

AMENDED IN ASSEMBLY AUGUST 28, 2015

**SENATE BILL**

**No. 25**

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**Introduced by Senator Roth**

(Coauthors: Assembly Members Linder and Melendez)

December 1, 2014

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

LEGISLATIVE COUNSEL'S DIGEST

SB 25, 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 a city incorporating after January 1, 2004, and on or before January 1, 2012, for the ~~2014–2015~~ 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.

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 incorporate additional changes to Section 97.70 of the Revenue and Taxation Code proposed by AB 448 that would become operative if this bill and AB 448 are both chaptered and this bill is chaptered last.*

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:
- 5 (a) (1) (A) The auditor shall reduce the total amount of ad
- 6 valorem property tax revenue that is otherwise required to be
- 7 allocated to a county's Educational Revenue Augmentation Fund
- 8 by the countywide vehicle license fee adjustment amount.
- 9 (B) If, for the fiscal year, after complying with Section 97.68
- 10 there is not enough ad valorem property tax revenue that is

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

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

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

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

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

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

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

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

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

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

19 (B) (i) Subject to an adjustment under clause (ii), for the  
 20 2005–06 fiscal year, the sum of the following two amounts:

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

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

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

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

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

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

15 (ii) The amount described in clause (i) shall be adjusted as  
16 follows:

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

22 (II) If the amount described in subclause (I) of clause (i) for a  
23 particular city, county, or city and county is less 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 decreased by  
26 an amount equal to this difference.

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

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

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

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

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

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

7 (2) Notwithstanding paragraph (1), “vehicle license fee  
8 adjustment amount,” for a city incorporating after January 1, 2004,  
9 and on or before January 1, 2012, means the following:

10 (A) For the 2015–16 fiscal year, the quotient derived from the  
11 following fraction:

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

13 (I) The sum of the most recent vehicle license fee adjustment  
14 amounts determined for all cities in the county.

15 (II) The population of the incorporating city.

16 (ii) The denominator is the sum of the populations of all cities  
17 in the county.

18 (B) For the 2016–17 fiscal year, and for each fiscal year  
19 thereafter, the sum of the following two amounts:

20 (i) The vehicle license fee adjustment amount for the prior fiscal  
21 year.

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

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

24 (II) 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.

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

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

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

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

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

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

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

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

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

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

35 (g) Tax exchange or revenue sharing agreements, entered into  
36 prior to the operative date of this section, between local agencies  
37 or between local agencies and nonlocal agencies are deemed to be  
38 modified to account for the reduced vehicle license fee revenues  
39 resulting from the act that added this section. These agreements  
40 are modified in that these reduced revenues are, in kind and in lieu

1 thereof, replaced with ad valorem property tax revenue from a  
2 Vehicle License Fee Property Tax Compensation Fund or an  
3 Educational Revenue Augmentation Fund.

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

6 97.70. Notwithstanding any other law, for the 2004–05 fiscal  
7 year and for each fiscal year thereafter, all of the following apply:

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

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

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

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



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

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

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

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

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

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

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

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

32 (B) (i) Subject to an adjustment under clause (ii), for the  
33 2005–06 fiscal year, the sum of the following two amounts:

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

35 ~~(Ia)~~

36 (ia) The actual total amount of revenue that would have been  
37 deposited to the credit of the Motor Vehicle License Fee Account  
38 in the Transportation Tax Fund, including any amounts that would  
39 have been certified to the Controller by the auditor of the County  
40 of Ventura under subdivision (j) of Section 98.02, as that section

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

8 ~~(Hb)~~

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

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

16 ~~(Ha)~~

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

18 ~~(Hb)~~

19 (ib) 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 (ii) The amount described in clause (i) shall be adjusted as  
33 follows:

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

39 (II) If the amount described in subclause (I) of clause (i) for a  
40 particular city, county, or city and county is less 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 decreased by  
3 an amount equal to this difference.

4 (C) For the 2006–07 fiscal year and for each fiscal year  
5 thereafter, year, to the 2014–15 fiscal year, inclusive, the sum of  
6 the following two amounts:

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

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

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

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

25 (D) For the 2015–16 fiscal year, the sum of the following two  
26 amounts:

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

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

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

32 (II) The percentage change from the 2004–05 fiscal year to the  
33 2015–16 fiscal year, inclusive, in gross taxable assessed valuation  
34 within the jurisdiction of the entity, as reflected in the equalized  
35 assessment roll for those fiscal years.

36 (E) For the 2016–17 fiscal year and each fiscal year thereafter,  
37 the sum of the following two amounts:

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

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

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

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

6 (2) Notwithstanding paragraph (1), “vehicle license fee  
7 adjustment amount,” for a city incorporating after January 1,  
8 2004, and on or before January 1, 2012, means the following:

9 (A) For the 2015–16 fiscal year, the quotient derived from the  
10 following fraction:

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

12 (I) The sum of the most recent vehicle license fee adjustment  
13 amounts determined for all cities in the county.

14 (II) The population of the incorporating city.

15 (ii) The denominator is the sum of the populations of all cities  
16 in the county.

17 (B) For the 2016–17 fiscal year, and for each fiscal year  
18 thereafter, the sum of the following two amounts:

19 (i) The vehicle license fee adjustment amount for the prior fiscal  
20 year.

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

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

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 ~~(2)~~

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

38 ~~(3)~~

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

1 paragraphs ~~(1)~~ (1), (2), and ~~(2)~~ (3) for a county or city and county,  
2 and each city in the county.

3 ~~(4)~~

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

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

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

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

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

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

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

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

38 (g) Tax exchange or revenue sharing agreements, entered into  
39 prior to the operative date of this section, between local agencies  
40 or between local agencies and nonlocal agencies are deemed to be

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

7 *SEC. 2. Section 1.5 of this bill incorporates amendments to*  
8 *Section 97.70 of the Revenue and Taxation Code proposed by this*  
9 *bill and Assembly Bill 448. It shall only become operative if (1)*  
10 *both bills are enacted and become effective on or before January*  
11 *1, 2016, (2) each bill amends Section 97.70 of the Revenue and*  
12 *Taxation Code, and (3) this bill is enacted after Assembly Bill 448,*  
13 *in which case Section 97.70 of the Revenue and Taxation Code,*  
14 *as amended by Assembly Bill 448, shall remain operative only*  
15 *until the operative date of this bill, at which time Section 1.5 of*  
16 *this bill shall become operative, and Section 1 of this bill shall not*  
17 *become operative.*

18 ~~SEC. 2.~~

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