

AMENDED IN ASSEMBLY MAY 27, 2011

AMENDED IN ASSEMBLY MARCH 8, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 468

Introduced by Assembly Member Smyth

February 15, 2011

An act to amend ~~Sections 98 and 98.02~~ *Section 98.02* of the Revenue and Taxation Code, relating to property taxation, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 468, as amended, Smyth. Property taxes: TEA formula allocation: maintenance or improvement ~~districts~~: *districts: City of Simi Valley*.

Existing property tax law requires the auditor of each county with qualifying cities, as defined, to make certain property tax revenue allocations to those cities in accordance with an established Tax Equity Allocation (TEA) formula and to make corresponding reductions in the amount of property tax revenue that is allocated to the county, as specified.

This bill, commencing with the 2011–12 fiscal year, would prohibit the auditor of ~~those counties~~ *the County of Ventura* from reducing the amount distributed to a ~~qualifying city~~ *the City of Simi Valley* by reason of that city receiving property taxes previously allocated to a maintenance or improvement district pursuant to specified provisions. This bill would require the ~~qualifying city~~ *City of Simi Valley* to reimburse the auditor for the actual and reasonable costs incurred by the auditor to administer these allocations, as provided. *This bill would*

also make findings and declarations regarding the necessity of a special statute.

By imposing new duties upon county officials in the allocation of ad valorem 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.

This bill would provide that no reimbursement is required by this act for a specified reason.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. 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 98 of the Revenue and Taxation Code is~~
2 ~~amended to read:~~
3 ~~98. (a) In each county, other than the County of Ventura,~~
4 ~~having within its boundaries a qualifying city, the computations~~
5 ~~made pursuant to Section 96.1 or its predecessor section, for the~~
6 ~~1989-90 fiscal year and each fiscal year thereafter, shall be~~
7 ~~modified as follows:~~
8 ~~With respect to tax rate areas within the boundaries of a~~
9 ~~qualifying city, there shall be excluded from the aggregate amount~~
10 ~~of "property tax revenue allocated pursuant to this chapter to local~~
11 ~~agencies, other than for a qualifying city, in the prior fiscal year,"~~
12 ~~an amount equal to the sum of the amounts calculated pursuant to~~
13 ~~the TEA formula.~~
14 ~~(b) (1) Except as otherwise provided in this section, each~~
15 ~~qualifying city shall, for the 1989-90 fiscal year and each fiscal~~
16 ~~year thereafter, be allocated by the auditor an amount determined~~
17 ~~pursuant to the TEA formula.~~
18 ~~(2) For each qualifying city, the auditor shall, for the 1989-90~~
19 ~~fiscal year and each fiscal year thereafter, allocate the amount~~
20 ~~determined pursuant to the TEA formula to all tax rate areas within~~
21 ~~that city in proportion to each tax rate area's share of the total~~
22 ~~assessed value in the city for the applicable fiscal year, and the~~
23 ~~amount so determined shall be subtracted from the county's~~

1 proportionate share of property tax revenue for that fiscal year
2 within those tax rate areas:

3 (3) After making the allocations pursuant to paragraphs (1) and
4 (2), but before making the calculations pursuant to Section 96.5
5 or its predecessor section, the auditor shall, for all tax rate areas
6 in the qualifying city, calculate the proportionate share of property
7 tax revenue allocated pursuant to this section and Section 96.1, or
8 their predecessor sections, in the 1989–90 fiscal year and each
9 fiscal year thereafter to each jurisdiction in the tax rate area.

10 (4) In lieu of making the allocations of annual tax increment
11 pursuant to subdivision (e) of Section 96.5 or its predecessor
12 section, the auditor shall, for the 1989–90 fiscal year and each
13 fiscal year thereafter, allocate the amount of property tax revenue
14 determined pursuant to subdivision (d) of Section 96.5 or its
15 predecessor section to jurisdictions in the tax rate area using the
16 proportionate shares derived pursuant to paragraph (3).

