

AMENDED IN ASSEMBLY APRIL 21, 2014
AMENDED IN ASSEMBLY SEPTEMBER 12, 2013
AMENDED IN SENATE MAY 28, 2013
AMENDED IN SENATE MAY 24, 2013
AMENDED IN SENATE MAY 8, 2013
AMENDED IN SENATE APRIL 25, 2013

SENATE BILL

No. 69

Introduced by Senators Roth and Emmerson

January 10, 2013

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

LEGISLATIVE COUNSEL'S DIGEST

SB 69, as amended, Roth. 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~~ 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 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.

Vote: majority. 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:

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

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

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

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

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

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

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

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

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

40 ~~(Ib)~~

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

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

8 ~~(Ha)~~

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

10 ~~(Hb)~~

11 (ib) 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. For the first fiscal year for which a
15 change in a city’s jurisdictional boundaries first applies, the
16 percentage change in gross taxable assessed valuation from the
17 prior fiscal year to the current fiscal year shall be calculated solely
18 on the basis of the city’s previous jurisdictional boundaries, without
19 regard to the change in that city’s jurisdictional boundaries. For
20 each following fiscal year, the percentage change in gross taxable
21 assessed valuation from the prior fiscal year to the current fiscal
22 year shall be calculated on the basis of the city’s current
23 jurisdictional boundaries.

24 (ii) The amount described in clause (i) shall be adjusted as
25 follows:

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

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

36 (C) For the 2006–07 fiscal year ~~and for each fiscal year~~
37 ~~thereafter, to the 2013–14 fiscal year, inclusive~~, the sum of the
38 following two amounts:

- 1 (i) The vehicle license fee adjustment amount for the prior fiscal
2 year, if Section 97.71 and clause (ii) of subparagraph (B) did not
3 apply for that fiscal year, for that city, county, and city and county.
- 4 (ii) The product of the following two amounts:
- 5 (I) The amount described in clause (i).
- 6 (II) The percentage change from the prior fiscal year to the
7 current fiscal year in gross taxable assessed valuation within the
8 jurisdiction of the entity, as reflected in the equalized assessment
9 roll for those fiscal years. For the first fiscal year for which a
10 change in a city's jurisdictional boundaries first applies, the
11 percentage change in gross taxable assessed valuation from the
12 prior fiscal year to the current fiscal year shall be calculated solely
13 on the basis of the city's previous jurisdictional boundaries, without
14 regard to the change in that city's jurisdictional boundaries. For
15 each following fiscal year, the percentage change in gross taxable
16 assessed valuation from the prior fiscal year to the current fiscal
17 year shall be calculated on the basis of the city's current
18 jurisdictional boundaries.
- 19 (D) *For the 2014–15 fiscal year, the sum of the following two*
20 *amounts:*
- 21 (i) *The amount described in clause (i) of subparagraph (B) if*
22 *Section 97.71 and clause (ii) of subparagraph (B) did not apply*
23 *for that fiscal year, for that city, county, and city and county.*
- 24 (ii) *The product of the following two amounts:*
- 25 (I) *The amount described in clause (i).*
- 26 (II) *The percentage change from the 2004–05 fiscal year to the*
27 *2014–15 fiscal year, inclusive, in gross taxable assessed valuation*
28 *within the jurisdiction of the entity, as reflected in the equalized*
29 *assessment roll for those fiscal years.*
- 30 (E) *For the 2015–16 fiscal year and each fiscal year thereafter,*
31 *the sum of the following two amounts:*
- 32 (i) *The vehicle license fee adjustment amount for the prior fiscal*
33 *year.*
- 34 (ii) *The product of the following two amounts:*
- 35 (I) *The amount described in clause (i).*
- 36 (II) *The percentage change from the immediately preceding*
37 *fiscal year to the current fiscal year in gross taxable assessed*
38 *valuation within the jurisdiction of the entity, as reflected in the*
39 *equalized assessment roll for those fiscal years.*

