year shall be that amount as determined pursuant to Section
 22 96.1, as modified or as provided in Article 3 (commencing with
 23 Section 97).

24 *SEC. 4. Section 96.51 is added to the Revenue and Taxation*
 25 *Code, to read:*

26 *96.51. (a) For each qualified fiscal year, subject to allocation*
 27 *and payment of funds as provided for in subdivision (b) of Section*
 28 *33670 of the Health and Safety Code and any modification made*
 29 *in accordance with Article 5 (commencing with Section 99) or*
 30 *subdivision (b) of this section, property tax revenue shall be*
 31 *allocated in a qualified county as follows:*

32 *(1) Fifty percent of the total amount of property tax revenue*
 33 *collected in the county in the qualified fiscal year shall be*
 34 *allocated among school entities in the qualified county in the same*
 35 *percentage shares as the total amount of property tax revenue that*
 36 *would be allocated among those school entities if this section did*
 37 *not apply.*

38 *(2) From the remaining balance of the total amount of property*
 39 *tax revenue collected in the county in the qualified fiscal year, the*
 40 *auditor shall do all of the following:*



1 (A) Set aside in the county treasury an amount equal to 20
2 percent of the amount required to be reimbursed by the state
3 pursuant to subdivision (b). This amount shall be allocated
4 pursuant to subdivision (c).

5 (B) Allocate to each local agency the sum of the following
6 amounts:

7 (i) An amount of property tax revenue that is equal to the
8 amount of property tax revenue received by the local agency in the
9 prior fiscal year.

10 (ii) A percentage share of that portion of the annual tax
11 increment, other than the designated increment portion, that
12 equals that agency's percentage share of the total amount of
13 property tax revenue that would be allocated among local agencies
14 in the county if this section did not apply.

15 (3) The designated increment portion shall be allocated as
16 required by either an operative agreement or an allocation board
17 determination for the county that has been entered into, or made,
18 pursuant to Article 4.2 (commencing with Section 53738) of
19 Chapter 4 of Part 1 of Division 2 of the Government Code.

20 (b) Each reduction, resulting from the implementation of
21 paragraph (1) of subdivision (a), in the amount of property tax
22 revenue that is allocated to school entities shall be reimbursed by
23 the state pursuant to Sections 2558 and 42238 of the Education
24 Code, or any successor to those provisions.

25 (c) The auditor of a qualified county shall allocate the amount
26 specified in subparagraph (A) of paragraph (2) of subdivision (a)
27 in the following manner:

28 (1) In a county in which there are no cities, the county shall
29 receive that amount which shall, within five years of the receipt of
30 the moneys, be used exclusively by the county for the activities
31 specified, with respect to redevelopment agencies, in subdivision
32 (e) of Section 33334.2 of the Health and Safety Code to implement
33 the affordable housing portion of the housing element of the
34 general plan of the county.

35 (2) In all other counties, the county and each city in the county
36 shall receive a percentage share that corresponds to the share of
37 the obligation required of the county and each city in the county
38 to meet the county's regional housing needs, as determined by the
39 county's Regional Housing Needs Assessment as conducted by the
40 Department of Housing and Community Development pursuant to



1 *Section 65584 of the Government Code. Moneys received pursuant*
2 *to this paragraph shall, within five years of the receipt of the*
3 *moneys, be used exclusively by the county or city for the activities*
4 *specified, with respect to redevelopment agencies, in subdivision*
5 *(e) of Section 33334.2 of the Health and Safety Code to implement*
6 *the affordable housing portion of the housing element of the*
7 *general plan of the county and each city in that county.*

8 *(d) (1) As part of the review required by Section 65588 of the*
9 *Government Code, a qualified county and any city in a qualified*
10 *county that received moneys pursuant to subdivision (c) shall make*
11 *a finding, by written resolution approved by a majority of the*
12 *governing body of the county or city, that moneys allocated to*
13 *counties and cities pursuant to subdivision (c) were used by those*
14 *counties and cities for the purposes and within the time period*
15 *specified in that subdivision.*

16 *(2) If the qualified county and the cities specified in paragraph*
17 *(1) do not make the finding required by that paragraph, then the*
18 *qualified county is required to apply again to the Governor, as*
19 *specified in Section 53738.1 of the Government Code, in order to*
20 *participate in the negotiations described in that section and to*
21 *allocate property tax revenues as specified in this section. Until the*
22 *Governor approves the additional application described in the*
23 *preceding sentence, property tax revenue shall be allocated in that*
24 *county as otherwise required by law.*

25 *(e) For purposes of this section:*

26 *(1) "Designated increment portion" means that portion of the*
27 *annual tax increment that is in excess of 2 percent of the sum of the*
28 *amounts allocated pursuant to subdivision (a) of Section 96.1.*

29 *(2) "Qualified county" has the same meaning as specified in*
30 *Section 53738.1 of the Government Code.*

31 *(3) "Qualified fiscal year" has the same meaning as specified*
32 *in Section 53738.1 of the Government Code.*

