

Assembly Bill No. 1098

Passed the Assembly September 1, 2012

Chief Clerk of the Assembly

Passed the Senate August 31, 2012

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2012, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Sections 11003 and 11005 of the Revenue and Taxation Code, relating to taxation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1098, Carter. Vehicle license fees: allocation.

Existing law requires that a specified amount of motor vehicle license fees deposited to the credit of the Motor Vehicle License Fee Account in the Transportation Tax Fund be allocated by the Controller, as specified, to the Local Law Enforcement Services Account in the Local Revenue Fund 2011, for allocation to cities, counties, and cities and counties.

This bill would instead require, on and after July 1, 2012, that those revenues be distributed first to each city that was incorporated from an unincorporated territory after August 5, 2004, in an amount determined pursuant to a specified formula, second to each city that was incorporated before August 5, 2004, in an amount determined pursuant to a specified formula, and third to the Local Law Enforcement Services Account in the Local Revenue Fund 2011, for allocation to cities, counties, and cities and counties. By authorizing within the Motor Vehicle License Fee Account in the Transportation Tax Fund, a continuously appropriated fund, to be used for a new purpose, the bill would make an appropriation.

Existing law requires the Legislature to determine and appropriate annually an amount for the use of the Department of Motor Vehicles and the Franchise Tax Board for the enforcement of the Vehicle License Fee Law.

This bill would not allow that amount to be appropriated from the Motor Vehicle License Fee Account in the Transportation Tax Fund.

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

Appropriation: yes.

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

SECTION 1. The Legislature finds and declares all of the following:

(a) It is the intent of the Legislature commencing with the 2012–13 fiscal year to reinstate allocations of motor vehicle license fees to recently incorporated cities and cities which annexed inhabited areas, consistent with the allocation formula those communities relied upon when making the decision to incorporate or annex the affected territory.

(b) It is also the intent of the Legislature to ensure that such revenues and incentives remain available for other communities considering incorporation, including unincorporated communities of East Los Angeles, and annexations of inhabited areas, including disadvantaged unincorporated communities.

(c) Numerous state laws support the policy of furthering orderly development in compact forms, including the annexation of inhabited territory and the incorporation of communities consistent with state laws, the policies of local agency formation commissions, and often the approval of local voters.

(d) The passage of Senate Bill 89 of the 2011–12 Regular Session (Chapter 35 of the Statutes of 2011) removed critical revenues from these communities without providing a reasonable opportunity for input from the affected agencies and the public.

SEC. 2. Section 11003 of the Revenue and Taxation Code is amended to read:

11003. The Legislature shall annually determine and appropriate an amount for the use of the Department of Motor Vehicles and the Franchise Tax Board for the enforcement of this part. That amount shall not be appropriated from the Motor Vehicle License Fee Account in the Transportation Tax Fund.

SEC. 3. Section 11005 of the Revenue and Taxation Code is amended to read:

11005. After payment of refunds therefrom and reserving the amount determined necessary by the Pooled Money Investment Board to meet the transfers ordered or proposed to be ordered pursuant to Section 16310 of the Government Code, the balance of all motor vehicle license fees and any other money appropriated by law for expenditure pursuant to this section, deposited to the credit of the Motor Vehicle License Fee Account in the

Transportation Tax Fund, and remaining unexpended in that account at the close of business on the last day of the calendar month, shall be allocated by the Controller by the 10th day of the following month in accordance with the following:

(a) On and after July 1, 2012:

(1) First, to each city that was incorporated from an unincorporated territory after August 5, 2004, in an amount equal to the product of the following two amounts:

(A) The quotient derived from the following fraction:

(i) The numerator is the product of the following two amounts:

(I) Fifty dollars (\$50) per year.

(II) The fraction determined as the total amount of vehicle license fee revenue collected during the most recent fiscal year divided by the total amount of vehicle license fee revenue collected during the 2004–05 fiscal year.

(ii) The denominator is the fraction determined as the actual population, as defined in subdivision (d) of Section 11005.3, of all cities during the most recent fiscal year, divided by the actual population, as defined in subdivision (d) of Section 11005.3, of all cities in the 2004–05 fiscal year.

(B) The city's population determined in accordance with Section 11005.3.

(2) Second, to each city that was incorporated before August 5, 2004, in an amount equal to the product of the following two amounts:

(A) The quotient derived from the following fraction:

(i) The numerator is the product of the following two amounts:

(I) Fifty dollars (\$50) per year.

