

AMENDED IN ASSEMBLY SEPTEMBER 10, 2009

AMENDED IN ASSEMBLY SEPTEMBER 4, 2009

**SENATE BILL**

**No. 84**

---

---

**Introduced by Senator Leno Steinberg**

*(Principal coauthor: Assembly Member Bass)*

**(Coauthors: Senators Florez, Hancock, and Romero)**

*(Coauthors: Assembly Members Brownley, Carter, De Leon, Torlakson,  
and V. Manuel Perez)*

January 20, 2009

---

---

~~An act to add Part 5.6 (commencing with Section 11160) to Division 2 of the Revenue and Taxation Code, relating to local government finance.~~ *An act to amend Section 39 of Chapter 2 of the Fourth Extraordinary Session of the Statutes of 2009, relating to education finance, and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

SB 84, as amended, ~~Leno Steinberg~~.  ~~Voter-approved local assessment: vehicles.~~ *Education finance.*

*Existing law appropriates the sum of \$402,000,000 from the General Fund to the Superintendent of Public Instruction for the 2009–10 fiscal year to be allocated to schoolsites selected to participate in the Quality Education Investment Act program, as specified. Existing law requires the Superintendent, for each school district and chartering authority receiving an allocation pursuant to these provisions, to reduce its revenue limit or its general purpose entitlement, as specified, for the 2009–10 school year by the amount of the allocation received pursuant to these provisions.*

*This bill would condition this reduction upon certification by the Superintendent that an equivalent amount of additional federal or state*

*funds that may be used by a school district or chartering authority for revenue limit or general purpose uses have been made available to the school district or chartering authority. The bill would require the Superintendent of Public Instruction and the Director of Finance to report to the Legislature by March 1, 2010, the amount of the reductions specified in the bill that will not be eligible for restoration with available federal funding.*

*The bill would require the Superintendent of Public Instruction to use \$64,872,000 in federal funds, as specified, in combination with other available funds, for the purpose of awarding grants to local educational agencies that participate in the Quality Education Investment Act Program in the 2009–10 fiscal year, thereby making an appropriation.*

~~Existing law authorizes certain counties to impose a local vehicle license fee not exceeding \$10 per vehicle, as provided, for the privilege of operating specified vehicles on public roads in the county. Existing law requires a county imposing this fee to contract with the Department of Motor Vehicles to collect and administer the fee, as specified.~~

~~This bill would authorize counties and the City and County of San Francisco to impose a voter-approved local assessment for specified vehicles if certain conditions, including approval by local voters, are met. The bill would require the county or the city and county to contract with the department to collect and administer the assessment, as provided.~~

~~The Personal Income Tax Law and the Corporation Tax Law authorize various deductions against the income that is otherwise subject to tax under those laws, including a deduction for local taxes that were paid or incurred by a taxpayer.~~

~~This bill would require the Franchise Tax Board to notify the department of estimated revenue losses to the state resulting from taxpayers deducting, for purposes of the Personal Income Tax Law and the Corporation Tax Law, the voter-approved local assessments authorized by this bill. This bill would require the department to transmit from the assessments collected an amount equal to these reported losses for deposit in the General Fund~~

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

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

1     *SECTION 1. Section 39 of Chapter 2 of the Fourth*  
2     *Extraordinary Session of the Statutes of 2009, is amended to read:*

3     Sec. 39. (a) (1) The sum of four hundred two million dollars  
4     (\$402,000,000) is hereby appropriated from the General Fund to  
5     the Superintendent of Public Instruction for the 2009–10 fiscal  
6     year to be allocated to schoolsites selected to participate in the  
7     Quality Education Investment Act program pursuant to Section  
8     52055.730 of the Education Code. Local educational agencies shall  
9     receive funding, on behalf of funded schools, at the rates  
10    established pursuant to subdivisions (a) and (i) of Section  
11    52055.770 of the Education Code. Local educational agencies and  
12    school sites receiving this funding shall comply with all of the  
13    requirements of the Quality Education Investment Act program  
14    specified in Article 3.7 (commencing with Section 52055.700) of  
15    Chapter 6.1 of *Part 28 of Division 4 of Title 2 of Part 28 of the*  
16    Education Code.

17    (2) Notwithstanding Section 52055.770 of the Education Code,  
18    for purposes of making the computations required by Section 8 of  
19    Article XVI of the California Constitution, the appropriation made  
20    by this subdivision shall be included in the “total allocations to  
21    school districts and community college districts from General Fund  
22    proceeds of taxes appropriated pursuant to Article XIII B,” as  
23    defined in Section 41202 of the Education Code for the 2009–10  
24    fiscal year.

