

AMENDED IN ASSEMBLY APRIL 28, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 304

Introduced by Assembly Member Wildman

February 8, 1999

~~An act to amend Section 41204.1 of the Education Code, and to add Section 97.43 to the Revenue and Taxation Code, An act relating to local government finance, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 304, as amended, Wildman. Local government finance: property tax revenue allocation: ~~local agency relief Budget Act.~~

This bill would declare the intent of the Legislature to make the necessary statutory changes to implement the Budget Act of 1999 relative to reducing the shift of property tax revenues from counties, cities, and special districts to Educational Augmentation Funds.

~~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 requires 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 reduces the amounts of ad valorem property tax~~

~~revenue that would otherwise be annually allocated to the county, cities, and special districts pursuant to these general allocation requirements by requiring, for purposes of determining property tax revenue allocations in each county for the 1992-93 and 1993-94 fiscal years, that 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.~~

~~This bill would modify these reduction and transfer requirements, commencing with the 1999-2000 fiscal year, by requiring that each reduction and transfer amount calculated for a local agency in a county be annually reduced in accordance with an unspecified schedule, and that the revenues not allocated to the county's Educational Revenue Augmentation Fund as a result of these reductions be instead allocated among the local agencies in the county, as provided. By imposing new duties in the annual allocation of ad valorem property tax revenues, this bill would impose a state-mandated local program.~~

~~This bill would also state the intent of the Legislature, and would require the Director of Finance to make certain adjustments, with respect to ensuring that the modifications required by this bill to property tax revenue allocations do not have a net fiscal impact on school districts or community college districts, or upon the state's obligation under the California Constitution to provide funding to those districts.~~

~~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 no reimbursement is required by this act for a specified reason.~~

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



Vote: 2/3. Appropriation: no. Fiscal committee: ~~yes~~—no.
State-mandated local program: ~~yes~~-no.

The people of the State of California do enact as follows:

1 ~~SECTION 1.—The Legislature hereby finds and~~
2 ~~SECTION 1. It is the intent of the Legislature in~~
3 ~~enacting this act to make the necessary statutory changes~~
4 ~~to implement the Budget Act of 1999 relative to reducing~~
5 ~~the shift of property tax revenues from counties, cities,~~
6 ~~and special districts to Educational Revenue~~
7 ~~Augmentation Funds.~~
8 ~~SEC. 2. This act is an urgency statute necessary for~~
9 ~~the immediate preservation of the public peace, health,~~
10 ~~or safety within the meaning of Article IV of the~~
11 ~~Constitution and shall go into immediate effect. The facts~~
12 ~~constituting the necessity are:~~
13 ~~In order to implement the Budget Act of 1999 with~~
14 ~~respect to reducing the shift of property tax revenues~~
15 ~~from counties, cities, and special districts to Education~~
16 ~~Revenue Augmentation Funds, it is necessary that this act~~
17 ~~take effect immediately.~~
18 ~~declares that it is the intent of the Legislature in enacting~~
19 ~~this act to do all of the following:~~
20 ~~(a) Limit the amounts of property tax revenues that~~
21 ~~are shifted from counties, cities, and special districts to~~
22 ~~Educational Revenue Augmentation Funds to those~~
23 ~~amounts that were so shifted in the 1998–99 fiscal year.~~
24 ~~(b) Annually reduce the total amount of revenues that~~
25 ~~are shifted to Educational Revenue Augmentation~~
26 ~~Funds, estimated to be three billion four hundred million~~
27 ~~dollars (\$3,400,000,000) each year, by 10 percent per year~~
28 ~~until the total amount of revenues that are so shifted is~~
29 ~~reduced to zero.~~
30 ~~(c) Ensure that those changes specified in this section~~
31 ~~are made only after all calculations are made with respect~~
32 ~~to those revenues that are to be allocated pursuant to~~
33 ~~Section 8 of Article XVI of the California Constitution, in~~
34 ~~order to ensure that schools, from the kindergarten level~~



1 to the community college level, inclusive, are fully
2 funded.

