

Introduced by Senator Alpert

February 25, 2000

An act to amend Section 17525 of, to add Section 17555.5 to, and to add Chapter 1.7 (commencing with Section 12097) to Part 2 of Division 3 of Title 2 of, the Government Code, and to amend Sections 95.3, 7204, 7280, 7281, 7284, 7284.2, and 7284.4 of, and to add Sections 7204.04, 7204.05, and 7204.06 to, the Revenue and Taxation Code, relating to local government finance.

LEGISLATIVE COUNSEL'S DIGEST

SB 1982, as introduced, Alpert. Local government finance: reform.

Existing law establishes the Commission on State Mandates for the review of reimbursement claims made by local governments with respect to state-mandated local programs. Existing law requires the commission to consist of 7 members, including, among others, the Controller and the Director of Finance. Existing law further requires that 2 of the members be chosen from 2 of 3 different categories of local elected officials, provides each commission member with a \$100 per diem for each day spent discharging commission duties.

This bill would reduce the number of commission members from 7 to 5 by excluding the Controller and the Director of Finance, and would require a member of the commission to be drawn from that category of the 3 categories of local elected officials identified by current law that is not already represented on the board. This bill would also increase the per

diem for commission members from \$100 for each day spent discharging commission duties to \$250 for each of those days.

Existing law requires the Commission on State Mandates to receive and hear, as provided, a test claim for local reimbursement arising from a statute or an executive order.

This bill would, as provided, authorize a claimant under a test claim, that estimates, in good faith, a statewide cost for that claim in excess of \$10,000,000, to elect to proceed directly to superior court for a determination as to whether the test claim constitutes a reimbursable state mandate.

Existing law establishes various positions to which the Governor is required to appoint, or may appoint, qualified persons.

This bill would establish, as a cabinet level appointed position, the office of the Secretary of Local Government Relations to perform specified duties with respect to matters impacting both state and local government. This bill would also require every government program that is jointly administered by the state and a county or counties to be administered pursuant to a written compact, addressing the implementation of that program, that is signed by the Secretary of Local Government Relations and the chairperson of the board of supervisors of each administering county. By imposing additional duties upon local officials in the implementation of government programs, this bill would impose a state-mandated local program.

Existing property tax law provides, pursuant to a specified formula, for a county auditor's determination of those property tax administrative cost shares that are attributable to other jurisdictions in the county and the county's Educational Revenue Augmentation Fund. Existing law further provides in each fiscal year for a county's recovery of the attributable shares that are so calculated, except those shares calculated for school entities and the county's Educational Revenue Augmentation Fund.

This bill would eliminate this exclusion for school entities and a county's Educational Revenue Augmentation Fund.

The Bradley-Burns Uniform Local Sales and Use Tax law authorizes a county to impose a local sales and use tax at a rate of 1.25%, and further authorizes a city located within a county



that so imposes a tax to impose its own sales and use tax rate of 1%, credited against the county rate within that city. Existing law also requires a county or city imposing a tax under this authority to contract with the State Board of Equalization for the collection and administration of that tax, and requires that board to transmit tax revenues to taxing local entities as often as feasible, no less than twice in each calendar quarter.

This bill would modify existing allocation requirements to require, in the case of counties experiencing positive or negative growth, as defined, with respect to local sales and use tax revenues, that the total amount of those revenues collected within a county, be allocated to taxing jurisdictions within that county in accordance with certain formulas. This bill would provide that these provisions shall not become effective unless an unspecified Senate Constitutional Amendment is approved by the voters and, in that event, this bill would specify that the operative date of these provisions depends upon their effective date.

Existing law authorizes counties to levy transient occupancy taxes, taxes on the privilege of renting a mobilehome, business license taxes, and utility user taxes, but restricts the imposition of any tax under these authorizations to the unincorporated area of an imposing county.

This bill would, with respect to taxes imposed by counties under these authorizations on or after January 1, 2001, apply that any tax so imposed to both the incorporated and unincorporated areas of the county.

Existing law with respect to a county's authority to impose a business license tax or utility user tax allows the revenues from those taxes to be reserved for local purposes as determined by the board of supervisors of the imposing county.

This bill would mandate, rather than allow, this reservation of tax revenues for local purposes.

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.

