

AMENDED IN ASSEMBLY AUGUST 18, 2016

AMENDED IN SENATE FEBRUARY 22, 2016

SENATE BILL

No. 817

Introduced by Senator Roth

(Coauthor: Assembly Member Melendez)

January 5, 2016

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

LEGISLATIVE COUNSEL'S DIGEST

SB 817, as amended, Roth. 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 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 2016–17 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.

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

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

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

29 (A) Each city in ~~the~~ a county shall receive its vehicle license
30 fee adjustment amount.

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

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

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

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

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

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

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

21 (B) (i) Subject to an adjustment under clause (ii), for the
22 2005–06 fiscal year, the sum of the following two amounts:

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

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

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

1 read on the operative date of the act that amended this
2 subsubclause.

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

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

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

18 (iii) The amount described in clause (i) shall be adjusted as
19 follows:

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

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

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

32 (i) The vehicle license fee adjustment amount for the prior fiscal
33 year, if Section 97.71 and clause (ii) of subparagraph (B) did not
34 apply 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 prior fiscal year to the
38 current fiscal year in gross taxable assessed valuation within the
39 jurisdiction of the entity, as reflected in the equalized assessment
40 roll for those fiscal years. For the first fiscal year for which a

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

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

13 (A) For the 2016–17 fiscal year, the quotient derived from the
14 following fraction:

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

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

18 (II) The population of the incorporating city.

19 (ii) The denominator is the sum of the populations of all cities
20 in the county.

21 (B) For the 2017–18 fiscal year, and for each fiscal year
22 thereafter, the sum of the following two amounts:

23 (i) The vehicle license fee adjustment amount for the prior fiscal
24 year.

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.

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

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

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

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

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

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

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

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

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

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

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

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

8 SEC. 1.5. Section 97.70 of the Revenue and Taxation Code is
9 amended to read:

10 97.70. Notwithstanding any other law, for the 2004–05 fiscal
11 year and for each fiscal year thereafter, all of the following apply:

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

16 (B) If, for the fiscal year, after complying with Section 97.68
17 there is not enough ad valorem property tax revenue that is
18 otherwise required to be allocated to a county Educational Revenue
19 Augmentation Fund for the auditor to complete the allocation
20 reduction required by subparagraph (A), the auditor shall
21 additionally reduce the total amount of ad valorem property tax
22 revenue that is otherwise required to be allocated to all school
23 districts and community college districts in the county for that
24 fiscal year by an amount equal to the difference between the
25 countywide vehicle license fee adjustment amount and the amount
26 of ad valorem property tax revenue that is otherwise required to
27 be allocated to the county Educational Revenue Augmentation
28 Fund for that fiscal year. This reduction for each school district
29 and community college district in the county shall be the percentage
30 share of the total reduction that is equal to the proportion that the
31 total amount of ad valorem property tax revenue that is otherwise
32 required to be allocated to the school district or community college
33 district bears to the total amount of ad valorem property tax revenue
34 that is otherwise required to be allocated to all school districts and
35 community college districts in a county. For purposes of this
36 subparagraph, “school districts” and “community college districts”
37 do not include any districts that are excess tax school entities, as
38 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 (Part 5 (commencing with Section 10701) of
28 Division 2) was 2 percent of the market value of a vehicle, as
29 specified in Sections 10752 and 10752.1 as those sections read on
30 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:

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

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

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

21 (ib) 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. For the first fiscal year for which a
25 change in a city’s jurisdictional boundaries first applies, the
26 percentage change in gross taxable assessed valuation from the
27 prior fiscal year to the current fiscal year shall be calculated solely
28 on the basis of the city’s previous jurisdictional boundaries, without
29 regard to the change in that city’s jurisdictional boundaries. For
30 each following fiscal year, the percentage change in gross taxable
31 assessed valuation from the prior fiscal year to the current fiscal
32 year shall be calculated on the basis of the city’s current
33 jurisdictional boundaries.

34 (iii) The amount described in clause (i) shall be adjusted as
35 follows:

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

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

6 (C) For the 2006–07 fiscal year, to the 2014–15 fiscal year,
7 inclusive, the sum of the following two amounts:

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

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

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

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

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

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

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

37 (E) For the 2016–17 fiscal year and each fiscal year thereafter,
38 the sum of the following two 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 immediately preceding
- 4 fiscal year to the current fiscal year in gross taxable assessed
- 5 valuation within the jurisdiction of the entity, as reflected in the
- 6 equalized assessment roll for those fiscal years.
- 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 2016–17 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 2017–18 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), (D), or (E), as applicable, of paragraph (1) shall
- 35 be based on a prior fiscal year amount that reflects the full amount
- 36 of this one-time increase of fifty-three million dollars
- 37 (\$53,000,000).
- 38 (4) “Countywide vehicle license fee adjustment amount” means,
- 39 for any fiscal year, the total sum of the amounts described in

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

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

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

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

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

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

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

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

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

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

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

6 SEC. 2. Section 1.5 of this bill incorporates amendments to
7 Section 97.70 of the Revenue and Taxation Code proposed by this
8 bill and Assembly Bill 448. It shall only become operative if (1)
9 both bills are enacted and become effective on or before January
10 1, 2017, (2) each bill amends Section 97.70 of the Revenue and
11 Taxation Code, and (3) this bill is enacted after Assembly Bill 448,
12 in which case Section 97.70 of the Revenue and Taxation Code,
13 as amended by Assembly Bill 448, shall remain operative only
14 until the operative date of this bill, at which time Section 1.5 of
15 this bill shall become operative, and Section 1 of this bill shall not
16 become operative.

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