

## Senate Bill No. 85

### CHAPTER 5

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

[Approved by Governor February 24, 2010. Filed with  
Secretary of State February 24, 2010.]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 85, 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 specified fiscal years.

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.

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

SECTION 1. Section 96.11 is added to the Revenue and Taxation Code, to read:

96.11. Notwithstanding any other provision of this article, for purposes of property tax revenue allocations, the county auditor of a county for which a negative sum was calculated pursuant to subdivision (a) of former Section 97.75 as that section read on September 19, 1983, shall, in reducing the amount of property tax revenue that otherwise would be allocated to the county by an amount attributable to that negative sum, do all of the following:

(a) For the 2011–12 fiscal year, apply a reduction amount that is equal to the lesser of either of the following:

(1) The reduction amount that was determined for the 2010–11 fiscal year.

(2) The reduction amount that is determined for the 2011–12 fiscal year.

(b) For the 2012–13 fiscal year, apply a reduction amount that is equal to the lesser of either of the following:

(1) The reduction amount that was determined in subdivision (a) for the 2011–12 fiscal year.

(2) The reduction amount that is determined for the 2012–13 fiscal year.

(c) For the 2013–14 fiscal year and each fiscal year thereafter, apply a reduction amount that is determined on the basis of the reduction amount applied for the immediately preceding fiscal year.

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

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

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

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

(B) If, for any fiscal year, there is not enough ad valorem property tax revenue that is otherwise required to be allocated to a county Educational Revenue Augmentation Fund for the auditor to complete the allocation

reduction required by subparagraph (A), the auditor shall additionally reduce the total amount of ad valorem property tax revenue that is otherwise required to be allocated to all school districts in the county for that fiscal year by an amount equal to the difference between the county equity amount and the amount of ad valorem property tax revenue that is otherwise required to be allocated to the county Educational Revenue Augmentation Fund for that fiscal year. This reduction for each school district in the county shall be the percentage share of the total reduction that is equal to the proportion that the total amount of ad valorem property tax revenue that is otherwise required to be allocated to the school district bears to the total amount of ad valorem property tax revenue that is otherwise required to be allocated to all school districts in a county. For purposes of this subparagraph, “school districts” do not include any districts that are excess tax school entities, as defined in Section 95.

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

(b) For purposes of this section:

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

- (A) The countywide ad valorem property tax revenue.
- (B) The less than countywide ad valorem property tax revenue.

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

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

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