

AMENDED IN ASSEMBLY JANUARY 6, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 677

Introduced by Assembly Member Fox

February 21, 2013

An act to amend Section ~~6093~~ 97.70 of the Revenue and Taxation Code, relating to ~~taxation~~ local government finance.

LEGISLATIVE COUNSEL'S DIGEST

AB 677, as amended, Fox. ~~Sales and use taxes.~~ *Local government finance: property tax revenue allocation: vehicle license fee adjustments.*

Existing property tax 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 provides that each jurisdiction shall 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 requires that, for purposes of determining property tax revenue allocations in each county for the 1992–93 and 1993–94 fiscal years, 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. It 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.

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 additional property tax revenues in the form of a vehicle license fee adjustment amount, as defined, from a vehicle license fee property tax compensation fund that exists in each county treasury. Existing law requires that these additional allocations be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities.

This bill would modify these reduction and transfer provisions, for the 2013–14 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation. This bill would also modify these reduction and transfer provisions, for the 2013–14 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount for certain cities incorporating after a specified date, as provided.

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.

~~The Sales and Use Tax Law presumes that all gross receipts are subject to tax until the contrary is established. This law relieves a seller from liability for sales tax if the seller in good faith takes a resale certificate from a purchaser holding a seller’s permit, and the resale certificate is signed and completed as specified.~~

~~This bill would make nonsubstantive, technical changes to this provision:~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: ~~no~~-yes.

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

- 1 SECTION 1. Section 97.70 of the Revenue and Taxation Code,
- 2 as amended by Chapter 393 of the Statutes of 2013, is amended
- 3 to read:

1 97.70. Notwithstanding any other law, for the 2004–05 fiscal
2 year and for each fiscal year thereafter, all of the following apply:

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

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

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

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

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

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

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

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

5 (1) "Vehicle license fee adjustment amount" for a particular
6 city, county, or a city and county means, subject to an adjustment
7 under paragraph (2) and Section 97.71, all of the following:

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

10 (i) The estimated total amount of revenue that would have been
11 deposited to the credit of the Motor Vehicle License Fee Account
12 in the Transportation Tax Fund, including any amounts that would
13 have been certified to the Controller by the auditor of the County
14 of Ventura under subdivision (j) of Section 98.02, as that section
15 read on January 1, 2004, for distribution under the law as it read
16 on January 1, 2004, to the county, city and county, or city for the
17 2004–05 fiscal year if the fee otherwise due under the Vehicle
18 License Fee Law (Pt. 5 (commencing with Section 10701) of Div.
19 2) was 2 percent of the market value of a vehicle, as specified in
20 ~~Section~~ *Sections* 10752 and 10752.1 as those sections read on
21 January 1, 2004.

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

28 (B) (i) Subject to an adjustment under clause (ii), for the
29 2005–06 fiscal year, the sum of the following two amounts:

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

31 ~~(Ia)~~

32 (ia) The actual total amount of revenue that would have been
33 deposited to the credit of the Motor Vehicle License Fee Account
34 in the Transportation Tax Fund, including any amounts that would
35 have been certified to the Controller by the auditor of the County
36 of Ventura under subdivision (j) of Section 98.02, as that section
37 read on January 1, 2004, for distribution under the law as it read
38 on January 1, 2004, to the county, city and county, or city for the
39 2004–05 fiscal year if the fee otherwise due under the Vehicle
40 License Fee Law (Part 5 (commencing with Section 10701) of

1 Division 2) was 2 percent of the market value of a vehicle, as
2 specified in Sections 10752 and 10752.1 as those sections read on
3 January 1, 2004.

4 ~~(Hb)~~

5 (ib) The actual total amount of revenue that was distributed
6 from the Motor Vehicle License Fee Account in the Transportation
7 Tax Fund to the county, city and county, and each city in the county
8 for the 2004–05 fiscal year under Section 11005, as that section
9 read on the operative date of the act that amended this
10 ~~sub-subclause~~ *subsubclause*.

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

12 ~~(Ha)~~

13 (ia) The amount described in subclause (I).

14 ~~(Hb)~~

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

28 (ii) The amount described in clause (i) shall be adjusted as
29 follows:

30 (I) If the amount described in subclause (I) of clause (i) for a
31 particular city, county, or city and county is greater than the amount
32 described in subparagraph (A) for that city, county, or city and
33 county, the amount described in clause (i) shall be increased by
34 an amount equal to this difference.

35 (II) If the amount described in subclause (I) of clause (i) for a
36 particular city, county, or city and county is less than the amount
37 described in subparagraph (A) for that city, county, or city and
38 county, the amount described in clause (i) shall be decreased by
39 an amount equal to this difference.

1 (C) For the 2006–07 fiscal year and for each fiscal year
2 thereafter, year, to the 2012–13 fiscal year, inclusive, the sum of
3 the following two amounts:

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

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

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

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

22 (D) For the 2013–14 fiscal year, the vehicle license fee
23 adjustment amount shall be equal to the sum of the following two
24 amounts:

25 (i) The amount described in clause (i) of subparagraph (B) if
26 Section 97.71 and clause (ii) of subparagraph (B) did not apply
27 for that fiscal year, for that city, county, and city and county.

