

AMENDED IN ASSEMBLY JANUARY 23, 2012

AMENDED IN ASSEMBLY JANUARY 4, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1191

Introduced by Assembly Member Huber

February 18, 2011

An act to amend Sections 97.68 and 97.70 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 1191, as amended, Huber. Local government finance.

(1) Existing law requires the county auditor, in each fiscal year, to allocate property tax revenue 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. Existing law 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.

Existing law requires the county auditor to decrease, for the fiscal adjustment period, as defined, the amount of ad valorem property tax revenue allocated to a county's Educational Revenue Augmentation Fund by the countywide adjustment amount, as defined, and requires the auditor to instead allocate this amount to the Sales and Use Tax Compensation Fund in the county. Existing law requires, during this same period, the county auditor to allocate moneys from the Sales and Use Tax Compensation Fund to cities and counties to reimburse these entities for local tax revenue losses resulting from a specified statute, as provided. Existing law requires these allocations to be made in a manner that ensures that the amount of ad valorem property tax revenue allocated to cities, counties, and special districts pursuant to specified statutes is not reduced.

This bill would, for the 2012–13 fiscal year and for each fiscal year thereafter, if 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 county auditor to complete the decreases required during the fiscal adjustment period, require the county auditor to calculate an amount, as specified, and to submit a claim to the Controller for that amount. This bill would require the Controller, upon appropriation by the Legislature, to deposit the amount of the claim into the Sales and Use Tax Compensation Fund, and would require the county auditor to allocate that amount among the county and to each city in the county.

(2) The Vehicle License Fee (VLF) Law establishes, in lieu of any ad valorem property tax upon vehicles, an annual license fee for any vehicle subject to registration in this state. Beginning with the 2004–05 fiscal year and for each fiscal year thereafter, existing law requires that each city, county, and city and county receive a vehicle license fee adjustment amount (VLFAA), as defined, from a Vehicle License Fee Property Tax Compensation Fund (VLFPTCF) that exists in each county treasury. Existing law requires that these amounts be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities.

This bill would, for the 2012–13 fiscal year and for each fiscal year thereafter, if there is not enough ad valorem property tax revenue that is otherwise required to be allocated to educational entities for the county

auditor to make the VLFAA payments, require the county auditor to allocate to the VLFPTCF a specified amount of ad valorem property tax revenue, that is not required to be allocated under a specified statute, to an elementary, high school, or unified school district. This bill would require the county auditor, if there is still not enough ad valorem property tax revenue to make the VLFAA payments, to submit a claim to the Controller for the remaining amount necessary to make those payments. This bill would, upon appropriation by the Legislature, require the Controller to deposit the amount of the claim into the VLFPTCF, and would require the county auditor to allocate that amount in the manner provided by the existing payment provisions.

(3) By imposing additional duties upon local tax officials with respect to 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, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

(4) *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: yes.

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

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

3 (a) The vehicle license fee (VLF) has been a longstanding and
4 critical funding source exclusively reserved for cities and counties.

5 (b) The Legislature and the state chose to grant significant relief
6 to the vehicle owning public in 1998 and made that relief
7 permanent in 2004. When these choices were made, an
8 undisputable condition of this relief was that cities and counties
9 would continue to receive funding as if the full VLF were still in
10 place.

11 (c) When the state needed a dedicated funding source to secure
12 its Economic Recovery Bonds to afford the state significant and

1 extended budget relief, the state turned to a one-fourth cent of the
2 local sales and use tax as that identified source. Again, the
3 transaction was predicated upon the principle that local
4 governments would be held completely harmless and reimbursed
5 on a dollar-for-dollar basis until the bonds were repaid and the
6 local sales and use tax returned.

7 (d) Due to economic conditions unforeseen by either the state
8 or local governments in some counties, including, but not limited
9 to, the County of Amador and the County of Mono, all school
10 districts within these counties have become basic aid districts,
11 eliminating the ability to backfill cities and counties for the loss
12 of VLF revenues or local sales and use tax revenue, thereby leaving
13 these local agencies with no local source to fund either the VLF
14 swap or the triple flip, resulting in severe budget shortfalls.

15 (e) Absent a state solution, permanent and irreparable harm and
16 damage will be done to local governments within these counties
17 through no fault of their own, forcing unthinkable layoffs and
18 service reductions that cannot be mitigated locally.