(II) The fraction determined as the total amount of vehicle license fee revenue collected during the most recent fiscal year divided by the total amount of vehicle license fee revenue collected during the 2004–05 fiscal year.

(ii) The denominator is the fraction determined as the actual population, as defined in subdivision (d) of Section 11005.3, of all cities during the most recent fiscal year, divided by the actual population, as defined in subdivision (d) of Section 11005.3, of all cities in the 2004–05 fiscal year.

(B) The actual population, as defined in subdivision (d) of Section 11005.3, residing in areas annexed after August 5, 2004, as of the date of annexation.

(3) Third, to the Local Law Enforcement Services Account in the Local Revenue Fund 2011, as established by Section 30025 of the Government Code, for allocation to cities, counties, and cities and counties.

(b) On and after July 1, 2011, and before July 1, 2012, to the Local Law Enforcement Services Account in the Local Revenue Fund 2011, as established by Section 30025 of the Government Code, for allocation to cities, counties, and cities and counties.

(c) On or after July 1, 2004, but before July 1, 2011:

(1) First, to the County of Orange. For the 2004–05 fiscal year, that county shall be allocated fifty-four million dollars (\$54,000,000) in monthly installments. For the 2005–06 fiscal year and each fiscal year thereafter, that county shall receive, in monthly installments, an amount equal to the amount allocated under this section for the prior fiscal year, adjusted for the percentage change in the amount of revenues credited to the Motor Vehicle License Fee Account in the Transportation Tax Fund from the revenues credited to that account in the prior fiscal year. Moneys allocated to the County of Orange under this subdivision shall be used first for the service of indebtedness as provided in paragraph (1) of subdivision (a) of Section 11001.5. Any amounts in excess of the amount required for this service of indebtedness may be used by that county for any lawful purpose.

(2) Second, to each city, the population of which is determined under Section 11005.3 on August 5, 2004, in an amount equal to the additional amount of vehicle license fee revenue, including offset transfers, that would be allocated to that city under Sections 11000 and 11005, as those sections read on January 1, 2004, as a result of that city’s population being determined under subdivision (a) or (b) of Section 11005.3.

(3) Third, to each city that was incorporated from an unincorporated territory after August 5, 2004, in an amount equal to the product of the following two amounts:

(A) The quotient derived from the following fraction:

(i) The numerator is the product of the following two amounts:

(I) Fifty dollars (\$50) per year.

(II) The fraction determined as the total amount of vehicle license fee revenue collected during the most recent fiscal year divided by the total amount of vehicle license fee revenue collected during the 2004–05 fiscal year.

(ii) The denominator is the fraction determined as the actual population, as defined in subdivision (e) of Section 11005.3, of all cities during the most recent fiscal year, divided by the actual population, as defined in subdivision (e) of Section 11005.3, of all cities in the 2004–05 fiscal year.

(B) The city’s population determined in accordance with Section 11005.3.

(4) Fourth, to each city that was incorporated before August 5, 2004, in an amount equal to the product of the following two amounts:

(A) The quotient derived from the following fraction:

(i) The numerator is the product of the following two amounts:

(I) Fifty dollars (\$50) per year.

(II) The fraction determined as the total amount of vehicle license fee revenue collected during the most recent fiscal year divided by the total amount of vehicle license fee revenue collected during the 2004–05 fiscal year.

(ii) The denominator is the fraction determined as the actual population, as defined in subdivision (e) of Section 11005.3, of all cities during the most recent fiscal year, divided by the actual population, as defined in subdivision (e) of Section 11005.3, of all cities in the 2004–05 fiscal year.

(B) The actual population, as defined in subdivision (e) of Section 11005.3, residing in areas annexed after August 5, 2004, as of the date of annexation.

(5) Fifth, to the cities and cities and counties of this state in the proportion that the population of each city or city and county bears to the total population of all cities and cities and counties in this state, as determined by the Demographic Research Unit of the Department of Finance. For the purpose of this subdivision, the population of each city or city and county shall be determined in accordance with Section 11005.3.

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

In order to restore critical revenues to recently incorporated cities and cities that annexed inhabited areas, removed from these communities as a result of the passage of Senate Bill 89 of the 2011–12 Regular Session (Chapter 35 of the Statutes of 2011)

without providing a reasonable opportunity for input from the affected agencies and the public, it is necessary that this act take effect immediately.

Approved _____, 2012

Governor