17 (5) For purposes of the calculations made pursuant to Section
18 96.1 or its predecessor section, in the 1990–91 fiscal year and each
19 fiscal year thereafter, the amounts that would have been allocated
20 to qualifying cities pursuant to this subdivision shall be deemed
21 to be the “amount of property tax revenue allocated in the prior
22 fiscal year.”

23 (e) “TEA formula” means the Tax Equity Allocation formula,
24 and shall be calculated by the auditor for each qualifying city as
25 follows:

26 (1) For the 1988–89 fiscal year and each fiscal year thereafter,
27 the auditor shall determine the total amount of property tax revenue
28 to be allocated to all jurisdictions in all tax rate areas within the
29 qualifying city, before the allocation and payment of funds in that
30 fiscal year to a community redevelopment agency within the
31 qualifying city, as provided in subdivision (b) of Section 33670
32 of the Health and Safety Code.

33 (2) The auditor shall determine the total amount of funds
34 allocated in each fiscal year to a community redevelopment agency
35 in accordance with subdivision (b) of Section 33670 of the Health
36 and Safety Code.

37 (3) The auditor shall determine the total amount of funds paid
38 in each fiscal year by a community redevelopment agency within
39 the city to jurisdictions other than the city pursuant to subdivision
40 (b) of Section 33401 and Section 33676 of the Health and Safety

1 Code, and the cost to the redevelopment agency of any land or
2 facilities transferred and any amounts paid to jurisdictions other
3 than the city to assist in the construction or reconstruction of
4 facilities pursuant to an agreement entered into under Section
5 33401 or 33445.5 of the Health and Safety Code.

6 ~~(4) The auditor shall subtract the amount determined in
7 paragraph (3) from the amount determined in paragraph (2).~~

8 ~~(5) The auditor shall subtract the amount determined in
9 paragraph (4) from the amount determined in paragraph (1).~~

10 ~~(6) The amount computed in paragraph (5) shall be multiplied
11 by the following percentages in order to determine the TEA
12 formula amount to be distributed to the qualifying city in each
13 fiscal year:~~

14 ~~(A) For the first fiscal year in which the qualifying city receives
15 a distribution pursuant to this section, 1 percent of the amount
16 determined in paragraph (5).~~

17 ~~(B) For the second fiscal year in which the qualifying city
18 receives a distribution pursuant to this section, 2 percent of the
19 amount determined in paragraph (5).~~

20 ~~(C) For the third fiscal year in which the qualifying city receives
21 a distribution pursuant to this section, 3 percent of the amount
22 determined in paragraph (5).~~

23 ~~(D) For the fourth fiscal year in which the qualifying city
24 receives a distribution pursuant to this section, 4 percent of the
25 amount determined in paragraph (5).~~

26 ~~(E) For the fifth fiscal year in which the qualifying city receives
27 a distribution pursuant to this section, 5 percent of the amount
28 determined in paragraph (5).~~

29 ~~(F) For the sixth fiscal year in which the qualifying city receives
30 a distribution pursuant to this section, 6 percent of the amount
31 determined in paragraph (5).~~

32 ~~(G) For the seventh fiscal year and each fiscal year thereafter
33 in which the city receives a distribution pursuant to this section,
34 7 percent of the amount determined in paragraph (5).~~

35 ~~(d) "Qualifying city" means any city, except a qualifying city
36 as defined in Section 98.1, that incorporated prior to June 5, 1987,
37 and had an amount of property tax revenue allocated to it pursuant
38 to subdivision (a) of Section 96.1 or its predecessor section in the
39 1988-89 fiscal year that is less than 7 percent of the amount of
40 property tax revenue computed as follows:~~