19 (f) It is the intent of the Legislature in enacting this act to address
20 the unintended and detrimental situation described above.

21 SEC. 2. Section 97.68 of the Revenue and Taxation Code is
22 amended to read:

23 97.68. Notwithstanding any other provision of law, in allocating
24 ad valorem property tax revenue allocations for each fiscal year
25 during the fiscal adjustment period, all of the following apply:

26 (a) (1) The total amount of ad valorem property tax revenue
27 otherwise required to be allocated to a county’s Educational
28 Revenue Augmentation Fund shall be reduced by the countywide
29 adjustment amount.

30 (2) The countywide adjustment amount shall be deposited in a
31 Sales and Use Tax Compensation Fund that shall be established
32 in the treasury of each county.

33 (b) For purposes of this section, the following definitions apply:

34 (1) “Fiscal adjustment period” means the period beginning with
35 the 2004–05 fiscal year and continuing through the fiscal year in
36 which the Director of Finance notifies the State Board of
37 Equalization pursuant to subdivision (b) of Section 99006 of the
38 Government Code.

39 (2) Except as otherwise provided in subdivision (d), the
40 “countywide adjustment amount” means the combined total

1 revenue loss of the county and each city in the county that is
2 annually estimated by the Director of Finance, based upon the
3 actual amount of sales and use tax revenues transmitted under
4 Section 7204 in that county in the prior fiscal year and any
5 projected growth on that amount for the current fiscal year as
6 determined by the State Board of Equalization and reported to the
7 director on or before August 15 of each fiscal year during the fiscal
8 adjustment period, to result for each of those fiscal years from the
9 0.25 percent reduction in local sales and use rate tax authority
10 applied by Section 7203.1. The director shall adjust the estimates
11 described in this paragraph if the board reports to him or her any
12 changes in the projected growth in local sales and use tax revenues
13 for the current fiscal year.

14 (3) “In lieu local sales and use tax revenues” means those
15 revenues that are transferred under this section to a county or a
16 city from a Sales and Use Tax Compensation Fund or an
17 Educational Revenue Augmentation Fund.

18 (c) Except as otherwise provided in subdivision (d), for each
19 fiscal year during the fiscal adjustment period, in lieu sales and
20 use tax revenues in the Sales and Use Tax Compensation Fund
21 shall be allocated among the county and the cities in the county,
22 and those allocations shall be subsequently adjusted, as follows:

23 (1) The Director of Finance shall, on or before September 1 of
24 each fiscal year during the fiscal adjustment period, notify each
25 county auditor of that portion of the countywide adjustment amount
26 for that fiscal year that is attributable to the county and to each
27 city within that county.

28 (2) The county auditor shall allocate revenues in the Sales and
29 Use Tax Compensation Fund among the county and cities in the
30 county in the amounts described in paragraph (1). The auditor shall
31 allocate one-half of the amount described in paragraph (1) in each
32 January during the fiscal adjustment period and shall allocate the
33 balance of that amount in each May during the fiscal adjustment
34 period.

35 (3) After the end of each fiscal year during the fiscal adjustment
36 period, other than a fiscal year subject to subdivision (d), the
37 Director of Finance shall, based on the actual amount of sales and
38 use tax revenues that were not transmitted for the prior fiscal year,
39 recalculate each amount estimated under paragraph (1) and notify
40 the county auditor of the recalculated amount.

1 (4) If the amount recalculated under paragraph (3) for the county
 2 or any city in the county is greater than the amount allocated to
 3 that local agency under paragraph (2), the county auditor shall, in
 4 the fiscal year next following the fiscal year for which the
 5 allocation was made, transfer an amount of ad valorem property
 6 tax revenue equal to this difference from the Sales and Use Tax
 7 Compensation Fund to that local agency.

8 (5) If the amount recalculated under paragraph (3) for the county
 9 or any city in the county is less than the amount allocated to that
 10 local agency under paragraph (2), the county auditor shall, in the
 11 fiscal year next following the fiscal year for which the allocation
 12 was made, reduce the total amount of ad valorem property tax
 13 revenue otherwise allocated to that city or county from the Sales
 14 and Use Tax Compensation Fund by an amount equal to this
 15 difference and instead allocate this difference to the county
 16 Educational Revenue Augmentation Fund.