1 (2) ~~For the 2013–14 fiscal year, the~~ *The* vehicle license fee
2 adjustment amount that is determined under subparagraph (C) of
3 paragraph (1) *for the 2013–14 fiscal year, subparagraph (D) of*
4 *paragraph (1) for the 2014–15 fiscal year, and subparagraph (E)*
5 *of paragraph (1) for the 2015–16 fiscal year,* for the County of
6 ~~Orange~~ *Orange*, shall be increased by fifty-three million dollars
7 (\$53,000,000). For the ~~2014–15~~ *2016–17* fiscal year and each
8 fiscal year thereafter, the calculation of the vehicle license fee
9 adjustment amount for the County of Orange under subparagraph
10 ~~(C)~~ *(E)* of paragraph (1) shall be based on a prior fiscal year amount
11 that reflects the full amount of this one-time increase of fifty-three
12 million dollars (\$53,000,000).

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

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

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

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

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

35 (1) Reduce any allocations of excess, additional, or remaining
36 funds that would otherwise have been allocated to county
37 superintendents of schools, cities, counties, and cities and counties
38 pursuant to clause (i) of subparagraph (B) of paragraph (4) of
39 subdivision (d) of Sections 97.2 and 97.3 or Article 4 (commencing
40 with Section 98) had this section not been enacted. The allocations

1 required by this section shall be adjusted to comply with this
2 paragraph.

3 (2) Require an increased ad valorem property tax revenue
4 allocation or increased tax increment allocation to a community
5 redevelopment agency.

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

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

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

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

25 ~~SECTION 1. Section 97.70 of the Revenue and Taxation Code~~
26 ~~is amended to read:~~

27 ~~97.70. Notwithstanding any other law, for the 2004-05 fiscal~~
28 ~~year and for each fiscal year thereafter, all of the following apply:~~

29 ~~(a) (1) (A) The auditor shall reduce the total amount of ad~~
30 ~~valorem property tax revenue that is otherwise required to be~~
31 ~~allocated to a county's Educational Revenue Augmentation Fund~~
32 ~~by the countywide vehicle license fee adjustment amount.~~

33 ~~(B) If, for the fiscal year, after complying with Section 97.68~~
34 ~~there is not enough ad valorem property tax revenue that is~~
35 ~~otherwise required to be allocated to a county Educational Revenue~~
36 ~~Augmentation Fund for the auditor to complete the allocation~~
37 ~~reduction required by subparagraph (A), the auditor shall~~
38 ~~additionally reduce the total amount of ad valorem property tax~~
39 ~~revenue that is otherwise required to be allocated to all school~~
40 ~~districts and community college districts in the county for that~~

1 ~~fiscal year by an amount equal to the difference between the~~
2 ~~countywide vehicle license fee adjustment amount and the amount~~
3 ~~of ad valorem property tax revenue that is otherwise required to~~
4 ~~be allocated to the county Educational Revenue Augmentation~~
5 ~~Fund for that fiscal year. This reduction for each school district~~
6 ~~and community college district in the county shall be the percentage~~
7 ~~share of the total reduction that is equal to the proportion that the~~
8 ~~total amount of ad valorem property tax revenue that is otherwise~~
9 ~~required to be allocated to the school district or community college~~
10 ~~district bears to the total amount of ad valorem property tax revenue~~
11 ~~that is otherwise required to be allocated to all school districts and~~
12 ~~community college districts in a county. For purposes of this~~
13 ~~subparagraph, “school districts” and “community college districts”~~
14 ~~do not include any districts that are excess tax school entities, as~~
15 ~~defined in Section 95.~~

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

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

21 ~~(A) Each city in the county shall receive its vehicle license fee~~
22 ~~adjustment amount.~~

23 ~~(B) Each county and city and county shall receive its vehicle~~
24 ~~license fee adjustment amount.~~

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

28 ~~(e) For purposes of this section, all of the following apply:~~

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

32 ~~(A) For the 2004-05 fiscal year, an amount equal to the~~
33 ~~difference between the following two amounts:~~

34 ~~(i) The estimated total amount of revenue that would have been~~
35 ~~deposited to the credit of the Motor Vehicle License Fee Account~~
36 ~~in the Transportation Tax Fund, including any amounts that would~~
37 ~~have been certified to the Controller by the auditor of the County~~
38 ~~of Ventura under subdivision (j) of Section 98.02, as that section~~
39 ~~read on January 1, 2004, for distribution under the law as it read~~
40 ~~on January 1, 2004, to the county, city and county, or city for the~~

1 2004–05 fiscal year if the fee otherwise due under the Vehicle
2 License Fee Law (Part 5 (commencing with Section 10701) of
3 Division 2) was 2 percent of the market value of a vehicle, as
4 specified in Sections 10752 and 10752.1 as those sections read on
5 January 1, 2004.