25    (3) Notwithstanding any other provision of law, the  
26    appropriation made in this subdivision shall be in lieu of the  
27    appropriation required by subparagraph (B) of paragraph (2) of  
28    subdivision (c) of Section 52055.770 of the Education Code for  
29    the 2009–10 fiscal year.

30    (b) For each school district and chartering authority receiving  
31    an allocation pursuant to subdivision (a), the Superintendent of  
32    Public Instruction shall reduce its revenue limit determined  
33    pursuant to Section 42238 of the Education Code or its general  
34    purpose entitlement determined pursuant to Section 47633 of the  
35    Education Code, as applicable, for the 2009–10 fiscal year by the  
36    amount of the allocation received pursuant to subdivision (a).  
37    *However, the reduction shall occur only upon determination by*  
38    *the Superintendent of Public Instruction and the Director of*

1 *Finance that an equivalent amount of additional federal or state*  
2 *funds that may be used by school districts and chartering*  
3 *authorities for the same purposes as funds received pursuant to*  
4 *Sections 42238 and 47633 of the Education Code have been made*  
5 *available to that school district or chartering authority.*

6 (c) Notwithstanding any other provision of law, local educational  
7 agencies that participated in the Quality Education Investment Act  
8 Program in the 2009–10 fiscal year may, on behalf of eligible  
9 schoolsites, apply to the State Department of Education for grants  
10 provided to the state pursuant to ~~subdivisions~~ *subsections* (a) and  
11 (g) of Section 1003 of Title I of the Elementary and Secondary  
12 Education Act (20 U.S.C. Sec. 6303 et seq.) and for moneys  
13 reserved by the state pursuant to ~~subdivision~~ *subsection* (g) of  
14 Section 1003 of Title I of the Elementary and Secondary Education  
15 Act. The State Department of Education shall award grants to  
16 schoolsites during the 2009–10 fiscal year from funds provided  
17 pursuant to ~~subdivision~~ *subsection* (a) or ~~subdivision~~ *subsection*  
18 (g), as appropriate, of Section 1003 of Title I of the Elementary  
19 and Secondary Education Act, which apply for these funds pursuant  
20 to this subdivision and meet all of the eligibility requirements for  
21 the receipt of these funds.

22 (d) *The Superintendent of Public Instruction and the Director*  
23 *of Finance shall report to the Legislature the amount of the*  
24 *reductions specified in subdivision (b), if any, that will not be*  
25 *eligible for restoration with available federal funding by March*  
26 *1, 2010.*

27 (e) *The Superintendent of Public Instruction shall use sixty-four*  
28 *million eight hundred seventy-two thousand dollars (\$64,872,000)*  
29 *in one-time carryover funds provided to the state under subsection*  
30 *(a) of Section 1003 of Title I of the Elementary and Secondary*  
31 *Education Act (20 U.S.C. Sec. 6303 et seq.), as appropriated*  
32 *pursuant to Provision 7 of Item 6110-134-0890 of Chapter 1 of*  
33 *the Third Extraordinary Session of the Statutes of 2009, in*  
34 *combination with other available funds, for the purpose of*  
35 *awarding grants to local educational agencies that participate in*  
36 *the Quality Education Investment Act Program in the 2009–10*  
37 *fiscal year.*

38 (f) *It is the intent of the Legislature that the first priority for a*  
39 *source of funding to restore the reductions specified in subdivision*  
40 *(b) shall be federal funds.*

1 SECTION 1. ~~This act shall be known and may be cited as the~~  
2 ~~Local Assessment Act.~~

3 SEC. 2. ~~Part 5.6 (commencing with Section 11160) is added~~  
4 ~~to Division 2 of the Revenue and Taxation Code, to read:~~

5  
6 ~~PART 5.6. VOTER-APPROVED LOCAL ASSESSMENT~~

7  
8 ~~11160. This part is applicable only to counties and to the City~~  
9 ~~and County of San Francisco.~~

10 ~~11161. For purposes of this part:~~

11 ~~(a) "Board of supervisors" means the board of supervisors of~~  
12 ~~the county or the city and county.~~

13 ~~(b) "City and county" means the City and County of San~~  
14 ~~Francisco.~~

