

AMENDED IN SENATE AUGUST 18, 2011

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 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: 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~~ 2012–13 fiscal year, would prohibit the auditor of the County of Ventura from reducing the amount distributed to 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 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 98.02 of the Revenue and Taxation Code
 2 is amended to read:
 3 98.02. (a) In the County of Ventura, the computations made
 4 pursuant to Section 96.1 or its predecessor section, for the 1989–90
 5 fiscal year and each fiscal year thereafter, shall be modified as
 6 follows:
 7 With respect to tax rate areas, except excluded tax rate areas,
 8 within the boundaries of a qualifying city, there shall be excluded
 9 from the aggregate amount of “property tax revenue allocated
 10 pursuant to this chapter to local agencies, other than for a qualifying
 11 city, in the prior fiscal year,” an amount equal to the sum of the
 12 amounts calculated pursuant to the TEA formula.
 13 (b) (1) Each qualifying city shall, for the 1989–90 fiscal year
 14 and each fiscal year thereafter, be allocated by the auditor an
 15 amount determined pursuant to the TEA formula.
 16 (2) For each qualifying city, the auditor shall, for the 1989–90
 17 fiscal year and each fiscal year thereafter, distribute the amount
 18 determined pursuant to the TEA formula to all tax rate areas, except
 19 excluded tax rate areas, within that city in proportion to each tax
 20 rate area’s share of the total assessed value in the city for the
 21 applicable fiscal year, and the amount so determined shall be
 22 subtracted from the county’s proportionate share of the property
 23 tax revenue for that fiscal year within those tax rate areas.

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

9 (4) In lieu of making the allocations of annual tax increment
10 pursuant to subdivision (e) of Section 96.5 or its predecessor
11 section, the auditor shall for the 1989–90 fiscal year and each fiscal
12 year thereafter, allocate the amount of property tax revenue
13 determined pursuant to subdivision (d) of Section 98 to
14 jurisdictions in the tax rate area, except an excluded tax rate area,
15 using the proportionate shares derived pursuant to paragraph (3).

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

23 (c) “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, except
29 excluded tax rate areas, within the qualifying city, before the
30 allocation and payment of funds in that fiscal year to a community
31 redevelopment agency within the qualifying city, as provided in
32 subdivision (b) of Section 33670 of the Health and Safety Code.

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

38 (3) (A) The auditor shall determine the total amount of funds
39 paid in each fiscal year by a community redevelopment agency
40 within the city to jurisdictions other than the city pursuant to

1 subdivision (b) of Section 33401 and Section 33676 of the Health
2 and Safety Code, and the cost to the redevelopment agency of any
3 land or facilities transferred and any amounts paid to jurisdictions
4 other than the city to assist in the construction or reconstruction
5 of facilities pursuant to an agreement entered into under Section
6 33401 or 33445.5 of the Health and Safety Code.

7 (B) Of the total amount determined in subparagraph (A), the
8 auditor shall compute a proportionate amount to be attributed to
9 all tax rate areas, except excluded tax rate areas, within the
10 community redevelopment agency. That proportionate amount
11 shall be equal to that proportion which the amount determined in
12 paragraph (2) in each fiscal year bears to the total amount of funds
13 allocated in each fiscal year to a community redevelopment agency
14 in accordance with subdivision (b) of Section 33670 of the Health
15 and Safety Code.

16 (4) The auditor shall subtract the amount determined in
17 subparagraph (B) of paragraph (3) from the amount determined
18 in paragraph (2).

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

21 (6) The amount computed in paragraph (5) shall be multiplied
22 by the following percentages in order to determine the TEA
23 formula amount to be distributed to the qualifying city in each
24 fiscal year:

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

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

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

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

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

39 (1) Any tax rate area included in territory annexed by the
40 qualifying city and allocated a prescribed percentage of property

1 tax revenue pursuant to an existing agreement between the
2 qualifying city and the county.

3 (2) Any tax rate area described in paragraph (1) that was
4 detached from the county library district and that is also allocated
5 an additional prescribed percentage of property tax revenue
6 pursuant to an existing agreement between the qualifying city and
7 the county.

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

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

16 (3) All allocations to those tax rate areas described in subdivision
17 (d), including allocations of annual tax increments, made pursuant
18 to the existing agreements between the qualifying city and the
19 county shall be governed by subdivision (a) of Section 96.1 and
20 Section 96.5.