- 1 ~~(1) The auditor shall determine the total amount of property tax~~
2 ~~revenue allocated to the city in the 1988-89 fiscal year.~~
- 3 ~~(2) The auditor shall subtract the amount in the 1988-89 fiscal~~
4 ~~year determined in paragraph (3) of subdivision (c) from the~~
5 ~~amount determined in paragraph (2) of subdivision (c).~~
- 6 ~~(3) The auditor shall subtract the amount determined in~~
7 ~~paragraph (2) from the amount of property tax revenue determined~~
8 ~~in paragraph (1) of subdivision (c).~~
- 9 ~~(4) The auditor shall divide the amount of property tax revenue~~
10 ~~determined in paragraph (1) of this subdivision by the amount of~~
11 ~~property tax revenue determined in paragraph (3) of this~~
12 ~~subdivision.~~
- 13 ~~(5) If the quotient determined in paragraph (4) of this subdivision~~
14 ~~is less than 0.07, the city is a qualifying city. If the quotient~~
15 ~~determined in that paragraph is equal to or greater than 0.07, the~~
16 ~~city is not a qualifying city.~~
- 17 ~~(e) The auditor may assess each qualifying city its proportional~~
18 ~~share of the actual costs of making the calculations required by~~
19 ~~this section, and may deduct that assessment from the amount~~
20 ~~allocated pursuant to subdivision (b). For purposes of this~~
21 ~~subdivision, a qualifying city's proportional share of the auditor's~~
22 ~~actual costs shall not exceed the proportion it receives of the total~~
23 ~~amounts excluded in the county pursuant to subdivision (a).~~
- 24 ~~(f) Notwithstanding subdivision (b), in any fiscal year in which~~
25 ~~a qualifying city is to receive a distribution pursuant to this section,~~
26 ~~the auditor shall reduce the actual amount distributed to the~~
27 ~~qualifying city by the sum of the following:~~
- 28 ~~(1) The amount of property tax revenue that was exchanged~~
29 ~~between the county and the qualifying city as a result of negotiation~~
30 ~~pursuant to Section 99.03.~~
- 31 ~~(2) (A) The amount of revenue not collected by the qualifying~~
32 ~~city in the first fiscal year following the city's reduction after~~
33 ~~January 1, 1988, of the tax rate or tax base of any locally imposed~~
34 ~~tax, except any tax that was imposed after January 1, 1988. In the~~
35 ~~case of a tax that existed before January 1, 1988, this clause shall~~
36 ~~apply only with respect to an amount attributable to a reduction~~
37 ~~of the rate or base to a level lower than the rate or base applicable~~
38 ~~on January 1, 1988. The amount so computed by the auditor shall~~
39 ~~constitute a reduction in the amount of property tax revenue~~
40 ~~distributed to the qualifying city pursuant to this section in each~~

1 succeeding fiscal year. That amount shall be aggregated with any
2 additional amount computed pursuant to this clause as the result
3 of the city's reduction in any subsequent year of the tax rate or tax
4 base of the same or any other locally imposed general or special
5 tax.

6 ~~(B) No reduction may be made pursuant to subparagraph (A)~~
7 ~~in the case in which a local tax is reduced or eliminated as a result~~
8 ~~of either a court decision or the approval or rejection of a ballot~~
9 ~~measure by the voters.~~

10 ~~(3) The amount of property tax revenue received pursuant to~~
11 ~~this chapter in excess of the amount allocated for the 1986-87~~
12 ~~fiscal year by all special districts that are governed by the city~~
13 ~~council of the qualifying city or whose governing body is the same~~
14 ~~as the city council of the qualifying city with respect to all tax rate~~
15 ~~areas within the boundaries of the qualifying city.~~

16 ~~Notwithstanding this paragraph:~~

17 ~~(A) Commencing with the 1994-95 fiscal year, the auditor shall~~
18 ~~not reduce the amount distributed to a qualifying city under this~~
19 ~~section by reason of that city becoming the successor agency to a~~
20 ~~special district, that is dissolved, merged with that city, or becomes~~
21 ~~a subsidiary district of that city, on or after July 1, 1994.~~