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. The Legislature hereby finds and
2 declares all of the following:

3 (a) As a result of the ongoing shift of property tax
4 revenues from counties, cities, and special districts to
5 Educational Revenue Augmentation Funds, local
6 governments continue to face serious fiscal difficulties.

7 (b) The fiscal health of local governments is critical to
8 the economic well-being of the state as a whole.

9 (c) It is the intent of the Legislature in enacting this
10 act to do all of the following:

11 (1) Ease the fiscal burdens on local governments by
12 requiring the state to provide for the payment of the
13 schools' fair share of property tax administrative costs.

14 (2) Ensure the efficient delivery of public services to
15 Californians by requiring the state to enter into a
16 negotiated compact with any local government that is
17 responsible for implementing a state-mandated program.

18 (3) Improve the coordination, quality, and delivery of
19 public services to California residents by establishing a
20 cabinet level position in the office of the Governor that
21 is responsible for local government issues and will create
22 a productive partnership between local and state
23 government.

24 (4) Streamline the process for resolving financial
25 disputes between local governments and the state by
26 requiring the Commission on State Mandates to render a
27 decision on a local reimbursement claim within 180 days
28 of the date that claim is submitted. This streamlining will
29 facilitate the smoother, more prompt delivery of services
30 to California residents.

31 (5) Allow voters to be better informed and require
32 governments to be more accountable with respect to
33 local government fiscal decisions without increasing



1 voter approval requirements with respect to new local
2 taxes.

3 SEC. 2. Section 17525 of the Government Code is
4 amended to read:

5 17525. (a) There is hereby created the Commission
6 on State Mandates, which shall consist of ~~seven~~ *five*
7 members as follows:

8 ~~(1) The Controller.~~

9 ~~(2) The Treasurer.~~

10 ~~(3) The Director of Finance.~~

11 ~~(4)~~

12 (2) The Director of the Office of Planning and
13 Research.

14 ~~(5)~~

15 (3) A public member with experience in public
16 finance, appointed by the Governor and approved by the
17 Senate.

18 ~~(6)~~

19 (4) Two members from the following three categories
20 appointed by the Governor and approved by the Senate,
21 provided that no more than one member shall come from
22 the same category:

23 (A) A city council member.

24 (B) A member of a county or city and county board of
25 supervisors.

26 (C) A governing board member of a school district as
27 defined in Section 17519.

28 (b) *A third member shall be appointed as an alternate*
29 *member from that category specified in paragraph (4) of*
30 *subdivision (a) from which no current member of the*
31 *commission has been appointed. This alternate member*
32 *shall serve on the commission if either of the members*
33 *appointed in accordance with paragraph (4) of*
34 *subdivision (a) is unable to perform his or her duties.*

35 (c) Each member appointed pursuant to ~~paragraph~~
36 ~~(5) or (6)~~ *paragraph (3) or (4)* of subdivision (a) *or*
37 *subdivision (b)* shall be subject to both of the following:

38 (1) The member shall serve for a term of four years
39 subject to renewal.



1 (2) The member shall receive per diem of ~~one~~
2 ~~hundred dollars (\$100)~~ *two hundred fifty dollars (\$250)*
3 for each day actually spent in the discharge of official
4 duties and shall be reimbursed for any actual and
5 necessary expenses incurred in connection with the
6 performance of duties as a member of the commission.

7 SEC. 3. Section 17555.5 is added to the Government
8 Code, to read:

9 17555.5. (a) If a claimant under a test claim filed
10 under Section 17555 estimates in good faith that the
11 statewide cost of a test claim exceeds ten million dollars
12 (\$10,000,000) for the first full fiscal year to which it
13 applies, the claimant may, after filing the test claim with
14 the commission, notify the commission of that claimant's
15 election to proceed directly to superior court for a
16 determination as to whether the test claim constitutes a
17 reimbursable state mandate.

18 (b) If a claimant files an action in accordance with
19 subdivision (a), the commission shall, after being served
20 by the claimant with respect to that action, forward a
21 certified copy of the test claim and any relating filings to
22 the superior court in which the action under subdivision
23 (a) has been filed.

24 (c) Upon the filing of an action in accordance with
25 subdivision (a), the claimant shall, for purposes of that
26 action, be deemed to have exhausted all administrative
27 remedies, and the commission is relieved of any
28 obligation to process the test claim during the pendency
29 of the action.

