

AMENDED IN ASSEMBLY SEPTEMBER 10, 2009

AMENDED IN ASSEMBLY SEPTEMBER 4, 2009

**SENATE BILL**

**No. 85**

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**Introduced by Senator Cogdill  
(Coauthor: Senator Denham)**

January 20, 2009

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An act to add ~~Section 96.11~~ *Sections 96.11 and 97.81* to the Revenue and Taxation Code, relating to local government finance.

LEGISLATIVE COUNSEL'S DIGEST

SB 85, as amended, Cogdill. Local government finance.

Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenues 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, for purposes of property tax revenue allocations for the 2011–12 and 2012–13 fiscal years, require the county auditor for a county for which a negative sum was calculated pursuant to a specified former statute, in reducing the amount of property tax revenue otherwise allocated to the county by an amount attributable to that negative sum, to apply a reduction amount equal to the reduction amount determined for the 2010–11 fiscal year. ~~By imposing new duties in the annual allocation of ad valorem property tax revenues, this bill would impose a state-mandated local program.~~

*This bill would also, for the 2011–12 fiscal year and for each fiscal year thereafter, require the auditor of a qualified county, as defined, to increase the total amount of ad valorem property tax revenue otherwise required to be allocated to that county by the county equity amount, as defined, and to commensurately reduce the total amount of ad valorem property tax revenue otherwise required to be allocated to school entities in the county, as specified.*

*By imposing new duties in the annual allocation of ad valorem property tax revenues, the 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.

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 96.11 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 96.11. Notwithstanding any other provision of this article, for
- 4 purposes of property tax revenue allocations, the county auditor
- 5 of a county for which a negative sum was calculated pursuant to
- 6 subdivision (a) of former Section 97.75 as that section read on
- 7 September 19, 1983, shall, in reducing the amount of property tax
- 8 revenue that otherwise would be allocated to the county by an
- 9 amount attributable to that negative sum, do all of the following:

1 (a) For the 2011–12 and 2012–13 fiscal years, apply a reduction  
2 amount that is equal to the reduction amount that was determined  
3 for the 2010–11 fiscal year.

4 (b) For the 2013–14 fiscal year, apply a reduction amount that  
5 is determined on the basis of the reduction amount applied for the  
6 2010–11 fiscal year, without any increase in that latter amount for  
7 the 2011–12 and 2012–13 fiscal years.

8 (c) For the 2014–15 fiscal year and each fiscal year thereafter,  
9 apply a reduction amount that is determined on the basis of the  
10 reduction amount applied for the immediately preceding fiscal  
11 year.

12 *SEC. 2. Section 97.81 is added to the Revenue and Taxation*  
13 *Code, to read:*

14 *97.81. (a) Notwithstanding any other provision of law, for the*  
15 *2011–12 fiscal year and for each fiscal year thereafter, the auditor*  
16 *of a qualified county shall do both of the following:*

17 *(1) Increase the total amount of ad valorem property tax revenue*  
18 *that is otherwise required to be allocated to that county by the*  
19 *county equity amount.*

20 *(2) (A) Decrease the total amount of ad valorem property tax*  
21 *revenue that is otherwise required to be allocated to the county*  
22 *Educational Revenue Augmentation Fund by the county equity*  
23 *amount.*

24 *(B) If, for any fiscal year, there is not enough ad valorem*  
25 *property tax revenue that is otherwise required to be allocated to*  
26 *a county Educational Revenue Augmentation Fund for the auditor*  
27 *to complete the allocation reduction required by subparagraph*  
28 *(A), the auditor shall additionally reduce the total amount of ad*  
29 *valorem property tax revenue that is otherwise required to be*  
30 *allocated to all school districts in the county for that fiscal year*  
31 *by an amount equal to the difference between the county equity*  
32 *amount and the amount of ad valorem property tax revenue that*  
33 *is otherwise required to be allocated to the county Educational*  
34 *Revenue Augmentation Fund for that fiscal year. This reduction*  
35 *for each school district in the county shall be the percentage share*  
36 *of the total reduction that is equal to the proportion that the total*  
37 *amount of ad valorem property tax revenue that is otherwise*  
38 *required to be allocated to the school district bears to the total*  
39 *amount of ad valorem property tax revenue that is otherwise*  
40 *required to be allocated to all school districts in a county. For*

1 *purposes of this subparagraph, “school districts” do not include*  
2 *any districts that are excess tax school entities, as defined in*  
3 *Section 95.*

4 *(C) Any reduction in the amount of ad valorem property tax*  
5 *revenues deposited in the county’s Educational Revenue*  
6 *Augmentation Fund as a result of subparagraph (A) shall be*  
7 *applied exclusively to reduce the amounts that are allocated from*  
8 *that fund to school districts and county offices of education, and*  
9 *shall not be applied to reduce the amounts of ad valorem property*  
10 *tax revenues that are otherwise required to be allocated from that*  
11 *fund to community college districts.*

12 *(b) For purposes of this section:*

13 *(1) “Qualified county” means the county that, of all the counties*  
14 *in the state, was allocated the second lowest percentage of the sum*  
15 *of both of the following for the 2006–07 fiscal year:*

16 *(A) The countywide ad valorem property tax revenue.*

17 *(B) The less than countywide ad valorem property tax revenue.*

18 *(2) “County equity amount” means one hundred thousand*  
19 *dollars (\$100,000) in the 2011–12 fiscal year, and two hundred*  
20 *thousand dollars (\$200,000) in the 2012–13 fiscal year and each*  
21 *fiscal year thereafter.*

22 *(c) For the 2011–12 fiscal year and for each fiscal year*  
23 *thereafter, ad valorem property tax revenue allocations made*  
24 *pursuant to Sections 96.1 and 96.5 shall not incorporate the*  
25 *allocation adjustments made by this section.*

26 ~~SEC. 2.~~

27 ~~SEC. 3.~~ No reimbursement is required by this act pursuant to  
28 Section 6 of Article XIII B of the California Constitution because  
29 this act provides for offsetting savings to local agencies or school  
30 districts that result in no net costs to the local agencies or school  
31 districts, within the meaning of Section 17556 of the Government  
32 Code.