6 (ii) ~~The estimated total amount of revenue that is required to be
7 distributed from the Motor Vehicle License Fee Account in the
8 Transportation Tax Fund to the county, city and county, and each
9 city in the county for the 2004–05 fiscal year under Section 11005,
10 as that section read on the operative date of the act that amended
11 this clause.~~

12 ~~(B) (i) Subject to an adjustment under clause (ii), for the
13 2005–06 fiscal year, the sum of the following two amounts:~~

14 ~~(I) The difference between the following two amounts:~~

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

27 ~~(ib) The actual total amount of revenue that was distributed
28 from the Motor Vehicle License Fee Account in the Transportation
29 Tax Fund to the county, city and county, and each city in the county
30 for the 2004–05 fiscal year under Section 11005, as that section
31 read on the operative date of the act that amended this
32 subsubclause.~~

33 ~~(II) The product of the following two amounts:~~

34 ~~(ia) The amount described in subclause (I).~~

35 ~~(ib) The percentage change from the prior fiscal year to the
36 current fiscal year in gross taxable assessed valuation within the
37 jurisdiction of the entity, as reflected in the equalized assessment
38 roll for those fiscal years. For the first fiscal year for which a
39 change in a city's jurisdictional boundaries first applies, the
40 percentage change in gross taxable assessed valuation from the~~

1 prior fiscal year to the current fiscal year shall be calculated solely
2 on the basis of the city's previous jurisdictional boundaries, without
3 regard to the change in that city's jurisdictional boundaries. For
4 each following fiscal year, the percentage change in gross taxable
5 assessed valuation from the prior fiscal year to the current fiscal
6 year shall be calculated on the basis of the city's current
7 jurisdictional boundaries.

8 (ii) The amount described in clause (i) shall be adjusted as
9 follows:

10 (I) If the amount described in subclause (I) of clause (i) for a
11 particular city, county, or city and county is greater than the amount
12 described in subparagraph (A) for that city, county, or city and
13 county, the amount described in clause (i) shall be increased by
14 an amount equal to this difference.

15 (II) If the amount described in subclause (I) of clause (i) for a
16 particular city, county, or city and county is less than the amount
17 described in subparagraph (A) for that city, county, or city and
18 county, the amount described in clause (i) shall be decreased by
19 an amount equal to this difference.

20 (C) For the 2006-07 fiscal year to the 2012-13 fiscal year,
21 inclusive, the sum of the following two amounts:

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

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

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

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

1 ~~(D) For the 2013–14 fiscal year, the vehicle license fee~~
2 ~~adjustment amount shall be equal to the sum of the following two~~
3 ~~amounts:~~

4 ~~(i) The amount described in clause (i) of subparagraph (B) if~~
5 ~~Section 97.71 and clause (ii) of subparagraph (B) did not apply~~
6 ~~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 2004–05 fiscal year to the~~
10 ~~2013–14 fiscal year, inclusive, in gross taxable assessed valuation~~
11 ~~within the jurisdiction of the entity, as reflected in the equalized~~
12 ~~assessment roll for those fiscal years.~~

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

15 ~~(i) The vehicle license fee adjustment amount for the prior fiscal~~
16 ~~year.~~

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

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

19 ~~(II) The percentage change from the immediately preceding~~
20 ~~fiscal year to the current fiscal year in gross taxable assessed~~
21 ~~valuation within the jurisdiction of the entity, as reflected in the~~
22 ~~equalized assessment roll for those fiscal years.~~

23 ~~(2) Notwithstanding paragraph (1), “vehicle license fee~~
24 ~~adjustment amount,” for the 2013–14 fiscal year and each fiscal~~
25 ~~year thereafter for a city incorporating after January 1, 2004, means~~
26 ~~the following:~~

