

AMENDED IN ASSEMBLY SEPTEMBER 10, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 333

Introduced by Assembly Member Papan
(Coauthors: ~~Assembly Members Aroner and Dickerson~~)
(Coauthor: ~~Senator Rainey~~)

February 11, 1999

An act to ~~add Section 97.351 to the Revenue and Taxation~~
~~amend Section 17002 of the Financial Code, relating to local~~
~~government finance escrow.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 333, as amended, Papan. ~~Property tax revenue shifts;~~
~~partial exemption; public safety districts~~ *Internet escrow*
agents.

Existing law, the Escrow Law, provides that it is unlawful for any person to engage in business as an escrow agent within this state unless by means of a corporation licensed to do so.

Existing legislation, if enacted, would make provisions of the Escrow Law applicable to an internet escrow agent, defined as any person engaged in the business of receiving escrows for deposit or delivery over the internet, as specified, under the jurisdiction of the Commissioner of Corporations.

This bill would, with respect to the regulation of internet escrow agents, instead provide for regulation under the jurisdiction of the Director of Consumer Affairs.

~~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 provisions, for the 1999-2000 fiscal year and each fiscal year thereafter, to decrease the reduction and transfer amount for a qualified community service district or qualified police protection district, as defined, by a compensation relief amount calculated in accordance with a specified formula. By imposing additional duties upon local tax officials with respect to the annual 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, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.~~

~~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 no*.

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

1 ~~SECTION 1.~~ The Legislature finds and declares all of
2 *SECTION 1. Section 17002 of the Financial Code is*
3 *amended to read:*

4 17002. “Commissioner” means the Commissioner of
5 Corporations, *except with respect to the regulation of*
6 *internet escrow agents, in which case “commissioner”*
7 *means the Director of Consumer Affairs.*

8 ~~the following:~~

9 (a) ~~Commencing with the 1992-93 fiscal year,~~
10 ~~property tax revenues were shifted by the state from local~~
11 ~~agencies to school entities in order to commensurately~~
12 ~~offset the state’s educational funding responsibilities.~~

13 (b) ~~Some relief from these revenue shifts has been~~
14 ~~provided with respect to local funding for certain public~~
15 ~~safety services, but this relief has not been applied evenly~~
16 ~~to all local agencies that provide public safety services.~~

17 (c) ~~A full and fair measure of relief from property tax~~
18 ~~revenue shift requirements has not been provided to~~
19 ~~certain special districts that are the sole provider of~~
20 ~~certain public safety services within their boundaries.~~

21 ~~SEC. 2. Section 97.351 is added to the Revenue and~~
22 ~~Taxation Code, to read:~~

23 97.351. (a) (1) ~~Notwithstanding any other provision~~
24 ~~of this article, for the 1999-2000 fiscal year and each fiscal~~
25 ~~year thereafter, the total amount of ad valorem property~~
26 ~~tax revenue otherwise required to be allocated to the~~
27 ~~county’s Educational Revenue Augmentation Fund~~
28 ~~rather than to a qualified community services district or~~
29 ~~qualified police protection district as a result of~~
30 ~~reductions calculated for that district pursuant to Section~~
31 ~~97.2 or 97.3 shall be decreased by that district’s~~
32 ~~compensation relief amount determined as provided in~~
33 ~~subdivision (b).~~

34 (2) ~~For purposes of this section, a “qualified~~
35 ~~community services district or qualified police protection~~



1 district” means a district that maintains a police
2 department that does both of the following:

3 (A) Wholly supplants the law enforcement functions
4 of the county within the jurisdiction of that district.

5 (B) Employs peace officers, as described in Section
6 830.1 of the Penal Code, who are certified as meeting
7 those standards and requirements established pursuant to
8 Article 2 (commencing with Section 13510) of Chapter 1
9 of Title 4 of Part 4 of the Penal Code.

10 (b) The compensation relief amount of a qualified
11 community services district or qualified police protection
12 district is determined as follows:

13 (1) Multiply by 0.5 the statewide per capita amount of
14 sales and use tax revenues derived during the 1997-98
15 fiscal year from the sales and use tax imposed pursuant to
16 Section 35 of Article XIII of the California Constitution,
17 as determined by the Department of Finance.

18 (2) Multiply the product determined pursuant to
19 paragraph (1) by the population of the relevant district,
20 as most recently estimated by the Department of
21 Finance.

22 (c) For the 2000-01 fiscal year and each fiscal year
23 thereafter, the total amount of ad valorem property tax
24 revenue that is required, in the absence of subdivision
25 (a), to be allocated to a county’s educational revenue
26 augmentation fund, or a qualified community services
27 district or qualified police protection district, shall be
28 calculated without regard to the implementation of
29 subdivision (a) in the prior fiscal year.

30 SEC. 3. Notwithstanding Section 17610 of the
31 Government Code, if the Commission on State Mandates
32 determines that this act contains costs mandated by the
33 state, reimbursement to local agencies and school
34 districts for those costs shall be made pursuant to Part 7
35 (commencing with Section 17500) of Division 4 of Title
36 2 of the Government Code. If the statewide cost of the
37 claim for reimbursement does not exceed one million



1 ~~dollars (\$1,000,000), reimbursement shall be made from~~
2 ~~the State Mandates Claims Fund.~~

O

