

AMENDED IN SENATE APRIL 23, 2013

AMENDED IN SENATE MARCH 4, 2013

**SENATE BILL**

**No. 56**

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**Introduced by Senators Roth and Emmerson**

January 7, 2013

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An act to amend Section 97.70 of the Revenue and Taxation Code, relating to local government ~~finance~~ *finance, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

SB 56, as amended, Roth. Local government finance: vehicle license fee adjustments.

The Vehicle License Fee 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, as defined, from a Vehicle License Fee Property Tax Compensation Fund 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 2013–14 fiscal year, provide for a new vehicle license fee adjustment amount, as specified. This bill would also, for the 2013–14 fiscal year and for each fiscal year thereafter, provide 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.

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

Vote: ~~majority~~<sup>2/3</sup>. 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 provision of law, for the  
 4 2004–05 fiscal year and for each fiscal year thereafter, all of the  
 5 following apply:  
 6 (a) (1) (A) The auditor shall reduce the total amount of ad  
 7 valorem property tax revenue that is otherwise required to be  
 8 allocated to a county’s Educational Revenue Augmentation Fund  
 9 by the countywide vehicle license fee adjustment amount.  
 10 (B) If, for the fiscal year, after complying with Section 97.68  
 11 there is not enough ad valorem property tax revenue that is  
 12 otherwise required to be allocated to a county Educational Revenue  
 13 Augmentation Fund for the auditor to complete the allocation  
 14 reduction required by subparagraph (A), the auditor shall  
 15 additionally reduce the total amount of ad valorem property tax  
 16 revenue that is otherwise required to be allocated to all school  
 17 districts and community college districts in the county for that  
 18 fiscal year by an amount equal to the difference between the  
 19 countywide vehicle license fee adjustment amount and the amount  
 20 of ad valorem property tax revenue that is otherwise required to  
 21 be allocated to the county Educational Revenue Augmentation  
 22 Fund for that fiscal year. This reduction for each school district  
 23 and community college district in the county shall be the percentage  
 24 share of the total reduction that is equal to the proportion that the  
 25 total amount of ad valorem property tax revenue that is otherwise  
 26 required to be allocated to the school district or community college

1 district bears to the total amount of ad valorem property tax revenue  
2 that is otherwise required to be allocated to all school districts and  
3 community college districts in a county. For purposes of this  
4 subparagraph, “school districts” and “community college districts”  
5 do not include any districts that are excess tax school entities, as  
6 defined in Section 95.

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

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

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

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

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

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

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

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

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

37 (ii) The estimated total amount of revenue that is required to be  
38 distributed from the Motor Vehicle License Fee Account in the  
39 Transportation Tax Fund to the county, city and county, and each  
40 city in the county for the 2004–05 fiscal year under Section 11005,

1 as that section read on the operative date of the act that amended  
2 this clause.

3 (B) (i) Subject to an adjustment under clause (ii), for the  
4 2005–06 fiscal year, the sum of the following two amounts:

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

6 (ia) The actual 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 (Part 5 (commencing with Section 10701) of  
15 Division 2) was 2 percent of the market value of a vehicle, as  
16 specified in Sections 10752 and 10752.1 as those sections read on  
17 January 1, 2004.

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

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

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

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

39 (ii) The amount described in clause (i) shall be adjusted as  
40 follows:

1 (I) If the amount described in subclause (I) of clause (i) for a  
2 particular city, county, or city and county is greater than the amount  
3 described in subparagraph (A) for that city, county, or city and  
4 county, the amount described in clause (i) shall be increased by  
5 an amount equal to this difference.

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

11 (C) Except as otherwise provided under subparagraph (D), for  
12 the 2006–07 fiscal year and for each fiscal year thereafter, the sum  
13 of the following two amounts:

14 (i) The vehicle license fee adjustment amount for the prior fiscal  
15 year, if Section 97.71 and clause (ii) of subparagraph (B) did not  
16 apply 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 prior fiscal year to the  
20 current fiscal year in gross taxable assessed valuation within the  
21 jurisdiction of the entity, as reflected in the equalized assessment  
22 roll for those fiscal years. For the first fiscal year for which a  
23 change in a city’s jurisdictional boundaries first applies, the  
24 percentage change in gross taxable assessed valuation from the  
25 prior fiscal year to the current fiscal year shall be calculated solely  
26 on the basis of the city’s previous jurisdictional boundaries, without  
27 regard to the change in that city’s jurisdictional boundaries. For  
28 each following fiscal year, the percentage change in gross taxable  
29 assessed valuation from the prior fiscal year to the current fiscal  
30 year shall be calculated on the basis of the city’s current  
31 jurisdictional boundaries.