15 ~~(c) "County" means any county of the state.~~

16 ~~(d) "Department" means the Department of Motor Vehicles.~~

17 ~~(e) "Market value" has the same meaning and shall be~~  
18 ~~determined in the same manner as required under Part 5~~  
19 ~~(commencing with Section 10701) of Division 2.~~

20 ~~(f) "Person" includes an individual, a firm, a corporation, a~~  
21 ~~limited liability company, a partnership, or any other legal entity.~~

22 ~~(g) "Resident of the county or city and county" means a person~~  
23 ~~whose address, as reflected in department registration records, is~~  
24 ~~in the county or the city and county, but does not include a person~~  
25 ~~that establishes to the satisfaction of the department that the~~  
26 ~~person's place of residence is elsewhere.~~

27 ~~(h) "Voter-approved local assessment" means a supplemental~~  
28 ~~charge added to the fee imposed pursuant to Section 10751.~~

29 ~~11162. Notwithstanding Section 10758, the board of~~  
30 ~~supervisors may, by ordinance, impose a voter-approved local~~  
31 ~~assessment for general revenue purposes pursuant to this part, if~~  
32 ~~all of the following conditions are met:~~

33 ~~(a) The ordinance proposing the assessment complies with both~~  
34 ~~of the following:~~

35 ~~(1) Section 11163.~~

36 ~~(2) Article 3.7 (commencing with Section 53720) of Chapter 4~~  
37 ~~of Part 1 of Division 2 of Title 5 of the Government Code.~~

38 ~~(b) The ordinance proposing the assessment is adopted by a~~  
39 ~~two-thirds vote of all members of the board of supervisors.~~

1 ~~(e) The ordinance proposing the assessment is submitted to the~~  
2 ~~electorate of the county or city and county and is approved by a~~  
3 ~~majority vote of the voters voting on the ordinance.~~

4 ~~(d) The board of supervisors transmits to the department and~~  
5 ~~the Franchise Tax Board a certified copy of the ordinance imposing~~  
6 ~~that assessment immediately after the results of the election~~  
7 ~~described in subdivision (c) are certified.~~

8 ~~11163. — An ordinance imposing a voter-approved local~~  
9 ~~assessment pursuant to this part shall contain provisions in~~  
10 ~~substance as follows:~~

11 ~~(a) A provision that the assessment is imposed for the privilege~~  
12 ~~of a resident of the county or the city and county to operate upon~~  
13 ~~the public highways in the county or the city and county a vehicle~~  
14 ~~or trailer coach, the registrant of which is subject to tax under Part~~  
15 ~~5 (commencing with Section 10701).~~

16 ~~(b) (1) A provision establishing the annual amount of the~~  
17 ~~assessment at a rate that equals the difference between the~~  
18 ~~following two rates:~~

19 ~~(A) Two percent of the market value of the vehicle or trailer~~  
20 ~~coach.~~

21 ~~(B) The rate, including any offset to that rate, set forth in Part~~  
22 ~~5 (commencing with Section 10701), for a vehicle or trailer coach.~~

23 ~~(2) A provision that the rate established under the provision~~  
24 ~~described in paragraph (1) is subject to both of the following:~~

25 ~~(A) That the rate may not exceed 2 percent of the market value~~  
26 ~~of the vehicle or trailer coach.~~

27 ~~(B) That any adjustment that is required to be made to the rate~~  
28 ~~because of a change in the rate, or any offset to that rate, set forth~~  
29 ~~in Part 5 (commencing with Section 10701), shall not take effect~~  
30 ~~until the first day of the first fiscal year that follows the fiscal year~~  
31 ~~in which the change to the rate or offset set forth in that part~~  
32 ~~became operative.~~

33 ~~(c) A provision that the assessment will begin to be imposed as~~  
34 ~~follows:~~

35 ~~(1) If the election in which the ordinance receives voter approval~~  
36 ~~occurs between January 1 and June 30, on the first January 1 that~~  
37 ~~follows that election.~~

38 ~~(2) If the election in which the ordinance receives voter approval~~  
39 ~~occurs between July 1 and December 31, on the first July 1 that~~  
40 ~~follows that election.~~

1 ~~(d) Provisions identical to those contained in Part 5~~  
2 ~~(commencing with Section 10701), insofar as they relate to vehicle~~  
3 ~~license fees and are applicable, except that the name of the county~~  
4 ~~or the city and county as the taxing agency shall be substituted for~~  
5 ~~that of the state.~~