17 (6) If there is an insufficient amount of moneys in a county's
 18 Sales and Use Tax Compensation Fund to make the transfers
 19 required by paragraph (4), the county auditor shall transfer from
 20 the county Educational Revenue Augmentation Fund an amount
 21 sufficient to make the full amount of these transfers.

22 (d) Notwithstanding any other provision of this section, when
 23 Section 7203.1 ceases to be operative, all of the following apply:

24 (1) If Section 7203.1 ceases to be operative on an October 1 of
 25 a fiscal year during the fiscal adjustment period, all of the following
 26 apply:

27 (A) The "countywide adjustment amount" for that fiscal year
 28 means an amount equal to sum of the following two amounts:

29 (i) The combined total revenue loss of the county and each city
 30 in the county that is estimated by the director, based upon actual
 31 sales and use tax revenues transmitted under Section 7204 for the
 32 first quarter of the prior fiscal year as determined by the State
 33 Board of Equalization and reported to the director on or before
 34 that August 15, to result for the first quarter of the current fiscal
 35 year from the 0.25 percent reduction in local sales and use tax rate
 36 authority applied by Section 7203.1.

37 (ii) The difference between the following two amounts:

38 (I) The total amount that was allocated to the county and each
 39 city in the county under subdivision (c) for the prior fiscal year.

1 (II) The actual total amount of local sales and use tax revenue
2 that was not transmitted the county or city and county and each
3 city in the county for the prior fiscal year as a result of the 0.25
4 percent suspension of local sales and use tax authority applied by
5 Section 7203.1.

6 (B) On or before January 31 of that fiscal year, the auditor shall
7 allocate to the county and each city in the county that portion of
8 the countywide adjustment amount for that fiscal year that is
9 attributable to the county and each city in the county.

10 (C) On or before May 1 of that fiscal year, the State Board of
11 Equalization shall report to the director the actual total amount of
12 local sales and use tax revenue that was not transmitted to the
13 county and each city in the county in that fiscal year as a result of
14 the 0.25 percent suspension of local sales and use tax authority
15 applied by Section 7203.1. On or before May 1 of that fiscal year,
16 the director shall do both of the following:

17 (i) Determine the difference between the following two amounts:

18 (I) The amount specified in clause (i) of subparagraph (A) that
19 was allocated to the county and each city in the county for that
20 fiscal year under subparagraph (B).

21 (II) The actual total amount of local sales and use tax revenue
22 that was not transmitted to the county and each city in the county
23 for that fiscal year as a result of the 0.25 percent suspension of
24 local sales and use tax authority applied by Section 7203.1.

25 (ii) Notify the auditor of each county of the amounts determined
26 under clause (i) for his or her county and all of the cities in that
27 county.

28 (D) (i) If, for any county or city, the amount described in
29 subclause (I) of clause (i) of subparagraph (C) is greater than the
30 amount described in subclause (II) of clause (i) of subparagraph
31 (C), the county auditor shall, on or before May 31 of that fiscal
32 year, reallocate from the entity to the county Educational Revenue
33 Augmentation Fund the difference between those amounts.

34 (ii) If, for any county or city, the amount described in subclause
35 (I) of clause (i) of subparagraph (C) is less than the amount
36 described in subclause (II) of clause (i) of subparagraph (C), the
37 county auditor shall, on or before May 31 of that fiscal year,
38 reallocate from the county Educational Revenue Augmentation
39 Fund to that entity the difference between those amounts.

1 (2) If Section 7203.1 ceases to be operative on a January 1 of
2 a fiscal year during the fiscal adjustment period, all of the following
3 apply:

4 (A) The “countywide adjustment amount” for that fiscal year
5 means an amount equal to the sum of the following two amounts:

6 (i) The combined total revenue loss of the county and each city
7 in the county that is estimated by the director, based upon actual
8 sales and use tax revenues transmitted under Section 7204 for the
9 first and second quarters of the prior fiscal year as determined by
10 the State Board of Equalization and reported to the director on or
11 before that August 15, to result for the first and second quarters
12 of that fiscal year from the 0.25 percent reduction in local sales
13 and use tax rate authority applied by Section 7203.1.

14 (ii) The difference between the following two amounts:

15 (I) The total amount that was allocated to the county and each
16 city in the county under subdivision (c) for the prior fiscal year.