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

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

30 (II) The percentage change from the 2004–05 fiscal year to the
31 2013–14 fiscal year, inclusive, in gross taxable assessed valuation
32 within the jurisdiction of the entity, as reflected in the equalized
33 assessment roll for those fiscal years.

34 (E) For the 2014–15 fiscal year and each fiscal year thereafter,
35 the sum of the following two amounts:

36 (i) The vehicle license fee adjustment amount for the prior fiscal
37 year.

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

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

1 (II) *The percentage change from the immediately preceding*
2 *fiscal year to the current fiscal year in gross taxable assessed*
3 *valuation within the jurisdiction of the entity, as reflected in the*
4 *equalized assessment roll for those fiscal years.*

5 (F) *Notwithstanding subparagraphs (D) and (E), “vehicle*
6 *license fee adjustment amount,” for the 2013–14 fiscal year and*
7 *each fiscal year thereafter for a city incorporating after January*
8 *1, 2004, means the following:*

9 (i) *For the 2013–14 fiscal year, or the first year of incorporation*
10 *of the city, whichever is later, the quotient derived from the*
11 *following fraction:*

12 (I) *The numerator is the product of the following two amounts:*

13 (ia) *The sum of the most recent vehicle license fee adjustment*
14 *amounts determined for all cities in the county incorporated prior*
15 *to 2005.*

16 (ib) *The population of the incorporating city.*

17 (II) *The denominator is the sum of the populations of all cities*
18 *in the county.*

19 (ii) *For each fiscal year thereafter, the sum of the following two*
20 *amounts:*

21 (I) *The vehicle license fee adjustment amount for the prior fiscal*
22 *year.*

23 (II) *The product of the following two amounts:*

24 (ia) *The amount described in subclause (I).*

25 (ib) *The percentage change from the prior fiscal year to the*
26 *current fiscal year in gross taxable assessed valuation within the*
27 *jurisdiction of the entity, as reflected in the equalized assessment*
28 *roll for those fiscal years.*

29 (2) *For the 2013–14 fiscal year, the vehicle license fee*
30 *adjustment amount that is determined under subparagraph-~~(C)~~ (D)*
31 *of paragraph (1) for the County of Orange shall be increased by*
32 *fifty-three million dollars (\$53,000,000). For the 2014–15 fiscal*
33 *year and each fiscal year thereafter, the calculation of the vehicle*
34 *license fee adjustment amount for the County of Orange under*
35 *subparagraph-~~(C)~~ (E) of paragraph (1) shall be based on a prior*
36 *fiscal year amount that reflects the full amount of this one-time*
37 *increase of fifty-three million dollars (\$53,000,000).*

38 (3) *“Countywide vehicle license fee adjustment amount” means,*
39 *for any fiscal year, the total sum of the amounts described in*

1 paragraphs (1) and (2) for a county or city and county, and each
2 city in the county.

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

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

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

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

21 (1) Reduce any allocations of excess, additional, or remaining
22 funds that would otherwise have been allocated to county
23 superintendents of schools, cities, counties, and cities and counties
24 pursuant to clause (i) of subparagraph (B) of paragraph (4) of
25 subdivision (d) of Sections 97.2 and 97.3 or Article 4 (commencing
26 with Section 98) had this section not been enacted. The allocations
27 required by this section shall be adjusted to comply with this
28 paragraph.

29 (2) Require an increased ad valorem property tax revenue
30 allocation or increased tax increment allocation to a community
31 redevelopment agency.

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

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

37 (g) Tax exchange or revenue sharing agreements, entered into
38 prior to the operative date of this section, between local agencies
39 or between local agencies and nonlocal agencies are deemed to be
40 modified to account for the reduced vehicle license fee revenues

1 resulting from the act that added this section. These agreements
2 are modified in that these reduced revenues are, in kind and in lieu
3 thereof, replaced with ad valorem property tax revenue from a
4 Vehicle License Fee Property Tax Compensation Fund or an
5 Educational Revenue Augmentation Fund.

6 *SEC. 2. If the Commission on State Mandates determines that*
7 *this act contains costs mandated by the state, reimbursement to*
8 *local agencies and school districts for those costs shall be made*
9 *pursuant to Part 7 (commencing with Section 17500) of Division*
10 *4 of Title 2 of the Government Code.*

11 ~~SECTION 1. Section 6093 of the Revenue and Taxation Code~~
12 ~~is amended to read:~~

13 ~~6093. The certificate shall be signed by and bear the name and~~
14 ~~address of the purchaser, indicate the number of the permit issued~~
15 ~~to the purchaser, and indicate the general character of the tangible~~
16 ~~personal property sold by the purchaser in the regular course of~~
17 ~~business. The certificate shall be substantially in such form as the~~
18 ~~board may prescribe.~~