6 ~~(e) A provision that all amendments, subsequent to the effective~~  
7 ~~date of the voter-approved local assessment ordinance, to Part 5~~  
8 ~~(commencing with Section 10701) relating to vehicle license fees~~  
9 ~~and not inconsistent with this part, shall automatically be~~  
10 ~~incorporated into the voter-approved local assessment ordinance.~~

11 ~~(f) A provision that requires the county or the city and county~~  
12 ~~to contract with the department, which contract shall contain~~  
13 ~~provisions in substance as follows:~~

14 ~~(1) A requirement that the department perform all functions~~  
15 ~~incident to the administration and collection of the voter-approved~~  
16 ~~local assessment.~~

17 ~~(2) A provision specifying the manner in which refunds to~~  
18 ~~licensees pursuant to Part 5 (commencing with Section 10701), as~~  
19 ~~incorporated in the voter-approved local assessment ordinance~~  
20 ~~pursuant to subdivisions (e) and (d), will be made and administered.~~

21 ~~(3) A provision that requires the county or the city and county~~  
22 ~~to pay the department for the initial setup and programming costs~~  
23 ~~identified by the department.~~

24 ~~11163.2. Any ordinance approved pursuant to Section 11163~~  
25 ~~shall be valid and enforceable even if adopted and approved, as~~  
26 ~~required by Section 11162, by the board of supervisors and by the~~  
27 ~~voters prior to the effective date of the act adding this section, but~~  
28 ~~only if both of the following apply:~~

29 ~~(a) Any assessment imposed pursuant to the ordinance is not~~  
30 ~~levied until at least 90 days after the effective date of the act adding~~  
31 ~~this section.~~

32 ~~(b) The board of supervisors ratifies its adoption of the ordinance~~  
33 ~~after the effective date of the act adding this section and prior to~~  
34 ~~the first levy of the assessment imposed pursuant to the ordinance.~~

35 ~~11164. The department shall do all of the following:~~

36 ~~(a) Collect the voter-approved local assessment pursuant to a~~  
37 ~~contract with the county or the city and county.~~

38 ~~(b) Deduct its costs in administering the voter-approved local~~  
39 ~~assessment from the assessments collected under subdivision (a).~~

1 ~~(e) From the assessments collected under subdivision (a),~~  
2 ~~transmit to the Controller for deposit in the General Fund the~~  
3 ~~amount reported under Section 11166.~~

4 ~~(d) Transmit revenues derived from the assessments collected~~  
5 ~~under subdivision (a) to the county or the city and county as~~  
6 ~~promptly as feasible.~~

7 ~~(e) The Department of Motor Vehicles and the Franchise Tax~~  
8 ~~Board shall develop a reporting process that enables the department~~  
9 ~~to report to the board in a timely manner the data necessary for~~  
10 ~~the board to prepare the estimate of revenue loss specified in~~  
11 ~~Section 11166.~~

12 ~~11165. (a) This part shall not be construed to supplant any~~  
13 ~~moneys that the state apportions to the county or the city and~~  
14 ~~county, including, but not limited to, moneys apportioned to that~~  
15 ~~entity under the Vehicle License Fee Law set forth in Part 5~~  
16 ~~(commencing with Section 10701), or any successor to that law.~~

17 ~~(b) Notwithstanding any other provision of law, if a county or~~  
18 ~~city and county that imposes a voter-approved local assessment~~  
19 ~~has a reduction in revenue derived from that assessment because~~  
20 ~~of an increase in the rate, including any offset to that rate, set forth~~  
21 ~~in Part 5 (commencing with Section 10701) for a vehicle or a trailer~~  
22 ~~coach, reimbursement by the state shall not be made to the county~~  
23 ~~or city and county for that loss in revenue.~~

24 ~~11166. On or before January 1 of the second year that follows~~  
25 ~~a year, or portion thereof, in which an assessment is imposed~~  
26 ~~pursuant to this part, the Franchise Tax Board shall report to the~~  
27 ~~department an estimate of the total amount of the revenue loss to~~  
28 ~~the state for the prior year resulting from deductions taken under~~  
29 ~~the Personal Income Tax Law (Part 10 (commencing with Section~~  
30 ~~17001)) and the Corporation Tax Law (Part 11 (commencing with~~  
31 ~~Section 23001)) for taxes paid or incurred as a result of a tax being~~  
32 ~~imposed pursuant to this part.~~