27 ~~(A) For the 2013–14 fiscal year, or the first year of incorporation~~
28 ~~of the city, whichever is later, the quotient derived from the~~
29 ~~following fraction:~~

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

31 ~~(I) The sum of the most recent vehicle license fee adjustment~~
32 ~~amounts determined for all cities in the county incorporated prior~~
33 ~~to 2005.~~

34 ~~(II) The population of the incorporating city.~~

35 ~~(ii) The denominator is the sum of the populations of all cities~~
36 ~~in the county.~~

37 ~~(B) For each fiscal year thereafter, the sum of the following two~~
38 ~~amounts:~~

39 ~~(i) The vehicle license fee adjustment amount for the prior fiscal~~
40 ~~year.~~

- 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 ~~(3) “Countywide vehicle license fee adjustment amount” means,~~
8 ~~for any fiscal year, the total sum of the amounts described in~~
9 ~~paragraphs (1) and (2), for a county or city and county, and each~~
10 ~~city in the county.~~
11 ~~(4) On or before June 30 of each fiscal year, the auditor shall~~
12 ~~report to the Controller the vehicle license fee adjustment amount~~
13 ~~for the county and each city in the county for that fiscal year.~~
14 ~~(d) For the 2005–06 fiscal year and each fiscal year thereafter,~~
15 ~~the amounts determined under subdivision (a) of Section 96.1, or~~
16 ~~any successor to that provision, shall not reflect, for a preceding~~
17 ~~fiscal year, any portion of any allocation required by this section.~~
18 ~~(e) For purposes of Section 15 of Article XI of the California~~
19 ~~Constitution, the allocations from a Vehicle License Fee Property~~
20 ~~Tax Compensation Fund constitute successor taxes that are~~
21 ~~otherwise required to be allocated to counties and cities, and as~~
22 ~~successor taxes, the obligation to make those transfers as required~~
23 ~~by this section shall not be extinguished nor disregarded in any~~
24 ~~manner that adversely affects the security of, or the ability of, a~~
25 ~~county or city to pay the principal and interest on any debts or~~
26 ~~obligations that were funded or secured by that city’s or county’s~~
27 ~~allocated share of motor vehicle license fee revenues.~~
28 ~~(f) This section shall not be construed to do any of the following:~~
29 ~~(1) Reduce any allocations of excess, additional, or remaining~~
30 ~~funds that would otherwise have been allocated to county~~
31 ~~superintendents of schools, cities, counties, and cities and counties~~
32 ~~pursuant to clause (i) of subparagraph (B) of paragraph (4) of~~
33 ~~subdivision (d) of Sections 97.2 and 97.3 or Article 4 (commencing~~
34 ~~with Section 98) had this section not been enacted. The allocations~~
35 ~~required by this section shall be adjusted to comply with this~~
36 ~~paragraph.~~
37 ~~(2) Require an increased ad valorem property tax revenue~~
38 ~~allocation or increased tax increment allocation to a community~~
39 ~~redevelopment agency.~~

1 ~~(3) Alter the manner in which ad valorem property tax revenue~~
2 ~~growth from fiscal year to fiscal year is otherwise determined or~~
3 ~~allocated in a county.~~
4 ~~(4) Reduce ad valorem property tax revenue allocations required~~
5 ~~under Article 4 (commencing with Section 98).~~
6 ~~(g) Tax exchange or revenue sharing agreements, entered into~~
7 ~~prior to the operative date of this section, between local agencies~~
8 ~~or between local agencies and nonlocal agencies are deemed to be~~
9 ~~modified to account for the reduced vehicle license fee revenues~~
10 ~~resulting from the act that added this section. These agreements~~
11 ~~are modified in that these reduced revenues are, in kind and in lieu~~
12 ~~thereof, replaced with ad valorem property tax revenue from a~~
13 ~~Vehicle License Fee Property Tax Compensation Fund or an~~
14 ~~Educational Revenue Augmentation Fund.~~
15 ~~SEC. 2. If the Commission on State Mandates determines that~~
16 ~~this act contains costs mandated by the state, reimbursement to~~
17 ~~local agencies and school districts for those costs shall be made~~
18 ~~pursuant to Part 7 (commencing with Section 17500) of Division~~
19 ~~4 of Title 2 of the Government Code.~~