

AMENDED IN SENATE AUGUST 16, 2011

AMENDED IN SENATE JULY 12, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 946

Introduced by Assembly Member Butler

February 18, 2011

An act to amend Section 95.31 of the Revenue and Taxation Code, relating to local government finance, *and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 946, as amended, Butler. Property tax administration: loan program.

Existing property tax law authorized an eligible county, as defined, upon the recommendation of the assessor and by resolution of its board of supervisors, to elect to participate in the State-County Property Tax Administration *Loan Program*, pursuant to which a participating county received, in specified fiscal years, a loan from the state, as specified, for the purposes of providing supplemental funding for that county's local administration of the ad valorem property tax.

This bill would reauthorize the State-County Property Tax Administration *Loan Program* to allow ~~eligible counties, as defined,~~ to elect to participate in the program to receive a loan in each fiscal year from the 2011–12 fiscal year to the 2015–16 fiscal year, inclusive. This bill would also require the California Assessors' Association to report to the Senate Committee on Budget and Fiscal Review and the Assembly Committee on Budget regarding participating counties, as specified.

The California Constitution requires the state to apply a minimum amount of funding each fiscal year for the support of school districts and community college districts. The amount of that minimum funding obligation is required to be determined pursuant to one of three tests, depending on specified factors.

This bill would require that the repayment of loans made pursuant to the State-County Property Tax Administration Loan Program be made in the next fiscal year in which school districts and community college districts receive funding pursuant to either the 2nd or 3rd of these tests. The bill would require that, for years in which school districts and community college districts receive funding pursuant to the first test, the amount of the loan be carried over to, and repaid in, the next fiscal year in which school districts and community college districts receive funding pursuant to either the 2nd or 3rd of these tests.

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

Vote: ~~majority~~^{2/3}. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

- 1 SECTION 1. Section 95.31 of the Revenue and Taxation Code
- 2 is amended to read:
- 3 95.31. (a) ~~(1)~~ Notwithstanding any other law, any ~~eligible~~
- 4 county may, upon the recommendation of the county assessor, and
- 5 by resolution of the board of supervisors of that county adopted
- 6 not later than February 1 of the fiscal year for which it is to first
- 7 apply, elect to participate in the State-County Property Tax
- 8 Administration Loan Program.
- 9 ~~(2) For the purposes of this section, an eligible county shall~~
- 10 ~~mean a county in which additional property tax revenue allocated~~
- 11 ~~to school entities would reduce the amount of General Fund~~
- 12 ~~moneys apportioned to school entities. However, eligibility shall~~
- 13 ~~be terminated when, in combination with resources in the~~
- 14 ~~Educational Revenue Augmentation Fund, additional property tax~~
- 15 ~~revenues allocated to school entities will not result in a reduction~~
- 16 ~~in the General Fund apportionments.~~
- 17 (b) (1) In each fiscal year from the 2011–12 fiscal year to the
- 18 2015–16 fiscal year, inclusive, ~~an eligible~~ a county participating
- 19 in the State-County Property Tax Administration Loan Program

1 may receive a loan for up to the amount listed in paragraph (3).
2 *For the period of January 1, 2012, to June 30, 2012, inclusive, a*
3 *county participating in the State-County Property Tax*
4 *Administration Loan Program may receive a loan for up to one-half*
5 *of the amount listed in paragraph (3). The loan shall be repaid by*
6 *June 30 of the fiscal year following the year in which the loan is*
7 *made, subject to the provisions specified in clause (ii) of*
8 *subparagraph (B) of paragraph (2). However, at the discretion of*
9 *the Director of Finance, the loan may be renewed once for an*
10 *additional 12-month period at the request of the participating*
11 *county board of supervisors.*

12 (2) If ~~an eligible~~ a county elects to participate in the
13 State-County Property Tax Administration Loan Program, it shall
14 enter into a contractual agreement with the Department of Finance.
15 At a minimum, the contractual agreement shall include the
16 following:

17 (A) The loan amount, as determined by the Director of Finance.