22 ~~(B) Commencing with the 1997-98 fiscal year, the auditor shall~~
23 ~~not reduce the amount distributed to a qualifying city under this~~
24 ~~section by reason of that city withdrawing from a county free~~
25 ~~library system pursuant to Section 19116 of the Education Code.~~

26 ~~(C) (i) Commencing with the 2011-12 fiscal year, the auditor~~
27 ~~shall not reduce the amount distributed to a qualifying city under~~
28 ~~this section by reason of that city receiving, pursuant to subdivision~~
29 ~~(e) of Section 99, property taxes previously allocated to a~~
30 ~~maintenance or improvement district.~~

31 ~~(ii) A qualifying city shall reimburse the auditor for the actual~~
32 ~~and reasonable costs incurred by the auditor to administer this~~
33 ~~paragraph. The qualifying city's proportionate share of the costs~~
34 ~~to reimburse the auditor shall be equal to the qualifying city's~~
35 ~~proportionate share of increased property tax revenues received~~
36 ~~as a result of this subparagraph.~~

37 ~~(4) Any amount of property tax revenues that has been~~
38 ~~exchanged pursuant to Section 56842 of the Government Code~~
39 ~~between the City of Rancho Mirage and a community services~~
40 ~~district, the formation of which was initiated on or after March 6,~~

1 1997, pursuant to Chapter 4 (commencing with Section 56800) of
2 Part 3 of Division 3 of Title 5 of the Government Code.
3 ~~(g) Notwithstanding any other provision of this section, in no
4 event may the auditor reduce the amount of ad valorem property
5 tax revenue otherwise allocated to a qualifying city pursuant to
6 this section on the basis of any additional ad valorem property tax
7 revenues received by that city pursuant to a services for revenue
8 agreement. For purposes of this subdivision, a “services for revenue
9 agreement” means any agreement between a qualifying city and
10 the county in which it is located, entered into by joint resolution
11 of that city and that county, under which additional service
12 responsibilities are exchanged in consideration for additional
13 property tax revenues.~~
14 ~~(h) In any fiscal year in which a qualifying city is to receive a
15 distribution pursuant to this section, the auditor shall increase the
16 actual amount distributed to the qualifying city by the amount of
17 property tax revenue allocated to the qualifying city pursuant to
18 Section 19116 of the Education Code.~~
19 ~~(i) If the auditor determines that the amount to be distributed to
20 a qualifying city pursuant to subdivision (b), as modified by
21 subdivisions (e), (f), and (g) would result in a qualifying city having
22 proceeds of taxes in excess of its appropriation limit, the auditor
23 shall reduce the amount, on a dollar-for-dollar basis, by the amount
24 that exceeds the city’s appropriations limit.~~
25 ~~(j) The amount not distributed to the tax rate areas of a
26 qualifying city as a result of this section shall be distributed by the
27 auditor to the county.~~
28 ~~(k) Notwithstanding any other provision of this section, no
29 qualifying city shall be distributed an amount pursuant to this
30 section that is less than the amount the city would have been
31 allocated without the application of the TEA formula.~~
32 ~~(l) Notwithstanding any other provision of this section, the
33 auditor shall not distribute any amount determined pursuant to this
34 section to any qualifying city that has in the prior fiscal year used
35 any revenues or issued bonds for the construction, acquisition, or
36 development, of any facility which is defined in Section 103(b)(4),
37 103(b)(5), or 103(b)(6) of the Internal Revenue Code of 1954 prior
38 to the enactment of the Tax Reform Act of 1986 (Public Law
39 99-514) and is no longer eligible for tax-exempt financing.~~

1 ~~(m) (1) The amendments made to this section, and the repeal~~
2 ~~of Section 98.04, by the act that added this subdivision shall apply~~
3 ~~for the 2006–07 fiscal year and each fiscal year thereafter.~~

4 ~~(2) For the 2006–07 fiscal year and for each fiscal year~~
5 ~~thereafter, all of the following apply:~~

