

AMENDED IN SENATE AUGUST 4, 2014

AMENDED IN SENATE JUNE 17, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1521

Introduced by Assembly Member Fox
(Coauthor: Assembly Member Medina)

January 16, 2014

An act to amend Section 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 1521, as amended, Fox. Local government finance: property tax revenue allocations: 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 2014–15 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 incorporate additional changes to Section 97.70 of the Revenue and Taxation Code made by this bill and SB 69, to take effect if both bills are chaptered and this bill is chaptered last.

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.

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 97.70 of the Revenue and Taxation Code
- 2 is amended to read:
- 3 97.70. Notwithstanding any other law, for the 2004–05 fiscal
- 4 year and for each fiscal year thereafter, all of the following apply:
- 5 (a) (1) (A) The auditor shall reduce the total amount of ad
- 6 valorem property tax revenue that is otherwise required to be

1 allocated to a county's Educational Revenue Augmentation Fund
2 by the countywide vehicle license fee adjustment amount.

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

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

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

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

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

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

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

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

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

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

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

24 (B) (i) Subject to an adjustment under clause (ii), for the
25 2005–06 fiscal year, the sum of the following two amounts:

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

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

39 (ib) The actual total amount of revenue that was distributed
40 from the Motor Vehicle License Fee Account in the Transportation

1 Tax Fund to the county, city and county, and each city in the county
2 for the 2004–05 fiscal year under Section 11005, as that section
3 read on the operative date of the act that amended this
4 subsubclause.

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

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

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

20 (ii) The amount described in clause (i) shall be adjusted as
21 follows:

22 (I) If the amount described in subclause (I) of clause (i) for a
23 particular city, county, or city and county is greater than the amount
24 described in subparagraph (A) for that city, county, or city and
25 county, the amount described in clause (i) shall be increased by
26 an amount equal to this difference.

27 (II) If the amount described in subclause (I) of clause (i) for a
28 particular city, county, or city and county is less than the amount
29 described in subparagraph (A) for that city, county, or city and
30 county, the amount described in clause (i) shall be decreased by
31 an amount equal to this difference.

32 (C) For the 2006–07 fiscal year, to the 2013–14 fiscal year,
33 inclusive, the sum of the following two amounts:

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

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

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

39 (II) The percentage change from the prior fiscal year to the
40 current fiscal year in gross taxable assessed valuation within the

1 jurisdiction of the entity, as reflected in the equalized assessment
2 roll for those fiscal years. For the first fiscal year for which a
3 change in a city's jurisdictional boundaries first applies, the
4 percentage change in gross taxable assessed valuation from the
5 prior fiscal year to the current fiscal year shall be calculated solely
6 on the basis of the city's previous jurisdictional boundaries, without
7 regard to the change in that city's jurisdictional boundaries. For
8 each following fiscal year, the percentage change in gross taxable
9 assessed valuation from the prior fiscal year to the current fiscal
10 year shall be calculated on the basis of the city's current
11 jurisdictional boundaries.

12 (D) For the 2014–15 fiscal year, the sum of the following two
13 amounts:

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

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

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

19 (II) The percentage change from the 2004–05 fiscal year to the
20 2014–15 fiscal year, inclusive, in gross taxable assessed valuation
21 within the jurisdiction of the entity, as reflected in the equalized
22 assessment roll for those fiscal years.

23 (E) For the 2015–16 fiscal year and each fiscal year thereafter,
24 the sum of the following two amounts:

25 (i) The vehicle license fee adjustment amount for the prior fiscal
26 year.

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

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

29 (II) The percentage change from the immediately preceding
30 fiscal year to the current fiscal year in gross taxable assessed
31 valuation within the jurisdiction of the entity, as reflected in the
32 equalized assessment roll for those fiscal years.

33 (2) For the 2013–14 fiscal year, the vehicle license fee
34 adjustment amount that is determined under subparagraph (C) of
35 paragraph (1) for the County of Orange shall be increased by
36 fifty-three million dollars (\$53,000,000). For the 2014–15 fiscal
37 year and each fiscal year thereafter, the calculation of the vehicle
38 license fee adjustment amount for the County of Orange under
39 subparagraph (D) or (E), as applicable, of paragraph (1) shall be
40 based on a prior fiscal year amount that reflects the full amount

1 of this one-time increase of fifty-three million dollars
2 (\$53,000,000).

3 (3) “Countywide vehicle license fee adjustment amount” means,
4 for any fiscal year, the total sum of the amounts described in
5 paragraphs (1) and (2) for a county or city and county, and each
6 city in the county.

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

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

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

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

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

33 (2) Require an increased ad valorem property tax revenue
34 allocation or increased tax increment allocation to a community
35 redevelopment agency.

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

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

1 (g) Tax exchange or revenue sharing agreements, entered into
2 prior to the operative date of this section, between local agencies
3 or between local agencies and nonlocal agencies are deemed to be
4 modified to account for the reduced vehicle license fee revenues
5 resulting from the act that added this section. These agreements
6 are modified in that these reduced revenues are, in kind and in lieu
7 thereof, replaced with ad valorem property tax revenue from a
8 Vehicle License Fee Property Tax Compensation Fund or an
9 Educational Revenue Augmentation Fund.