30 (d) If the superior court issues a final order in an action
31 filed in accordance with subdivision (a) that determines
32 that the test claim constitutes a reimbursable state
33 mandate, the court shall remand the matter to the
34 commission, to which the claimant shall submit draft
35 parameters and guidelines within 60 days after remand.
36 If these draft parameters and guidelines are not adopted
37 by the commission, or modified and adopted by the
38 commission, within 180 days of the date upon which they
39 were submitted to the commission, the parameters and



1 guidelines submitted by the claimant will be deemed
2 adopted.

3 SEC. 4. Chapter 1.7 (commencing with Section
4 12097) is added to Part 2 of Division 3 of Title 2 of the
5 Government Code, to read:

6
7
8
9

CHAPTER 1.7. SECRETARY OF LOCAL GOVERNMENT
RELATIONS

10 12097. The Legislature finds and declares all of the
11 following:

12 (a) The citizens of California are served by state and
13 local governments that include cities, counties, cities and
14 counties, and special districts.

15 (b) The services provided by state and local
16 governments are often interrelated, requiring effective
17 communication, planning, and coordination for their
18 effective and efficient delivery.

19 (c) The California Constitution and state statutes
20 create substantial linkage between the revenues and
21 expenditures of state government and the revenues and
22 expenditures of local governments.

23 (d) Substantial portions of the state budget are passed
24 for expenditure to cities, counties, cities and counties, and
25 some special districts.

26 (e) The California Constitution and state statutes
27 designate cities, counties, cities and counties, and certain
28 special districts as the principal agents for the delivery of
29 public services to California residents.

30 (f) Substantial portions of state government are
31 dedicated to the administration and oversight of state
32 programs implemented by, and associated state funds
33 expended by, local government entities.

34 (g) A very significant portion of the policy decisions
35 made by the Governor and the Legislature impact local
36 governments and require effective coordination with
37 local governments for successful implementation.

38 (h) In enacting this chapter, it is the intent of the
39 Legislature to establish within the office of the Governor,
40 at the cabinet level, an office that does all of the following:



1 (1) Provides policy oversight regarding fiscal and
2 program issues that impact both state and local
3 government.

4 (2) Advises the Department of Finance on issues
5 related to local governments in the formulation of the
6 annual Budget Act, including suggested modifications of
7 the format of the state and budget and state agency data
8 collection systems to provide comprehensive data
9 regarding the impact of state budget decisions and state
10 statutes on local government finances and local
11 government services.

12 (3) Develops and implements strategies for state
13 agencies to implement compacts for the delivery by local
14 governments of services required by state law.

15 (4) Serves as the principal contact for local
16 government representatives on issues involving the
17 relationship between the state and local governments.

18 12097.1. (a) There is hereby established in the office
19 of the Governor the office of the Secretary of Local
20 Government Relations. The Secretary of Local
21 Government Relations shall be a cabinet level executive
22 appointment made by the Governor.

23 (b) The Secretary of Local Government Relations
24 shall perform those duties, involving policy oversight
25 regarding those fiscal and program issues that impact
26 both state and local governments, that include, but are
27 not limited to, the following:

28 (1) Serving as the principal advisor to, and program
29 manager for, the Governor on issues that involve relations
30 between the state and local governments. These issues
31 include, but are not limited to, the following:

32 (A) Fiscal and policy proposals by the Governor that
33 impact local governments.

34 (B) The implementation of legislation that impacts
35 the authority, duties, or procedures of local governments.

36 (C) The development of a system of compacts for state
37 agencies to manage programs administered by local
38 governments as agencies of the state.

39 (D) The implementation of gubernatorial decisions
40 through guidance provided to the Department of



1 Finance on those issues in the annual state budget process
2 that are related to local governments.

3 (E) The modification of the format of the state budget
4 and state agency data collection systems to provide
5 comprehensive data regarding the impacts of the annual
6 Budget Act and state law upon local government finance
7 and the local delivery of public services.

8 (2) Serving as the Governor’s principal legislative
9 representative with respect to those policy issues
10 involving programmatic and fiscal impacts on both the
11 state and local governments.

12 (3) Serving as the Governor’s principal contact with
13 local government representatives on issues involving
14 relationships between the state and local governments.
15 This duty would not supersede existing duties on the part
16 of state officials and employees to contact local
17 governments with regard to program implementation
18 and oversight.