6 ~~(A) The auditor of the County of Santa Clara shall do both of~~
7 ~~the following:~~

8 ~~(i) Reduce the total amount of ad valorem property tax revenue~~
9 ~~otherwise required to be allocated to qualifying cities in that county~~
10 ~~by the ERAF reimbursement amount. This reduction for each~~
11 ~~qualifying city in the county for each fiscal year shall be the~~
12 ~~percentage share, of the total reduction required by this clause for~~
13 ~~all qualifying cities in the county for the 2006–07 fiscal year, that~~
14 ~~is equal to the proportion that the total amount of additional ad~~
15 ~~valorem property tax revenue that is required to be allocated to~~
16 ~~the qualifying city as a result of the act that added this subdivision~~
17 ~~bears to the total amount of additional ad valorem property tax~~
18 ~~revenue that is required to be allocated to all qualifying cities in~~
19 ~~the county as a result of the act that added this subdivision.~~

20 ~~(ii) Increase the total amount of ad valorem property tax revenue~~
21 ~~otherwise required to be allocated to the county Educational~~
22 ~~Revenue Augmentation Fund by the ERAF reimbursement amount.~~

23 ~~(B) For purposes of this subdivision, “ERAF reimbursement~~
24 ~~amount” means an amount equal to the difference between the~~
25 ~~following two amounts:~~

26 ~~(i) The portion of the annual tax increment that would have been~~
27 ~~allocated from the county to the county Educational Revenue~~
28 ~~Augmentation Fund for the applicable fiscal year if the act that~~
29 ~~added this subdivision had not been enacted.~~

30 ~~(ii) The portion of the annual tax increment that is allocated~~
31 ~~from the county to the county Educational Revenue Augmentation~~
32 ~~Fund for the applicable fiscal year.~~

33 ~~SEC. 2.~~

34 ~~SECTION 1.~~ Section 98.02 of the Revenue and Taxation Code
35 is amended to read:

36 98.02. (a) In the County of Ventura, the computations made
37 pursuant to Section 96.1 or its predecessor section, for the 1989–90
38 fiscal year and each fiscal year thereafter, shall be modified as
39 follows:

1 With respect to tax rate areas, except excluded tax rate areas,
2 within the boundaries of a qualifying city, there shall be excluded
3 from the aggregate amount of “property tax revenue allocated
4 pursuant to this chapter to local agencies, other than for a qualifying
5 city, in the prior fiscal year,” an amount equal to the sum of the
6 amounts calculated pursuant to the TEA formula.

7 (b) (1) Each qualifying city shall, for the 1989–90 fiscal year
8 and each fiscal year thereafter, be allocated by the auditor an
9 amount determined pursuant to the TEA formula.

10 (2) For each qualifying city, the auditor shall, for the 1989–90
11 fiscal year and each fiscal year thereafter, distribute the amount
12 determined pursuant to the TEA formula to all tax rate areas, except
13 excluded tax rate areas, within that city in proportion to each tax
14 rate area’s share of the total assessed value in the city for the
15 applicable fiscal year, and the amount so determined shall be
16 subtracted from the county’s proportionate share of the property
17 tax revenue for that fiscal year within those tax rate areas.

18 (3) After making the allocations pursuant to paragraphs (1) and
19 (2), but before making the calculations pursuant to Section 96.5
20 or its predecessor section, the auditor shall, for all tax rate areas,
21 except excluded tax rate areas, in the qualifying city, calculate the
22 proportionate share of property tax revenue allocated pursuant to
23 this section and Section 96.1, or their predecessor sections, in the
24 1989–90 fiscal year and each fiscal year thereafter to each
25 jurisdiction in the tax rate area.

26 (4) In lieu of making the allocations of annual tax increment
27 pursuant to subdivision (e) of Section 96.5 or its predecessor
28 section, the auditor shall for the 1989–90 fiscal year and each fiscal
29 year thereafter, allocate the amount of property tax revenue
30 determined pursuant to subdivision (d) of Section 98 to
31 jurisdictions in the tax rate area, except an excluded tax rate area,
32 using the proportionate shares derived pursuant to paragraph (3).