21 (4) All allocations to those tax rate areas described in paragraph
22 (2), including allocations of annual tax increments, made pursuant
23 to the existing agreements between the qualifying city and the
24 county shall be governed by subdivision (a) of Section 96.1 and
25 Section 96.5. However, the tax rate areas referred to in this
26 paragraph shall also be distributed an amount of property tax
27 revenue determined pursuant to the TEA formula that is over and
28 above the amount allocated as provided in the preceding sentence.

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

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

37 (2) The auditor shall subtract the amount in the 1988–89 fiscal
38 year determined in paragraph (3) of subdivision (c) from the
39 amount determined in paragraph (2) of subdivision (c).

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

4 (4) The auditor shall divide the amount of property tax revenue
5 determined in paragraph (1) of this subdivision by the amount of
6 property tax revenue determined in paragraph (3) of this
7 subdivision.

8 (5) If the quotient determined in paragraph (4) of this subdivision
9 is less than 0.04, the city is a qualifying city. If the quotient
10 determined in that paragraph is equal to or greater than 0.04, the
11 city is not a qualifying city.

12 (g) The auditor may assess each qualifying city its proportional
13 share of the actual costs of making the calculations required by
14 this section, and may deduct that assessment from the amount
15 allocated pursuant to subdivision (b). For purposes of this
16 subdivision, a qualifying city's proportional share of the auditor's
17 actual costs shall not exceed the proportion it receives of the total
18 amounts excluded in the county pursuant to subdivision (a).

19 (h) (1) Notwithstanding subdivision (b), except as otherwise
20 provided in paragraph (2), in any fiscal year in which a qualifying
21 city receives a distribution pursuant to this section, the auditor
22 shall reduce the actual amount distributed to the qualifying city
23 by the amount of revenue not collected by the qualifying city in
24 the first fiscal year following the city's reduction after January 1,
25 1988, of the tax rate or tax base of any locally imposed general or
26 special tax. The amount so computed by the auditor shall constitute
27 a reduction in the amount of property tax revenue distributed to
28 the qualifying city pursuant to this section in each succeeding fiscal
29 year. That amount shall be aggregated with any additional amount
30 computed pursuant to this paragraph as the result of the city's
31 reduction in any subsequent year of the tax rate or tax base of the
32 same or any other locally imposed general or special tax.

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

37 (i) If the auditor determines that the amount to be distributed to
38 a qualifying city pursuant to subdivision (b), as modified by
39 subdivisions (g) and (h), would result in a qualifying city having
40 proceeds of taxes in excess of its appropriation limit, the auditor

1 shall reduce the amount, on a dollar-for-dollar basis, by the amount
2 that exceeds the city’s appropriations limit.

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

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

13 (2) Notwithstanding any other provision of this section, in no
14 event may the auditor reduce the amount of ad valorem property
15 tax revenue otherwise allocated to a qualifying city pursuant to
16 this section on the basis of any additional ad valorem property tax
17 revenues received by that city pursuant to a services for revenue
18 agreement. For purposes of this subdivision, a “services for revenue
19 agreement” means any agreement between a qualifying city and
20 the county in which it is located, entered into by joint resolution
21 of that city and that county, under which additional service
22 responsibilities are exchanged in consideration for additional
23 property tax revenues.

24 (3) (A) Notwithstanding any other law, commencing with the
25 ~~2011–12~~ 2012–13 fiscal year, the auditor shall not reduce the
26 amount distributed to the City of Simi Valley under this section
27 by reason of that city receiving, pursuant to subdivision (c) of
28 Section 99, property taxes previously allocated to a maintenance
29 or improvement district.

30 (B) The City of Simi Valley shall reimburse the auditor for the
31 actual and reasonable costs incurred by the auditor to administer
32 this paragraph.

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

36 SEC. 2. The Legislature finds and declares that a special law
37 is necessary and that a general law cannot be made applicable
38 within the meaning of Section 16 of Article IV of the California
39 Constitution because of the need to ensure that the City of Simi
40 Valley can meet established timelines to begin the process of

1 immediately dissolving a maintenance district and serving as its
2 successor, to simplify city accounting, and to give the city
3 maximum budget flexibility.

4 SEC. 3. No reimbursement is required by this act pursuant to
5 Section 6 of Article XIII B of the California Constitution because
6 this act provides for reimbursement to a local agency in the form
7 of additional revenues that are sufficient in amount to fund the
8 new duties established by this act, within the meaning of Section
9 17556 of the Government Code.

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

14 In order to ensure that the City of Simi Valley can meet
15 established timelines to begin the process of immediately dissolving
16 a maintenance district and serving as its successor, to simplify city
17 accounting, and to give the city maximum budget flexibility, it is
18 necessary that this act take effect immediately.