17 (II) The actual total amount of local sales and use tax revenue
18 that was not transmitted *to* the county or city and county and each
19 city in the county for the prior fiscal year as a result of the 0.25
20 percent suspension of local sales and use tax authority applied by
21 Section 7203.1.

22 (B) The auditor shall allocate to the county and each city in the
23 county that portion of the countywide adjustment amount for that
24 fiscal year that is attributable to the county and each city in the
25 county. One-half of this amount shall be allocated on or before
26 January 31 of that fiscal year and the other one-half of that amount
27 shall be allocated on or before May 31 of that fiscal year.

28 (C) On or before June 30 of that fiscal year, the State Board of
29 Equalization shall report to the director the actual total amount of
30 local sales and use tax revenue that was not transmitted to the
31 county and each city in the county for that fiscal year as a result
32 of the 0.25 percent suspension of local sales and use tax authority
33 applied by Section 7203.1. On or before June 30 of that fiscal year,
34 the director shall do both of the following:

35 (i) Determine the difference between the following two amounts:

36 (I) The amount specified in clause (i) of subparagraph (A) that
37 was allocated to the county and each city in the county for that
38 fiscal year under subparagraph (B).

39 (II) The actual total amount of local sales and use tax revenue
40 that was not transmitted to the county and each city in the county

1 for that fiscal year as a result of the 0.25 percent suspension of
2 local sales and use tax authority applied by Section 7203.1.

3 (ii) Notify the auditor of each county of the amounts determined
4 under clause (i) for his or her county and all of the cities in that
5 county.

6 (D) (i) If, for any county or city, the amount described in
7 subclause (I) of clause (i) of subparagraph (C) is greater than the
8 amount described in subclause (II) of clause (i) of subparagraph
9 (C), the county auditor shall, on or before January 31 of the
10 following fiscal year, reallocate from the entity to the county
11 Educational Revenue Augmentation Fund the difference between
12 those amounts.

13 (ii) If, for any county or city, the amount described in subclause
14 (I) of clause (i) of subparagraph (C) is less than the amount
15 described in subclause (II) of clause (i) of subparagraph (C), the
16 county auditor shall, on or before January 31 of the following fiscal
17 year, reallocate from the county Educational Revenue
18 Augmentation Fund to that entity the difference between those
19 amounts.

20 (3) If Section 7203.1 ceases to be operative on an April 1 of a
21 fiscal year during the fiscal adjustment period, all of the following
22 apply:

23 (A) On or before May 1 of that fiscal year, the director shall
24 determine and report to the auditor of each county that portion of
25 the countywide adjustment amount that is attributable to the
26 estimated sales and use tax revenue losses, resulting from the rate
27 suspension applied by Section 7203.1, for the fourth quarter of
28 that fiscal year for the county and each city in the county.

29 (B) The auditor shall reduce the total amount that is otherwise
30 required to be allocated in May of that fiscal year from the county
31 Sales and Use Tax Compensation Fund to the county and each city
32 in the county by the amount reported by the director with respect
33 to that entity under subparagraph (A). After the May allocations
34 have been made, the auditor shall transfer any moneys remaining
35 in the county Sales and Use Tax Compensation Fund to the county
36 Educational Revenue Augmentation Fund.

37 (C) On or before January 1 of the next fiscal year, the State
38 Board of Equalization shall report to the director the actual total
39 amount of local sales and use tax revenue that was not transmitted
40 to the county and each city in the county for the prior fiscal year

1 as a result of the 0.25 percent suspension of local sales and use tax
2 authority applied by Section 7203.1. On or before January 1 of
3 that fiscal year, the director shall do both of the following:

4 (i) Determine the difference between the following two amounts:
5 (I) The total amount that was allocated to the county and each
6 city in the county for the prior fiscal year under subdivision (c),
7 as adjusted under subparagraph (B).

8 (II) The actual total amount of local sales and use tax revenue
9 that was not transmitted to the county and each city in the county
10 for the prior fiscal year as a result of the 0.25 percent suspension
11 of local sales and use tax authority applied by Section 7203.1.

12 (ii) Notify the auditor of each county of the amounts determined
13 under clause (i) for his or her county and all of the cities in that
14 county.