33 (5) For purposes of the calculations made pursuant to Section
34 96.1 or its predecessor section, in the 1990–91 fiscal year and each
35 fiscal year thereafter, the amounts that would have been allocated
36 to all tax rate areas, except excluded tax rate areas, of qualifying
37 cities pursuant to this subdivision shall be deemed to be the
38 “amount of property tax revenue allocated to those tax rate areas
39 in the prior fiscal year.”

1 (c) “TEA formula” means the Tax Equity Allocation formula,
2 and shall be calculated by the auditor for each qualifying city as
3 follows:

4 (1) For the 1988–89 fiscal year and each fiscal year thereafter,
5 the auditor shall determine the total amount of property tax revenue
6 to be allocated to all jurisdictions in all tax rate areas, except
7 excluded tax rate areas, within the qualifying city, before the
8 allocation and payment of funds in that fiscal year to a community
9 redevelopment agency within the qualifying city, as provided in
10 subdivision (b) of Section 33670 of the Health and Safety Code.

11 (2) The auditor shall determine the amount of funds allocated
12 in each fiscal year to those tax rate areas, except excluded tax rate
13 areas, within a community redevelopment agency in accordance
14 with subdivision (b) of Section 33670 of the Health and Safety
15 Code.

16 (3) (A) The auditor shall determine the total amount of funds
17 paid in each fiscal year by a community redevelopment agency
18 within the city to jurisdictions other than the city pursuant to
19 subdivision (b) of Section 33401 and Section 33676 of the Health
20 and Safety Code, and the cost to the redevelopment agency of any
21 land or facilities transferred and any amounts paid to jurisdictions
22 other than the city to assist in the construction or reconstruction
23 of facilities pursuant to an agreement entered into under Section
24 33401 or 33445.5 of the Health and Safety Code.

25 (B) Of the total amount determined in subparagraph (A), the
26 auditor shall compute a proportionate amount to be attributed to
27 all tax rate areas, except excluded tax rate areas, within the
28 community redevelopment agency. That proportionate amount
29 shall be equal to that proportion which the amount determined in
30 paragraph (2) in each fiscal year bears to the total amount of funds
31 allocated in each fiscal year to a community redevelopment agency
32 in accordance with subdivision (b) of Section 33670 of the Health
33 and Safety Code.

34 (4) The auditor shall subtract the amount determined in
35 subparagraph (B) of paragraph (3) from the amount determined
36 in paragraph (2).

37 (5) The auditor shall subtract the amount determined in
38 paragraph (4) from the amount determined in paragraph (1).

39 (6) The amount computed in paragraph (5) shall be multiplied
40 by the following percentages in order to determine the TEA

1 formula amount to be distributed to the qualifying city in each
2 fiscal year:

3 (A) For the first fiscal year in which the qualifying city receives
4 a distribution pursuant to this section, 1 percent of the amount
5 determined in paragraph (5).

6 (B) For the second fiscal year in which the qualifying city
7 receives a distribution pursuant to this section, 2 percent of the
8 amount determined in paragraph (5).

9 (C) For the third fiscal year in which the qualifying city receives
10 a distribution pursuant to this section, 3 percent of the amount
11 determined in paragraph (5).

12 (D) For the fourth fiscal year and each fiscal year thereafter in
13 which the qualifying city receives a distribution pursuant to this
14 section, 4 percent of the amount determined in paragraph (5).

15 (d) For purposes of this section, “excluded tax rate area” means
16 either of the following:

17 (1) Any tax rate area included in territory annexed by the
18 qualifying city and allocated a prescribed percentage of property
19 tax revenue pursuant to an existing agreement between the
20 qualifying city and the county.