18 (B) Repayment provisions, including the ~~interception~~ *following:*

19 (i) *Interception of Motor Vehicle License Fee Account moneys*
20 *apportioned pursuant to Section 11005 to repay the General Fund.*

21 (ii) *Repayment of the loan shall be made in the next fiscal year*
22 *in which school districts and community college districts receive*
23 *funding pursuant to paragraph (2) or (3), as applicable, of*
24 *subdivision (b) of Section 8 of Article XVI of the California*
25 *Constitution. For a year in which school districts and community*
26 *college districts receive funding pursuant to paragraph (1) of*
27 *subdivision (b) of Section 8 of Article XVI of the California*
28 *Constitution, the amount of the loan shall be carried over to, and*
29 *repaid in, the next fiscal year in which school districts and*
30 *community college districts receive funding pursuant to paragraph*
31 *(2) or (3), as applicable, of subdivision (b) of Section 8 of Article*
32 *XVI of the California Constitution.*

33 (C) A listing of the proposed use of the additional resources
34 including, but not limited to:

35 (i) Proposed new positions.

36 (ii) Increased automation costs.

37 (D) Commencing in the 2012 fiscal year, an agreement to
38 provide to the Department of Finance, by March 31 of the fiscal
39 year in which the loan is made, a report projecting the impact of
40 the increased funding in the current and subsequent fiscal year.

1 (E) An agreement to provide the Department of Finance an audit
 2 report detailing the county’s basis for satisfying the terms of the
 3 loan agreement. The report shall be provided by October 1 of the
 4 fiscal year following the year in which the loan is made.

5 (F) An agreement to use the funds for the purposes stated, and,
 6 should any portion of the funds be diverted to a different,
 7 unapproved use, to return an amount equal to the diverted funds
 8 to the state regardless of whether or not other terms of the
 9 agreement are satisfied.

10 (3) Upon request of the Department of Finance, the Controller
 11 shall provide a loan to the following counties for up to the amount
 12 specified by the Director of Finance, not to exceed the following
 13 amounts:

Jurisdiction	Amount
16 Alameda	\$ 3,597,414.49
17	\$ 2,199,786
18 Alpine	50,000.00
19	100,000
20 Amador	84,884.74
21	100,000
22 Butte	339,221.56
23	207,431
24 Calaveras	125,711.59
25	100,000
26 Colusa	50,000.00
27	100,000
28 Contra Costa	2,661,514.92
29	1,627,492
30 Del Norte	50,000.00
31	100,000
32 El Dorado	500,178.71
33	305,855
34 Fresno	1,070,650.34
35	654,693
36 Glenn	50,000.00
37	100,000
38 Humboldt	200,082.72
39	122,349
40 Imperial	194,085.89

1		118,682
2	Inyo	76,218.55
3		100,000
4	Kern	1,380,856.07
5		844,381
6	Kings	156,128.75
7		100,000
8	Lake	126,266.06
9		100,000
10	Lassen	50,000.00
11		100,000
12	Los Angeles	19,541,022.69
13		11,949,154
14	Madera	202,353.21
15		123,737
16	Marin	1,033,995.76
17		632,279
18	Mariposa	50,000.00
19		100,000
20	Mendocino	185,211.95
21		113,255
22	Merced	309,114.75
23		189,021
24	Modoc	50,000.00
25		100,000
26	Mono	108,273.73
27		100,000
28	Monterey	911,532.24
29		557,393
30	Napa	495,016.41
31		302,698
32	Nevada	307,121.22
33		187,802
34	Orange	7,643,925.87
35		4,674,190
36	Placer	1,042,694.84
37		637,598
38	Plumas	70,809.37
39		100,000
40	Riverside	3,896,893.30

1		2,382,914
2	Sacramento	2,308,128.57
3		1,411,399
4	San Benito	111,129.49
5		100,000
6	San Bernardino	3,114,103.20
7		1,904,245
8	San Diego	7,108,480.10
9		4,346,770
10	San Francisco	2,735,297.69
11		1,672,609
12	San Joaquin	1,023,588.01
13		625,915
14	San Luis Obispo	729,247.75
15		445,928
16	San Mateo	2,631,042.86
17		1,608,858
18	Santa Barbara	1,114,551.00
19		681,538
20	Santa Clara	5,546,096.80
21		3,391,387
22	Santa Cruz	609,524.84
23		372,719
24	Shasta	285,322.39
25		174,472
26	Sierra	50,000.00
27		100,000
28	Siskiyou	76,546.32
29		100,000
30	Solano	754,150.47
31		461,156
32	Sonoma	1,246,693.76
33		762,342
34	Stanislaus	673,145.07
35		411,622
36	Sutter	149,209.53
37		100,000
38	Tehama	86,231.96
39		100,000
40	Trinity	50,000.00