3 SEC. 2. Section 41204.1 of the Education Code is
4 amended to read:

5 41204.1. (a) (1) Pursuant to paragraph (2) of
6 subdivision (b) of Section 41204, the Director of Finance
7 shall annually adjust “the percentage of General Fund
8 revenues appropriated for school districts and
9 community college districts, respectively, in the 1986-87
10 fiscal year” for purposes of applying paragraph (1) of
11 subdivision (b) of Section 8 of Article XVI of the
12 California Constitution, to reflect those property tax
13 revenue allocation modifications, required by the
14 amendments made to Chapter 6 (commencing with
15 Section 95) of Part 0.5 of Division 1 of the Revenue and
16 Taxation Code by qualifying provisions, as defined in
17 paragraph (2), in a manner that ensures that those
18 modifications will have no net fiscal impact upon the
19 amounts that are otherwise required to be applied by the
20 state for the support of school districts and community
21 college districts pursuant to Section 8 of Article XVI of the
22 California Constitution.

23 (2) For purposes of this section, “qualifying
24 provisions” means both of the following:

25 (A) The amendments made to Sections 97.2 and 97.3
26 of the Revenue and Taxation Code by Chapter 1111 of the
27 Statutes of 1996.

28 (B) Section 97.43 of the Revenue and Taxation Code.

29 (b) It is the intent of the Legislature to ensure both of
30 the following:

31 (1) That the changes required by the qualifying
32 provisions in the allocations of ad valorem property tax
33 revenues do not have a net fiscal impact upon school
34 districts, as defined in accordance with Section 41302.5, or
35 community college districts.

36 (2) That the changes required by the qualifying
37 provisions in the allocations of ad valorem property tax
38 revenues do not have a net fiscal impact upon the
39 amounts of revenue otherwise required to be applied by
40 the state for the support of school districts and



1 ~~community college districts pursuant to Section 8 of~~
2 ~~Article XVI of the California Constitution.~~

3 ~~SEC. 3. Section 97.43 is added to the Revenue and~~
4 ~~Taxation Code, to read:~~

5 ~~97.43. (a) (1) Notwithstanding any other provision~~
6 ~~of this article, for purposes of ad valorem property tax~~
7 ~~revenue allocations for the 1999-2000 fiscal year and in~~
8 ~~each fiscal year thereafter, the auditor shall allocate to the~~
9 ~~county's Educational Revenue Augmentation Fund only~~
10 ~~that percentage specified in paragraph (2) of each~~
11 ~~amount of ad valorem property tax revenue that is~~
12 ~~required to be allocated to that fund rather than a local~~
13 ~~agency as a result of the total reductions calculated for~~
14 ~~that local agency pursuant to Sections 97.2 and 97.3.~~

15 ~~(2) For purposes of paragraph (1), the allocation~~
16 ~~percentages are as follows:~~

17		
18	Fiscal Year	Percentage (%)
19	1999-2000	<u> </u>
20	<u> </u> and each fiscal year thereafter	0
21		

22 ~~(b) In the 1999-2000 fiscal year and each fiscal year~~
23 ~~thereafter, any amount of ad valorem property tax~~
24 ~~revenue that is not allocated to a county's Educational~~
25 ~~Revenue Augmentation Fund as a result of any limit or~~
26 ~~reduction established in subdivision (a) shall instead be~~
27 ~~allocated among the local agencies in the county in~~
28 ~~accordance with each local agency's proportionate share~~
29 ~~of the total amount of ad valorem property tax revenues~~
30 ~~that would be required to be allocated to the county's~~
31 ~~Educational Revenue Augmentation Fund in the absence~~
32 ~~of this section.~~

33 ~~SEC. 4. No reimbursement is required by this act~~
34 ~~pursuant to Section 6 of Article XIII B of the California~~
35 ~~Constitution because this act provides for offsetting~~
36 ~~savings to local agencies or school districts that result in~~
37 ~~no net costs to the local agencies or school districts, within~~
38 ~~the meaning of Section 17556 of the Government Code.~~

39 ~~SEC. 5. This act is an urgency statute necessary for the~~
40 ~~immediate preservation of the public peace, health, or~~



1 ~~safety within the meaning of Article IV of the~~
2 ~~Constitution and shall go into immediate effect. The facts~~
3 ~~constituting the necessity are:~~

4 ~~In order to commence as soon as possible a program of~~
5 ~~fiscal relief that will allow local agencies to restore an~~
6 ~~adequate level of essential public services, it is necessary~~
7 ~~that this act take effect immediately.~~