21 (2) Any tax rate area described in paragraph (1) that was
22 detached from the county library district and that is also allocated
23 an additional prescribed percentage of property tax revenue
24 pursuant to an existing agreement between the qualifying city and
25 the county.

26 (e) (1) All existing agreements between the qualifying city and
27 the county covering the allocation of property tax revenues to tax
28 rate areas described in subdivision (d) shall remain in force.

29 (2) All existing agreements between the qualifying city and the
30 county covering the allocation of property tax revenues to tax rate
31 areas that were detached from the county library district but are
32 not included in territory that was annexed by the qualifying city
33 shall remain in force.

34 (3) All allocations to those tax rate areas described in subdivision
35 (d), including allocations of annual tax increments, made pursuant
36 to the existing agreements between the qualifying city and the
37 county shall be governed by subdivision (a) of Section 96.1 and
38 Section 96.5.

39 (4) All allocations to those tax rate areas described in paragraph
40 (2), including allocations of annual tax increments, made pursuant

1 to the existing agreements between the qualifying city and the
2 county shall be governed by subdivision (a) of Section 96.1 and
3 Section 96.5. However, the tax rate areas referred to in this
4 paragraph shall also be distributed an amount of property tax
5 revenue determined pursuant to the TEA formula that is over and
6 above the amount allocated as provided in the preceding sentence.

7 (f) “Qualifying city” means any city that incorporated prior to
8 June 5, 1987, and had an amount of property tax revenue allocated
9 to it pursuant to subdivision (a) of Section 96.1 or its predecessor
10 section in the 1988–89 fiscal year that is less than 4 percent of the
11 amount of property tax revenue computed as follows:

12 (1) The auditor shall determine the total amount of property tax
13 revenue allocated to all tax rate areas, except excluded tax rate
14 areas, in the city in the 1988–89 fiscal year.

15 (2) The auditor shall subtract the amount in the 1988–89 fiscal
16 year determined in paragraph (3) of subdivision (c) from the
17 amount determined in paragraph (2) of subdivision (c).

18 (3) The auditor shall subtract the amount determined in
19 paragraph (2) from the amount of property tax revenue in paragraph
20 (1) of subdivision (c).

21 (4) The auditor shall divide the amount of property tax revenue
22 determined in paragraph (1) of this subdivision by the amount of
23 property tax revenue determined in paragraph (3) of this
24 subdivision.

25 (5) If the quotient determined in paragraph (4) of this subdivision
26 is less than 0.04, the city is a qualifying city. If the quotient
27 determined in that paragraph is equal to or greater than 0.04, the
28 city is not a qualifying city.

29 (g) The auditor may assess each qualifying city its proportional
30 share of the actual costs of making the calculations required by
31 this section, and may deduct that assessment from the amount
32 allocated pursuant to subdivision (b). For purposes of this
33 subdivision, a qualifying city’s proportional share of the auditor’s
34 actual costs shall not exceed the proportion it receives of the total
35 amounts excluded in the county pursuant to subdivision (a).

36 (h) (1) Notwithstanding subdivision (b), except as otherwise
37 provided in paragraph (2), in any fiscal year in which a qualifying
38 city receives a distribution pursuant to this section, the auditor
39 shall reduce the actual amount distributed to the qualifying city
40 by the amount of revenue not collected by the qualifying city in

1 the first fiscal year following the city's reduction after January 1,
2 1988, of the tax rate or tax base of any locally imposed general or
3 special tax. The amount so computed by the auditor shall constitute
4 a reduction in the amount of property tax revenue distributed to
5 the qualifying city pursuant to this section in each succeeding fiscal
6 year. That amount shall be aggregated with any additional amount
7 computed pursuant to this paragraph as the result of the city's
8 reduction in any subsequent year of the tax rate or tax base of the
9 same or any other locally imposed general or special tax.

10 (2) No reduction shall be made pursuant to paragraph (1) in the
11 case in which a local tax is reduced or eliminated as a result of
12 either a court decision or the approval or rejection of a ballot
13 measure by the voters.