32 (D) Notwithstanding subparagraph (C), for the 2013–14 fiscal  
33 year, the vehicle license fee adjustment amount shall be equal to  
34 the sum of the following two amounts:

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

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

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

1 (II) The percentage change from the 2004–05 fiscal year to the  
2 2013–14 fiscal year, inclusive, in gross taxable assessed valuation  
3 within the jurisdiction of the entity, as reflected in the equalized  
4 assessment roll for those fiscal years.

5 (2) Notwithstanding paragraph (1), “vehicle license fee  
6 adjustment amount,” for a city incorporating after January 1, 2011,  
7 but before January 1, 2013, means the following:

8 (A) For the 2013–14 fiscal year, the sum of the following two  
9 amounts:

10 (i) The quotient derived from the following fraction:

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

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

15 (ib) The population of the incorporating city.

16 (II) The denominator is the sum of the populations of all cities  
17 in the county incorporated prior to 2005.

18 (ii) Fifty percent of the amount determined in clause (i).

19 (B) For the 2014–15 fiscal year, the sum of the following two  
20 amounts:

21 (i) The product of the following two amounts:

22 (I) The amount described in clause (i) of subparagraph (A).

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

27 (ii) Forty percent of the amount determined in clause (i).

28 (C) For the 2015–16 fiscal year, the sum of the following two  
29 amounts:

30 (i) The product of the following two amounts:

31 (I) The amount described in clause (i) of subparagraph (B).

32 (II) The percentage change from the prior fiscal year to the  
33 current fiscal year in gross taxable assessed valuation within the  
34 jurisdiction of the entity, as reflected in the equalized assessment  
35 roll for those fiscal years.

36 (ii) Thirty percent of the amount determined in clause (i).

37 (D) For the 2016–17 fiscal year, the sum of the following two  
38 amounts:

39 (i) The product of the following two amounts:

40 (I) The amount described in clause (i) of subparagraph (C).

- 1 (II) The percentage change from the prior fiscal year to the
- 2 current fiscal year in gross taxable assessed valuation within the
- 3 jurisdiction of the entity, as reflected in the equalized assessment
- 4 roll for those fiscal years.
- 5 (ii) Twenty percent of the amount determined in clause (i).
- 6 (E) For the 2017–18 fiscal year, the sum of the following two
- 7 amounts:
- 8 (i) The product of the following two amounts:
- 9 (I) The amount described in clause (i) of subparagraph (D).
- 10 (II) The percentage change from the prior fiscal year to the
- 11 current fiscal year in gross taxable assessed valuation within the
- 12 jurisdiction of the entity, as reflected in the equalized assessment
- 13 roll for those fiscal years.
- 14 (ii) Ten percent of the amount determined in clause (i).
- 15 (F) For the 2018–19 fiscal year, the sum of the following two
- 16 amounts:
- 17 (i) The amount described in clause (i) of subparagraph (E).
- 18 (ii) The product of the following two amounts:
- 19 (I) The amount described in clause (i).
- 20 (II) The percentage change from the prior fiscal year to the
- 21 current fiscal year in gross taxable assessed valuation within the
- 22 jurisdiction of the entity, as reflected in the equalized assessment
- 23 roll for those fiscal years.
- 24 (G) For the 2019–20 fiscal year, and for each fiscal year
- 25 thereafter, the sum of the following two amounts:
- 26 (i) The vehicle license fee adjustment amount for the prior fiscal
- 27 year.
- 28 (ii) The product of the following two amounts:
- 29 (I) The amount described in clause (i).
- 30 (II) The percentage change from the prior fiscal year to the
- 31 current fiscal year in gross taxable assessed valuation within the
- 32 jurisdiction of the entity, as reflected in the equalized assessment
- 33 roll for those fiscal years.
- 34 (3) Notwithstanding paragraph (1), “vehicle license fee
- 35 adjustment amount,” for a city incorporating after January 1, 2010,
- 36 but before January 1, 2011, means the following:
- 37 (A) For the 2013–14 fiscal year, the sum of the following two
- 38 amounts:
- 39 (i) The quotient derived from the following fraction:
- 40 (I) The numerator is the product of the following two amounts:

