

AMENDED IN ASSEMBLY APRIL 29, 2002

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2209**

---

---

**Introduced by Assembly Member Chu**

February 20, 2002

---

---

An act to amend Section 96.31 of the Revenue and Taxation Code, relating to property taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2209, as amended, Chu. Property taxation: ~~City of Monterey Park~~ pension funding.

*Existing property tax law generally prohibits a local jurisdiction, in the 1985–86 fiscal year and each fiscal year thereafter, from imposing a property tax rate pursuant to a specified statutory provision in excess of the rate so imposed by that jurisdiction in the 1982–83 or 1983–84 fiscal year, except as otherwise specified.*

*This bill would establish an additional exception to this prohibition by allowing a local agency to impose a higher property tax rate to make payments in support of pension programs approved by the voters before July 1, 1978.*

~~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.~~

~~This bill would state the intent of the Legislature to enact a program to revise the property tax computations made with respect to the City of Monterey Park in a manner that allows that city to increase retirement funding for its employees.~~

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

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

1 ~~SECTION 1. It is the intent of the Legislature to enact a~~  
2 *SECTION 1. Section 96.31 of the Revenue and Taxation Code*  
3 *is amended to read:*

4 96.31. (a) For the 1985–86 fiscal year and each fiscal year  
5 thereafter, no jurisdiction shall impose a property tax rate pursuant  
6 to subdivision (a) of Section 93, unless it is imposed for one or  
7 more of the following purposes:

8 (1) To make annual payments for the interest and principal on  
9 general obligation bonds approved by the voters before July 1,  
10 1978, and on bonded indebtedness for the acquisition and  
11 improvement of real property approved by the voters by a  
12 two-thirds vote after June 4, 1986.

13 (2) To make payments to the State of California under contracts  
14 for the sale, delivery, or use of water entered into pursuant to  
15 California Water Resources Development Bond Act in Chapter 8  
16 (commencing with Section 12930) of Part 6 of Division 6 of the  
17 Water Code or to make payments to the United States or another  
18 public agency under voter-approved contracts for the sale,  
19 delivery, or use of water or for the repayment of voter-approved  
20 obligations for the construction, maintenance, or operation of  
21 water conservation, treatment, or distribution facilities, provided  
22 that the indebtedness was approved by the voters before July 1,  
23 1978.

24 (3) To make payments pursuant to lease-purchase programs  
25 approved by the voters before July 1, 1978, provided that the  
26 jurisdiction imposed the property tax rate in the 1982–83 fiscal  
27 year.

28 (4) To make payments in support of pension programs  
29 approved by the voters before July 1, 1978, provided that the local  
30 agency imposed the property tax rate in the 1982–83 or 1983–84  
31 fiscal year.



1 (5) To make payments in support of paramedic, library, or zoo  
2 programs approved by the voters before July 1, 1978, provided  
3 that the jurisdiction imposed the property tax rate in the 1982–83  
4 fiscal year.

5 (6) To make payments for the interest and principal on an  
6 indebtedness, pursuant to Section 5544.2 of the Public Resources  
7 Code, approved by the voters before July 1, 1978, provided that the  
8 local agency imposed the property tax rate in the 1982–83 fiscal  
9 year.

10 (b) In the 1985–86 fiscal year and any fiscal year thereafter, a  
11 jurisdiction shall not impose a property tax rate, pursuant to  
12 subdivision (a) of Section 93, in excess of the rate it imposed in the  
13 1982–83 or 1983–84 fiscal year. Notwithstanding the limit  
14 imposed by this subdivision, a higher property tax rate may be  
15 imposed whenever necessary to make payments for any of the  
16 purposes specified in paragraphs (1), (2), ~~and~~ (3), *and* (4) of  
17 subdivision (a). However, no property tax rate increase in excess  
18 of the rate imposed in the 1984–85 fiscal year shall be imposed if  
19 the purpose of the rate increase is to fund a reduction in the rates  
20 charged for water at the time of the property tax rate increase.

21 (c) Notwithstanding subdivisions (a) and (b), a charter city may  
22 levy an ad valorem property tax rate to make payments in support  
23 of a retirement system for fire and police employees if all of the  
24 following criteria are met:

25 (1) The retirement system is part of the city’s charter and was  
26 approved by the voters before July 1, 1978.

27 (2) The city did not levy a separate ad valorem property tax rate  
28 to support the retirement system in the 1983–84 fiscal year.

29 (3) The retirement system provides for a cost-of-living  
30 adjustment that is indexed to a consumer price index and does not  
31 limit the annual increases which may be paid to members after  
32 their retirement.

33 (4) The retirement system is not currently available to newly  
34 hired fire and police employees and will not be available in the  
35 future.

36 (5) Before January 1, 1985, the city unsuccessfully litigated a  
37 limit to the cost-of-living adjustment that may be paid to members  
38 of the retirement system after their retirement.

39 (6) After July 1, 1985, the city conducted an election and a  
40 question authorizing the levying of an ad valorem property tax for



1 the purpose of making payments in support of the retirement  
2 system received the affirmative votes of at least 60 percent of those  
3 voting on that question.

4 The proceeds of an ad valorem property tax rate levied pursuant  
5 to this subdivision shall be used only to pay for the obligations of  
6 a retirement system described by this subdivision. The proceeds  
7 shall not be used to finance more than 75 percent of the annual  
8 obligations of this retirement system. A city shall not levy an ad  
9 valorem property tax pursuant to this subdivision after June 30,  
10 2034.

11 (d) If a jurisdiction imposes a rate in excess of the maximum  
12 rate authorized by subdivision (a), (b), or (c), the amount of  
13 property tax allocated to the jurisdiction pursuant to this chapter  
14 shall be reduced by one dollar (\$1) for each one dollar (\$1) of  
15 property tax revenue attributable to the excess rate. Any property  
16 tax revenue that has been subtracted from a jurisdiction's  
17 allocation pursuant to this subdivision shall be allocated to  
18 elementary, high school, and unified school districts within the  
19 jurisdiction's jurisdiction in proportion to the average daily  
20 attendance of each district.

21 (e) This section shall be deemed to be a limit on the maximum  
22 property tax rate pursuant to Section 20 of Article XIII of the  
23 California Constitution.

24 ~~program to revise the property tax computations made with respect~~  
25 ~~to the City of Monterey Park in a manner that allows that city to~~  
26 ~~increase retirement funding for its employees.~~