14 (i) If the auditor determines that the amount to be distributed to
15 a qualifying city pursuant to subdivision (b), as modified by
16 subdivisions (g) and (h), would result in a qualifying city having
17 proceeds of taxes in excess of its appropriation limit, the auditor
18 shall reduce the amount, on a dollar-for-dollar basis, by the amount
19 that exceeds the city's appropriations limit.

20 (j) Notwithstanding any other provision of this section, no
21 qualifying city shall be distributed an amount pursuant to this
22 section that is less than the amount the city would have been
23 allocated without the application of the TEA formula.

24 (k) (1) Notwithstanding any other provision of this section,
25 commencing with the 1994–95 fiscal year, the auditor shall not
26 reduce the amount distributed to a qualifying city under this section
27 by reason of that city becoming the successor agency to a special
28 district that is dissolved, merged with that city, or becomes a
29 subsidiary district of that city, on or after July 1, 1994.

30 (2) Notwithstanding any other provision of this section, in no
31 event may the auditor reduce the amount of ad valorem property
32 tax revenue otherwise allocated to a qualifying city pursuant to
33 this section on the basis of any additional ad valorem property tax
34 revenues received by that city pursuant to a services for revenue
35 agreement. For purposes of this subdivision, a "services for revenue
36 agreement" means any agreement between a qualifying city and
37 the county in which it is located, entered into by joint resolution
38 of that city and that county, under which additional service
39 responsibilities are exchanged in consideration for additional
40 property tax revenues.

1 (3) (A) Notwithstanding any other law, commencing with the
 2 2011–12 fiscal year, the auditor shall not reduce the amount
 3 distributed to ~~a qualifying city~~ *the City of Simi Valley* under this
 4 section by reason of that city receiving, pursuant to subdivision
 5 (c) of Section 99, property taxes previously allocated to a
 6 maintenance or improvement district.

7 (B) ~~A qualifying city~~ *The City of Simi Valley* shall reimburse
 8 the auditor for the actual and reasonable costs incurred by the
 9 auditor to administer this paragraph. ~~The qualifying city’s~~
 10 ~~proportionate share of the costs to reimburse the auditor shall be~~
 11 ~~equal to the qualifying city’s proportionate share of increased~~
 12 ~~property tax revenues received as a result of this paragraph.~~

13 (l) The amount not distributed as a result of this section to the
 14 tax rate areas, except excluded tax rate areas, in each qualifying
 15 city shall be allocated by the auditor to the county.

16 *SEC. 2. The Legislature finds and declares that a special law*
 17 *is necessary and that a general law cannot be made applicable*
 18 *within the meaning of Section 16 of Article IV of the California*
 19 *Constitution because of the need to ensure that the City of Simi*
 20 *Valley can meet established timelines to begin the process of*
 21 *immediately dissolving a maintenance district and serving as its*
 22 *successor, to simplify city accounting, and to give the city maximum*
 23 *budget flexibility.*

24 *SEC. 3. No reimbursement is required by this act pursuant to*
 25 *Section 6 of Article XIII B of the California Constitution because*
 26 *this act provides for reimbursement to a local agency in the form*
 27 *of additional revenues that are sufficient in amount to fund the*
 28 *new duties established by this act, within the meaning of Section*
 29 *17556 of the Government Code.*

30 *SEC. 4. This act is an urgency statute necessary for the*
 31 *immediate preservation of the public peace, health, or safety within*
 32 *the meaning of Article IV of the Constitution and shall go into*
 33 *immediate effect. The facts constituting the necessity are:*

34 *In order to ensure that* ~~local jurisdictions~~ *the City of Simi Valley*
 35 *can meet established timelines to begin the process of immediately*
 36 *dissolving a maintenance district and serving as its successor, to*
 37 *simplify city accounting, and to give* ~~cities~~ *the city* *maximum*

- 1 budget flexibility, it is necessary that this act take effect
- 2 immediately.

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