15 (D) (i) If, for any county or city, the amount described in
16 subclause (I) of clause (i) of subparagraph (C) is greater than the
17 amount described in subclause (II) of clause (i) of subparagraph
18 (C), the county auditor shall, on or before January 31 of that fiscal
19 year, reallocate from the entity to the county Educational Revenue
20 Augmentation Fund the difference between those amounts.

21 (ii) If, for any county or city, the amount described in subclause
22 (I) of clause (i) of subparagraph (C) is less than the amount
23 described in subclause (II) of clause (i) of subparagraph (C), the
24 county auditor shall, on or before January 31 of the following fiscal
25 year, reallocate from the county Educational Revenue
26 Augmentation Fund to that entity the difference between those
27 amounts.

28 (4) If Section 7203.1 ceases to be operative on a July 1, all of
29 the following apply:

30 (A) On or before January 1 of that fiscal year, the State Board
31 of Equalization shall notify the Director of Finance of the actual
32 total amount of local sales and use tax revenue that was not
33 transmitted to each county and city for the prior fiscal year as a
34 result of the 0.25 percent suspension of local sales and use tax
35 authority applied by Section 7203.1.

36 (B) On or before January 31 of that fiscal year, the director shall
37 do both of the following:

38 (i) Determine for each city, county, and city and county, the
39 difference between the following two amounts:

1 (I) The total amount that was allocated to that entity under
2 subdivision (c) for the prior fiscal year.

3 (II) The actual total amount of local sales and use tax revenue
4 that was not transmitted to the entity for the prior fiscal year as a
5 result of the 0.25 percent suspension of local sales and use tax
6 authority applied by Section 7203.1.

7 (ii) Notify the auditor of each county of the amounts determined
8 under clause (i) for his or her county and all of the cities in that
9 county.

10 (C) (i) If, for any county or city, the amount described in
11 subclause (I) of clause (i) of subparagraph (B) is greater than the
12 amount described in subclause (II) of clause (i) of subparagraph
13 (B), the county auditor shall, on or before January 31 of that fiscal
14 year, reallocate from the entity to the county Educational Revenue
15 Augmentation Fund the difference between those amounts.

16 (ii) If, for any county or city, the amount described in subclause
17 (I) of clause (i) of subparagraph (B) is less than the amount
18 described in subclause (II) of clause (i) of subparagraph (B), the
19 county auditor shall, on or before January 31 of the following fiscal
20 year, reallocate from the county Educational Revenue
21 Augmentation Fund to that entity the difference between those
22 amounts.

23 (e) For the 2012–13 fiscal year and for each fiscal year
24 thereafter, if there is not enough ad valorem property tax revenue
25 that is otherwise required to be allocated to a county Educational
26 Revenue Augmentation Fund for the county auditor to complete
27 the allocations required by this section, the county auditor shall
28 calculate, for each county and each city in the county, the difference
29 between the countywide adjustment amount for that fiscal year
30 and the in lieu local sales and use tax revenues actually received
31 by each county and city in the county for that fiscal year pursuant
32 to this section, and shall submit a claim to the Controller for the
33 total amount of the difference. The Controller shall, upon
34 appropriation by the Legislature, deposit the amount of the claim
35 into the Sales and Use Tax Compensation Fund. The county auditor
36 shall, within 30 days of the date the Controller deposits the amount
37 of the claim into the Sales and Use Tax Compensation Fund,
38 allocate to each county and to each city in the county the amount
39 of the difference that was calculated by the county auditor for each
40 county and each city in the county pursuant to this subdivision.

1 (f) For the 2005–06 fiscal year and each fiscal year thereafter,
2 the amounts determined under subdivision (a) of Section 96.1, or
3 any successor to that provision, may not reflect any portion of any
4 property tax revenue allocation required by this section for a
5 preceding fiscal year.

6 (g) This section may not be construed to do any of the following:

7 (1) Reduce any allocations of excess, additional, or remaining
8 funds that would otherwise have been allocated to cities, counties,
9 cities and counties, or special districts pursuant to clause (i) of
10 subparagraph (B) of paragraph (4) of subdivision (d) of Section
11 97.2, clause (i) of subparagraph (B) of paragraph (4) of subdivision
12 (d) of Section 97.3, or Article 4 (commencing with Section 98),
13 had this section not been enacted. The allocation made pursuant
14 to subdivisions (a) and (c) shall be adjusted to comply with this
15 paragraph.

16 (2) Require an increased ad valorem property tax revenue
17 allocation to a community redevelopment agency.