19 (c) For purposes of this chapter, “local government”
20 means a city, county, city and county, and a special
21 district.

22 12097.2 (a) Every program that is jointly
23 administered by the state and a county or counties shall
24 be administered pursuant to a written compact that shall
25 specify matters including, but not limited to, all of the
26 following:

- 27 (1) State and county roles, responsibilities, and duties.
- 28 (2) Work programs.
- 29 (3) Finances.
- 30 (4) Community outcomes.
- 31 (5) Performance indicators.
- 32 (6) Evaluation systems.

33 Compacts may allow counties to implement new
34 methods of providing county services that have the effect
35 of increasing the level of benefits to individuals receiving
36 services, increasing accountability, reducing inefficiency,
37 and streamlining procedures.

38 (b) Any compact entered into under this section shall
39 be signed by the Secretary of Local Government
40 Relations and by the chairperson of the board of



1 supervisors of each participating county, and shall apply
2 for a period of no less than one and no more than four
3 years and, upon the agreement of all parties thereto, may
4 be amended at any time during that period. Any disputes
5 with regard to the interpretation of the compact that
6 cannot be resolved by mutual agreement shall be
7 referred to a third-party alternative dispute resolution
8 program.

9 SEC. 5. Section 95.3 of the Revenue and Taxation
10 Code is amended to read:

11 95.3. (a) Notwithstanding any other provision of law,
12 for the 1990–91 fiscal year and each fiscal year thereafter,
13 the auditor shall divide the sum of the amounts calculated
14 with respect to each jurisdiction, Educational Revenue
15 Augmentation Fund (ERAF), or community
16 redevelopment agency pursuant to Sections 96.1 and 100,
17 or their predecessor sections, and Section 33670 of the
18 Health and Safety Code, by the countywide total of those
19 calculated amounts. The resulting ratio shall be known as
20 the “administrative cost apportionment factor” and shall
21 be multiplied by the sum of the property tax
22 administrative costs incurred in the immediately
23 preceding fiscal year by the assessor, tax collector, county
24 board of equalization and assessment appeals boards, and
25 auditor to determine the fiscal year property tax
26 administrative costs proportionately attributable to each
27 jurisdiction, ERAF, or community redevelopment
28 agency. For purposes of this paragraph, property tax
29 administrative costs shall also include applicable
30 administrative overhead costs allowed by the federal
31 Office of Management and Budget Circular A-87
32 standards, but shall not include any amount reimbursed
33 pursuant to Section 75.60 and former Section 98.6, or
34 include any amount in excess of the amounts
35 reimbursable pursuant to Section 75.60, unless a county
36 meets the conditions of paragraph (2) of subdivision (b)
37 of Section 75.60. However, no amount of funds
38 appropriated to counties for purposes of property tax
39 administration in Item 9100-102-001 of the Budget Act of
40 1994 or any subsequent Budget Act shall result in any



1 deduction from those property tax administrative costs
2 that are eligible for reimbursement pursuant to this
3 subdivision.

4 (b) ~~(1)~~ Each proportionate share of property tax
5 administrative costs determined pursuant to subdivision
6 (a), ~~except for those proportionate shares determined~~
7 ~~with respect to a school entity or ERAF~~, shall be deducted
8 from the property tax revenue allocation of the relevant
9 jurisdiction or community redevelopment agency, and
10 shall be added to the property tax revenue allocation of
11 the county. For purposes of applying this paragraph for
12 the 1990-91 fiscal year, each proportionate share of
13 property tax administrative costs shall be deducted from
14 those amounts allocated to the relevant jurisdiction or
15 community redevelopment agency after January 1, 1991.

16 ~~(2) It is the intent of the Legislature that the portion~~
17 ~~of those shares of property tax administrative costs that~~
18 ~~are calculated by the auditor for each fiscal year pursuant~~
19 ~~to subdivision (a) for school entities and the county's~~
20 ~~ERAF, that is attributable to the county's costs in~~
21 ~~providing boards and hearing officers for the review of~~
22 ~~property tax assessment appeals, be calculated by local~~
23 ~~officials and reimbursed by the state in the time and~~
24 ~~manner specified by a future act of the Legislature that~~
25 ~~makes an appropriation for purposes of that~~
26 ~~reimbursement.~~

27 (c) Reductions made pursuant to this section to
28 property tax revenue allocations shall be made without
29 regard to Section 907 of the Government Code.