1		<i>100,000</i>
2	Tulare	499,088.04
3		<i>305,188</i>
4	Tuolumne	120,823.06
5		<i>100,000</i>
6	Ventura	1,904,605.02
7		<i>1,164,648</i>
8	Yolo	373,673.88
9		<i>228,498</i>
10	Yuba	88,041.89
11		<i>100,000</i>

12
13 (4) The Department of Finance shall consider any or all of the
14 following items in determining the extent to which a county has
15 satisfied the terms and repaid the loan, pursuant to the contract, as
16 offered under this part:

17 (A) County performance as indicated by the State Board of
18 Equalization’s sample survey required pursuant to Section 15640
19 of the Government Code.

20 (B) Performance measures adopted by the California Assessors’
21 Association.

22 (C) Reduction of backlog of assessment appeals and Proposition
23 8 declines in value.

24 (D) County compliance with mandatory audits required by
25 Section 469.

26 (E) Reduction of backlogs in new construction, changes in
27 ownership, and supplemental roll.

28 (F) Other measures, as determined by the Director of Finance.

29 (5) The Director of Finance shall notify the Controller of any
30 participating county that fails to comply with the terms of the
31 agreement, including the repayment of the loan. When the
32 Controller receives notice from the Director of Finance, the
33 Controller shall make an apportionment to the General Fund on
34 behalf of the participating county in the amount of that required
35 payment for the purpose of making that payment. The Controller
36 shall make that payment only from moneys credited to the Motor
37 Vehicle License Fee Account in the Transportation Tax Fund to
38 which the participating county is entitled at that time under Chapter
39 5 (commencing with Section 11001) of Part 5 of Division 2, and
40 shall thereupon reduce, by the amount of the payment, the

1 subsequent allocation or allocations to which the county would
 2 otherwise be entitled under that chapter.

3 (c) (1) Funds appropriated for purposes of this section shall be
 4 used to enhance the property tax administration system by
 5 providing supplemental resources. Amounts provided to any county
 6 as a loan pursuant to this section shall not be used to supplant the
 7 current level of funding. In order to participate in the State-County
 8 Property Tax Administration Loan Program, a participating county
 9 shall maintain a base staffing, including contract staff, and total
 10 funding level in the county assessor’s office, independent of the
 11 loan proceeds provided pursuant to this act, equal to the levels in
 12 the 2011–12 fiscal year exclusive of amounts provided to the
 13 assessor’s office pursuant to Item 9100-102-001 of the Budget Act
 14 of 1994.

15 (2) Prior to the assessor’s recommendation for participation in
 16 the State-County Property Tax Administration Loan Program, the
 17 assessor shall consult with the county tax collector, and any other
 18 county agency directly involved in property tax administration, to
 19 discuss the needs of the program for the duration of the contractual
 20 agreement.

21 (d) A participating county may establish a tracking system
 22 whereby a work or function number is assigned to each appraisal
 23 or administrative activity. That system should provide statistical
 24 data on the number of production units performed by each
 25 employee and the positive and negative change in assessed value
 26 attributable to the activities performed by each employee.

27 (e) Notwithstanding Section 95.3, no amount of funds provided
 28 to an eligible county pursuant to this section shall result in any
 29 deduction from those property tax administrative costs that are
 30 eligible for reimbursement pursuant to Section 95.3.

31 (f) At the request of the Department of Finance, the board shall
 32 assist the Department of Finance in evaluating contracts entered
 33 into pursuant to this section.

34 (g) On or before December 1, 2013, the California Assessors’
 35 Association shall provide to the Senate Committee on Budget and
 36 Fiscal Review and the Assembly Committee on Budget a report
 37 summarizing the reports provided by participating counties.

38 *SEC. 2. This act is an urgency statute necessary for the*
 39 *immediate preservation of the public peace, health, or safety within*

1 *the meaning of Article IV of the Constitution and shall go into*
2 *immediate effect. The facts constituting the necessity are:*
3 *In order to preserve funding for vital programs for education,*
4 *health, and public safety, it is necessary that this act take effect*
5 *immediately.*

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