18 (3) Alter the manner in which ad valorem property tax revenue
19 growth from fiscal year to fiscal year is determined or allocated
20 in a county.

21 (h) Existing tax exchange or revenue sharing agreements,
22 entered into prior to the operative date of this section, between
23 local agencies or between local agencies and nonlocal agencies
24 shall be deemed to be temporarily modified to account for the
25 reduced sales and use tax revenues, resulting from the temporary
26 reduction in the local sales and use tax rate, with those reduced
27 revenues to be replaced in kind by property tax revenue from a
28 Sales and Use Tax Compensation Fund or an Educational Revenue
29 Augmentation Fund, on a temporary basis, as provided by this
30 section.

31 SEC. 3. Section 97.70 of the Revenue and Taxation Code is
32 amended to read:

33 97.70. Notwithstanding any other provision of law, for the
34 2004–05 fiscal year and for each fiscal year thereafter, all of the
35 following apply:

36 (a) (1) (A) The auditor shall reduce the total amount of ad
37 valorem property tax revenue that is otherwise required to be
38 allocated to a county’s Educational Revenue Augmentation Fund
39 by the countywide vehicle license fee adjustment amount.

1 (B) If, for the fiscal year, after complying with Section 97.68
2 there is not enough ad valorem property tax revenue that is
3 otherwise required to be allocated to a county Educational Revenue
4 Augmentation Fund for the auditor to complete the allocation
5 reduction required by subparagraph (A), the auditor shall
6 additionally reduce the total amount of ad valorem property tax
7 revenue that is otherwise required to be allocated to all school
8 districts and community college districts in the county for that
9 fiscal year by an amount equal to the difference between the
10 countywide vehicle license fee adjustment amount and the amount
11 of ad valorem property tax revenue that is otherwise required to
12 be allocated to the county Educational Revenue Augmentation
13 Fund for that fiscal year. This reduction for each school district
14 and community college district in the county shall be the percentage
15 share of the total reduction that is equal to the proportion that the
16 total amount of ad valorem property tax revenue that is otherwise
17 required to be allocated to the school district or community college
18 district bears to the total amount of ad valorem property tax revenue
19 that is otherwise required to be allocated to all school districts and
20 community college districts in a county. For purposes of this
21 subparagraph, “school districts” and “community college districts”
22 do not include any districts that are excess tax school entities, as
23 defined in Section 95.

24 (C) For the 2012–13 fiscal year and for each fiscal year
25 thereafter, if, after applying subparagraph (B), the auditor is unable
26 to complete the reduction required by subparagraph (A), the auditor
27 shall, after complying with Section 75.70, allocate to the Vehicle
28 License Fee Property Tax Compensation Fund from any remaining
29 ad valorem property tax revenue that is not required to be allocated
30 to any elementary, high school, or unified school district pursuant
31 to paragraph (6) of subdivision (c) of Section 75.70, an amount
32 equal to that portion of the reduction required by subparagraph
33 (A) that could not be made pursuant to subparagraphs (A) and (B).

34 (D) If, after making the allocation required by subparagraph
35 (C), there is still not enough ad valorem property tax revenue for
36 the auditor to complete the reduction required by subparagraph
37 (A), the auditor shall submit a claim to the Controller for the
38 remaining difference. The Controller shall, upon appropriation by
39 the Legislature, deposit the amount of the claim into the Vehicle
40 License Fee Property Tax Compensation Fund. The auditor shall,

1 within 30 days of the date the Controller deposits the amount of
2 the claim into the Vehicle License Fee Property Tax Compensation
3 Fund, allocate that amount among the cities, county, and city and
4 county in accordance with this section.

5 (2) The countywide vehicle license fee adjustment amount shall
6 be allocated to the Vehicle License Fee Property Tax Compensation
7 Fund that shall be established in the treasury of each county.

8 (b) (1) The auditor shall allocate moneys in the Vehicle License
9 Fee Property Tax Compensation Fund according to the following:

10 (A) Each city in the county shall receive its vehicle license fee
11 adjustment amount.

12 (B) Each county and city and county shall receive its vehicle
13 license fee adjustment amount.

14 (2) The auditor shall allocate one-half of the amount specified
15 in paragraph (1) on or before January 31 of each fiscal year, and
16 the other one-half on or before May 31 of each fiscal year.