- 1 (ia) The sum of the most recent vehicle license fee adjustment
- 2 amounts determined for all cities in the county incorporated prior
- 3 to 2005.
- 4 (ib) The population of the incorporating city.
- 5 (II) The denominator is the sum of the populations of all cities
- 6 in the county incorporated prior to 2005.
- 7 (ii) Forty percent of the amount determined in clause (i).
- 8 (B) For the 2014–15 fiscal year, the sum of the following two
- 9 amounts:
- 10 (i) The product of the following two amounts:
- 11 (I) The amount described in clause (i) of subparagraph (A).
- 12 (II) The percentage change from the prior fiscal year to the
- 13 current fiscal year in gross taxable assessed valuation within the
- 14 jurisdiction of the entity, as reflected in the equalized assessment
- 15 roll for those fiscal years.
- 16 (ii) Thirty percent of the amount determined in clause (i).
- 17 (C) For the 2015–16 fiscal year, the sum of the following two
- 18 amounts:
- 19 (i) The product of the following two amounts:
- 20 (I) The amount described in clause (i) of subparagraph (B).
- 21 (II) The percentage change from the prior fiscal year to the
- 22 current fiscal year in gross taxable assessed valuation within the
- 23 jurisdiction of the entity, as reflected in the equalized assessment
- 24 roll for those fiscal years.
- 25 (ii) Twenty percent of the amount determined in clause (i).
- 26 (D) For the 2016–17 fiscal year, the sum of the following two
- 27 amounts:
- 28 (i) The product of the following two amounts:
- 29 (I) The amount described in clause (i) of subparagraph (C).
- 30 (II) The percentage change from the prior fiscal year to the
- 31 current fiscal year in gross taxable assessed valuation within the
- 32 jurisdiction of the entity, as reflected in the equalized assessment
- 33 roll for those fiscal years.
- 34 (ii) Ten percent of the amount determined in clause (i).
- 35 (E) For the 2017–18 fiscal year, the sum of the following two
- 36 amounts:
- 37 (i) The amount described in clause (i) of subparagraph (D).
- 38 (ii) The product of the following two amounts:
- 39 (I) The amount described in clause (i).

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

5 (F) For the 2018–19 fiscal year, and for each fiscal year  
6 thereafter, the sum of the following two amounts:

7 (i) The vehicle license fee adjustment amount for the prior fiscal  
8 year.

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

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

11 (II) The percentage change from the prior fiscal year to the  
12 current fiscal year in gross taxable assessed valuation within the  
13 jurisdiction of the entity, as reflected in the equalized assessment  
14 roll for those fiscal years.

15 (4) Notwithstanding paragraph (1), “vehicle license fee  
16 adjustment amount,” for a city incorporating after January 1, 2008,  
17 but before January 1, 2009, means the following:

18 (A) For the 2013–14 fiscal year, the sum of the following two  
19 amounts:

20 (i) The quotient derived from the following fraction:

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

22 (ia) The sum of the most recent vehicle license fee adjustment  
23 amounts determined for all cities in the county incorporated prior  
24 to 2005.

25 (ib) The population of the incorporating city.

26 (II) The denominator is the sum of the populations of all cities  
27 in the county incorporated prior to 2005.

28 (ii) Twenty percent of the amount determined in clause (i).

29 (B) For the 2014–15 fiscal year, the sum of the following two  
30 amounts:

31 (i) The product of the following two amounts:

32 (I) The amount described in clause (i) of subparagraph (A).

33 (II) The percentage change from the prior fiscal year to the  
34 current fiscal year in gross taxable assessed valuation within the  
35 jurisdiction of the entity, as reflected in the equalized assessment  
36 roll for those fiscal years.

37 (ii) Ten percent of the amount determined in clause (i).