10 *SEC. 1.5. Section 97.70 of the Revenue and Taxation Code is*
11 *amended to read:*

12 97.70. Notwithstanding any other law, for the 2004–05 fiscal
13 year and for each fiscal year thereafter, all of the following apply:

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

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

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

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

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

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

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

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

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

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

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

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

37 (B) (i) Subject to an adjustment under clause (ii), for the
38 2005–06 fiscal year, the sum of the following two amounts:

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

40 ~~(Ia)~~

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

13 ~~(Hb)~~

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

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

21 ~~(Ha)~~

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

23 ~~(Hb)~~

24 (ib) 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~~, *to the 2013–14 fiscal year, inclusive*, the sum of the
11 following two amounts:

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

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

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

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

30 (D) *For the 2014–15 fiscal year, the sum of the following two*
31 *amounts:*

32 (i) *The amount described in clause (i) of subparagraph (B) if*
33 *Section 97.71 and clause (ii) of subparagraph (B) did not apply*
34 *for that fiscal year, for that city, county, and city and county.*

35 (ii) *The product of the following two amounts:*

36 (I) *The amount described in clause (i).*

37 (II) *The percentage change from the 2004–05 fiscal year to the*
38 *2014–15 fiscal year, inclusive, in gross taxable assessed valuation*
39 *within the jurisdiction of the entity, as reflected in the equalized*
40 *assessment roll for those fiscal years.*

1 (E) For the 2015–16 fiscal year and each fiscal year thereafter,
2 the sum of the following two amounts:
3 (i) The vehicle license fee adjustment amount for the prior fiscal
4 year.
5 (ii) The product of the following two amounts:
6 (I) The amount described in clause (i).
7 (II) The percentage change from the immediately preceding
8 fiscal year to the current fiscal year in gross taxable assessed
9 valuation within the jurisdiction of the entity, as reflected in the
10 equalized assessment roll for those fiscal years.
11 (2) Notwithstanding paragraph (1), “vehicle license fee
12 adjustment amount,” for a city incorporating after January 1,
13 2004, and on or before January 1, 2012, means the following:
14 (A) For the 2014–15 fiscal year, the quotient derived from the
15 following fraction:
16 (i) The numerator is the product of the following two amounts:
17 (I) The sum of the most recent vehicle license fee adjustment
18 amounts determined for all cities in the county.
19 (II) The population of the incorporating city.
20 (ii) The denominator is the sum of the populations of all cities
21 in the county.
22 (B) For the 2015–16 fiscal year and each fiscal year thereafter,
23 the sum of the following two amounts:
24 (i) The vehicle license fee adjustment amount for the prior fiscal
25 year.
26 (ii) The product of the following two amounts:
27 (I) The amount described in clause (i).
28 (II) The percentage change from the prior fiscal year to the
29 current fiscal year in gross taxable assessed valuation within the
30 jurisdiction of the entity, as reflected in the equalized assessment
31 roll for those fiscal years.
32 ~~(2)~~
33 (3) For the 2013–14 fiscal year, the vehicle license fee
34 adjustment amount that is determined under subparagraph (C) of
35 paragraph (1) for the County of Orange shall be increased by
36 fifty-three million dollars (\$53,000,000). For the 2014–15 fiscal
37 year and each fiscal year thereafter, the calculation of the vehicle
38 license fee adjustment amount for the County of Orange under
39 subparagraph ~~(C)~~ (D) or (E), as applicable, of paragraph (1) shall
40 be based on a prior fiscal year amount that reflects the full amount

1 of this one-time increase of fifty-three million dollars
2 (\$53,000,000).

3 ~~(3)~~

4 (4) “Countywide vehicle license fee adjustment amount” means,
5 for any fiscal year, the total sum of the amounts described in
6 paragraphs ~~(1)~~ and (1), (2), and (3) for a county or city and county,
7 and each city in the county.

8 ~~(4)~~

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

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

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

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

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

35 (2) Require an increased ad valorem property tax revenue
36 allocation or increased tax increment allocation to a community
37 redevelopment agency.

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

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

3 (g) Tax exchange or revenue sharing agreements, entered into
4 prior to the operative date of this section, between local agencies
5 or between local agencies and nonlocal agencies are deemed to be
6 modified to account for the reduced vehicle license fee revenues
7 resulting from the act that added this section. These agreements
8 are modified in that these reduced revenues are, in kind and in lieu
9 thereof, replaced with ad valorem property tax revenue from a
10 Vehicle License Fee Property Tax Compensation Fund or an
11 Educational Revenue Augmentation Fund.

12 *SEC. 2. Section 1.5 of this bill incorporates amendments to*
13 *Section 97.70 of the Revenue and Taxation Code proposed by both*
14 *this bill and Senate Bill 69. It shall only become operative if (1)*
15 *both bills are enacted and become effective on or before January*
16 *1, 2015, but this bill becomes operative first, (2) each bill amends*
17 *Section 97.70 of the Revenue and Taxation Code, and (3) this bill*
18 *is enacted after Senate Bill 69, in which case Section 97.70 of the*
19 *Revenue and Taxation Code, as amended by Section 1 of this bill,*
20 *shall remain operative only until the operative date of Senate Bill*
21 *69, at which time Section 1.5 of this bill shall become operative.*

22 ~~SEC. 2.~~

23 *SEC. 3.* If the Commission on State Mandates determines that
24 this act contains costs mandated by the state, reimbursement to
25 local agencies and school districts for those costs shall be made
26 pursuant to Part 7 (commencing with Section 17500) of Division
27 4 of Title 2 of the Government Code.

28 ~~SEC. 3.~~

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

33 In order to provide timely fiscal relief to preserve the public
34 peace, health, and safety in cities that annexed inhabited areas that
35 lost revenue as a result of the passage of Senate Bill 89 of the
36 2011–12 Regular Session (Chapter 35 of the Statutes of 2011), it
37 is necessary that this act take effect immediately.