17 (c) For purposes of this section, all of the following apply:

18 (1) “Vehicle license fee adjustment amount” for a particular
19 city, county, or a city and county means, subject to an adjustment
20 under paragraph (2) and Section 97.71, all of the following:

21 (A) For the 2004–05 fiscal year, an amount equal to the
22 difference between the following two amounts:

23 (i) The estimated total amount of revenue that would have been
24 deposited to the credit of the Motor Vehicle License Fee Account
25 in the Transportation Tax Fund, including any amounts that would
26 have been certified to the Controller by the auditor of the County
27 of Ventura under subdivision (j) of Section 98.02, as that section
28 read on January 1, 2004, for distribution under the law as it read
29 on January 1, 2004, to the county, city and county, or city for the
30 2004–05 fiscal year if the fee otherwise due under the Vehicle
31 License Fee Law (Pt. 5 (commencing with Section 10701) of Div.
32 2) was 2 percent of the market value of a vehicle, as specified in
33 Section 10752 and 10752.1 as those sections read on January 1,
34 2004.

35 (ii) The estimated total amount of revenue that is required to be
36 distributed from the Motor Vehicle License Fee Account in the
37 Transportation Tax Fund to the county, city and county, and each
38 city in the county for the 2004–05 fiscal year under Section 11005,
39 as that section read on the operative date of the act that amended
40 this clause.

1 (B) (i) Subject to an adjustment under clause (ii), for the
2 2005–06 fiscal year, the sum of the following two amounts:

3 (I) The difference between the following two amounts:

4 (Ia) The actual total amount of revenue that would have been
5 deposited to the credit of the Motor Vehicle License Fee Account
6 in the Transportation Tax Fund, including any amounts that would
7 have been certified to the Controller by the auditor of the County
8 of Ventura under subdivision (j) of Section 98.02, as that section
9 read on January 1, 2004, for distribution under the law as it read
10 on January 1, 2004, to the county, city and county, or city for the
11 2004–05 fiscal year if the fee otherwise due under the Vehicle
12 License Fee Law (Part 5 (commencing with Section 10701) of
13 Division 2) was 2 percent of the market value of a vehicle, as
14 specified in Sections 10752 and 10752.1 as those sections read on
15 January 1, 2004.

16 (Ib) The actual total amount of revenue that was distributed
17 from the Motor Vehicle License Fee Account in the Transportation
18 Tax Fund to the county, city and county, and each city in the county
19 for the 2004–05 fiscal year under Section 11005, as that section
20 read on the operative date of the act that amended this
21 sub-subclause.

22 (II) The product of the following two amounts:

23 (IIa) The amount described in subclause (I).

24 (IIb) The percentage change from the prior fiscal year to the
25 current fiscal year in gross taxable assessed valuation within the
26 jurisdiction of the entity, as reflected in the equalized assessment
27 roll for those fiscal years. For the first fiscal year for which a
28 change in a city’s jurisdictional boundaries first applies, the
29 percentage change in gross taxable assessed valuation from the
30 prior fiscal year to the current fiscal year shall be calculated solely
31 on the basis of the city’s previous jurisdictional boundaries, without
32 regard to the change in that city’s jurisdictional boundaries. For
33 each following fiscal year, the percentage change in gross taxable
34 assessed valuation from the prior fiscal year to the current fiscal
35 year shall be calculated on the basis of the city’s current
36 jurisdictional boundaries.

37 (ii) The amount described in clause (i) shall be adjusted as
38 follows:

39 (I) If the amount described in subclause (I) of clause (i) for a
40 particular city, county, or city and county is greater than the amount

1 described in subparagraph (A) for that city, county, or city and
2 county, the amount described in clause (i) shall be increased by
3 an amount equal to this difference.

4 (II) If the amount described in subclause (I) of clause (i) for a
5 particular city, county, or city and county is less than the amount
6 described in subparagraph (A) for that city, county, or city and
7 county, the amount described in clause (i) shall be decreased by
8 an amount equal to this difference.

9 (C) For the 2006–07 fiscal year and for each fiscal year
10 thereafter, the sum of the following two amounts:

11 (i) The vehicle license fee adjustment amount for the prior fiscal
12 year, if Section 97.71 and clause (ii) of subparagraph (B) did not
13 apply for that fiscal year, for that city, county, and city and county.