38 (C) For the 2015–16 fiscal year, the sum of the following two  
39 amounts:

40 (i) The amount described in clause (i) of subparagraph (B).

- 1 (ii) The product of the following two amounts:
- 2 (I) The amount described in clause (i).
- 3 (II) The percentage change from the prior fiscal year to the
- 4 current fiscal year in gross taxable assessed valuation within the
- 5 jurisdiction of the entity, as reflected in the equalized assessment
- 6 roll for those fiscal years.
- 7 (D) For the 2016–17 fiscal year, and for each fiscal year
- 8 thereafter, the sum of the following two amounts:
- 9 (i) The vehicle license fee adjustment amount for the prior fiscal
- 10 year.
- 11 (ii) The product of the following two amounts:
- 12 (I) The amount described in clause (i).
- 13 (II) The percentage change from the prior fiscal year to the
- 14 current fiscal year in gross taxable assessed valuation within the
- 15 jurisdiction of the entity, as reflected in the equalized assessment
- 16 roll for those fiscal years.
- 17 (5) “Countywide vehicle license fee adjustment amount” means,
- 18 for any fiscal year, the total sum of the amounts described in
- 19 paragraphs (1) to (4), inclusive, for a county or city and county,
- 20 and each city in the county.
- 21 (6) On or before June 30 of each fiscal year, the auditor shall
- 22 report to the Controller the vehicle license fee adjustment amount
- 23 for the county and each city in the county for that fiscal year.
- 24 (d) For the 2005–06 fiscal year and each fiscal year thereafter,
- 25 the amounts determined under subdivision (a) of Section 96.1, or
- 26 any successor to that provision, shall not reflect, for a preceding
- 27 fiscal year, any portion of any allocation required by this section.
- 28 (e) For purposes of Section 15 of Article XI of the California
- 29 Constitution, the allocations from a Vehicle License Fee Property
- 30 Tax Compensation Fund constitute successor taxes that are
- 31 otherwise required to be allocated to counties and cities, and as
- 32 successor taxes, the obligation to make those transfers as required
- 33 by this section shall not be extinguished nor disregarded in any
- 34 manner that adversely affects the security of, or the ability of, a
- 35 county or city to pay the principal and interest on any debts or
- 36 obligations that were funded or secured by that city’s or county’s
- 37 allocated share of motor vehicle license fee revenues.
- 38 (f) This section shall not be construed to do any of the following:
- 39 (1) Reduce any allocations of excess, additional, or remaining
- 40 funds that would otherwise have been allocated to county

1 superintendents of schools, cities, counties, and cities and counties  
2 pursuant to clause (i) of subparagraph (B) of paragraph (4) of  
3 subdivision (d) of Sections 97.2 and 97.3 or Article 4 (commencing  
4 with Section 98) had this section not been enacted. The allocations  
5 required by this section shall be adjusted to comply with this  
6 paragraph.

7 (2) Require an increased ad valorem property tax revenue  
8 allocation or increased tax increment allocation to a community  
9 redevelopment agency.

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

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

15 (g) Tax exchange or revenue sharing agreements, entered into  
16 prior to the operative date of this section, between local agencies  
17 or between local agencies and nonlocal agencies are deemed to be  
18 modified to account for the reduced vehicle license fee revenues  
19 resulting from the act that added this section. These agreements  
20 are modified in that these reduced revenues are, in kind and in lieu  
21 thereof, replaced with ad valorem property tax revenue from a  
22 Vehicle License Fee Property Tax Compensation Fund or an  
23 Educational Revenue Augmentation Fund.

24 SEC. 2. If the Commission on State Mandates determines that  
25 this act contains costs mandated by the state, reimbursement to  
26 local agencies and school districts for those costs shall be made  
27 pursuant to Part 7 (commencing with Section 17500) of Division  
28 4 of Title 2 of the Government Code.

29 SEC. 3. *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 incorporated cities and cities that*  
35 *annexed inhabited areas that lost revenue as a result of the passage*  
36 *of Senate Bill 89 of the 2011–12 Regular Session (Chapter 35 of*  
37 *the Statutes of 2011), it is necessary that this act take effect*  
38 *immediately.*

O