14 (ii) The product of the following two amounts:

15 (I) The amount described in clause (i).

16 (II) The percentage change from the prior fiscal year to the
17 current fiscal year in gross taxable assessed valuation within the
18 jurisdiction of the entity, as reflected in the equalized assessment
19 roll for those fiscal years. For the first fiscal year for which a
20 change in a city’s jurisdictional boundaries first applies, the
21 percentage change in gross taxable assessed valuation from the
22 prior fiscal year to the current fiscal year shall be calculated solely
23 on the basis of the city’s previous jurisdictional boundaries, without
24 regard to the change in that city’s jurisdictional boundaries. For
25 each following fiscal year, the percentage change in gross taxable
26 assessed valuation from the prior fiscal year to the current fiscal
27 year shall be calculated on the basis of the city’s current
28 jurisdictional boundaries.

29 (2) “Countywide vehicle license fee adjustment amount” means,
30 for any fiscal year, the total sum of the amounts described in
31 paragraph (1) for a county or city and county, and each city in the
32 county.

33 (3) On or before June 30 of each fiscal year, the auditor shall
34 report to the Controller the vehicle license fee adjustment amount
35 for the county and each city in the county for that fiscal year.

36 (d) For the 2005–06 fiscal year and each fiscal year thereafter,
37 the amounts determined under subdivision (a) of Section 96.1, or
38 any successor to that provision, shall not reflect, for a preceding
39 fiscal year, any portion of any allocation required by this section.

1 (e) For purposes of Section 15 of Article XI of the California
2 Constitution, the allocations from a Vehicle License Fee Property
3 Tax Compensation Fund constitute successor taxes that are
4 otherwise required to be allocated to counties and cities, and as
5 successor taxes, the obligation to make those transfers as required
6 by this section shall not be extinguished nor disregarded in any
7 manner that adversely affects the security of, or the ability of, a
8 county or city to pay the principal and interest on any debts or
9 obligations that were funded or secured by that city's or county's
10 allocated share of motor vehicle license fee revenues.

11 (f) This section shall not be construed to do any of the following:

12 (1) Reduce any allocations of excess, additional, or remaining
13 funds that would otherwise have been allocated to county
14 superintendents of schools, cities, counties, and cities and counties
15 pursuant to clause (i) of subparagraph (B) of paragraph (4) of
16 subdivision (d) of Sections 97.2 and 97.3 or Article 4 (commencing
17 with Section 98) had this section not been enacted. The allocations
18 required by this section shall be adjusted to comply with this
19 paragraph.

20 (2) Require an increased ad valorem property tax revenue
21 allocation or increased tax increment allocation to a community
22 redevelopment agency.

23 (3) Alter the manner in which ad valorem property tax revenue
24 growth from fiscal year to fiscal year is otherwise determined or
25 allocated in a county.

26 (4) Reduce ad valorem property tax revenue allocations required
27 under Article 4 (commencing with Section 98).

28 (g) Tax exchange or revenue sharing agreements, entered into
29 prior to the operative date of this section, between local agencies
30 or between local agencies and nonlocal agencies are deemed to be
31 modified to account for the reduced vehicle license fee revenues
32 resulting from the act that added this section. These agreements
33 are modified in that these reduced revenues are, in kind and in lieu
34 thereof, replaced with ad valorem property tax revenue from a
35 Vehicle License Fee Property Tax Compensation Fund or an
36 Educational Revenue Augmentation Fund.

37 SEC. 4. If the Commission on State Mandates determines that
38 this act contains costs mandated by the state, reimbursement to
39 local agencies and school districts for those costs shall be made

1 pursuant to Part 7 (commencing with Section 17500) of Division
2 4 of Title 2 of the Government Code.

3 *SEC. 5. This act is an urgency statute necessary for the*
4 *immediate preservation of the public peace, health, or safety within*
5 *the meaning of Article IV of the Constitution and shall go into*
6 *immediate effect. The facts constituting the necessity are:*

7 *In order to provide immediate financial relief to local entities*
8 *that are not receiving the full countywide adjustment amount, as*
9 *provided in Section 97.68 of the Revenue and Taxation Code, or*
10 *the full vehicle license fee adjustment amount, as provided in*
11 *Section 97.70 of the Revenue and Taxation Code, it is necessary*
12 *that this act take effect immediately.*

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