30 (d) Any additional amounts of property tax revenue
31 allocated to the county pursuant to this section shall be
32 used only to fund costs incurred by the county in
33 assessing, equalizing, and collecting property taxes, and
34 in allocating property tax revenues, and shall constitute
35 charges for those services, not exceeding the actual and
36 reasonable costs incurred by the county in performing
37 those services.

38 (e) It is the intent of the Legislature in enacting this
39 section to recognize that since the adoption of Article
40 XIII A of the California Constitution by the voters, county



1 governments have borne an unfair and disproportionate
2 part of the financial burden of assessing, collecting, and
3 allocating property tax revenues for other jurisdictions
4 and for redevelopment agencies. The Legislature finds
5 and declares that this section is intended to fairly
6 apportion the burden of collecting property tax revenues
7 and is not a reallocation of property tax revenue shares or
8 a transfer of any financial or program responsibility.

9 (f) Commencing with the 1992–93 fiscal year and each
10 fiscal year thereafter, this section shall supersede and
11 replace Section 95.2, as authority for a county to recover
12 property tax administrative costs.

13 (g) This section shall apply to the entire 1993–94 fiscal
14 year, regardless of the operative date of the act adding the
15 predecessor to this section, and to each fiscal year
16 thereafter.

17 SEC. 6. Section 7204 of the Revenue and Taxation
18 Code is amended to read:

19 7204. (a) All sales and use ~~taxes~~ *tax revenues*
20 collected *within each county in accordance with this part*
21 *by the State Board of Equalization—pursuant to contract*
22 *with any city, city and county, redevelopment agency, or*
23 *county shall, in the manner required by subdivision (b),*
24 *and not less than twice in each calendar quarter, be*
25 *transmitted allocated by the board to such city, city and*
26 *county, redevelopment agency, or county periodically as*
27 *promptly as feasible. The transmittals required under this*
28 *section shall be made at least twice in each calendar*
29 *quarter among those taxing entities in that county on*
30 *whose behalf the revenues were collected.*

31 (b) (1) *Except as provided in paragraph (2), all*
32 *revenue collected within a county pursuant to this part*
33 *shall be allocated in accordance with Section 7204.04 if*
34 *that county experiences positive revenue growth, as*
35 *defined in subdivision (c), and in accordance with*
36 *Section 7204.05 if that county experiences negative*
37 *revenue growth, as defined in subdivision (c).*

38 (2) *This section and Sections 7204.04 and 7204.05 do*
39 *not apply with respect to incremental revenues to be*
40 *allocated in accordance with a written agreement to a*



1 *redevelopment agency, or to revenues to be deposited in*
2 *a local transportation fund as described in Section 29530*
3 *of the Government Code. Revenues collected pursuant to*
4 *this part, that may not be allocated with respect to any*
5 *individual county, shall be allocated by the board in the*
6 *same manner as other funds allocated by the board from*
7 *an “unallocated statewide pool.”*

8 *(c) For purposes of subdivision (b), both of the*
9 *following apply:*

10 *(1) A county experiences positive growth when the*
11 *countywide sales and use tax revenue collected for the*
12 *relevant quarter of the current calendar year equals or*
13 *exceeds the countywide revenue collected with respect*
14 *to the corresponding quarter in the prior calendar year.*

15 *(2) A county experiences negative revenue growth*
16 *when the countywide sales and use tax revenue collected*
17 *for the relevant quarter of the current calendar year is*
18 *less than the countywide sales and use tax revenues*
19 *collected with respect to the corresponding quarter in*
20 *the prior calendar year.*

21 SEC. 7. Section 7204.04 is added to the Revenue and
22 Taxation Code, to read:

23 7204.04. (a) For each county experiencing positive
24 revenue growth, as defined in subdivision (c) of Section
25 7204, the sales and use tax revenues collected within the
26 county and available for allocation shall be allocated as
27 follows:

28 (1) For each calendar quarter for which this section is
29 operative, each taxing jurisdiction shall receive an
30 amount equal to the sum of the following:

31 (A) The actual amount of sales and use taxes allocated
32 to that jurisdiction during the corresponding quarter in
33 the immediately preceding calendar year.

34 (B) An amount that is equal to the designated
35 percentage of the positive revenue growth for that taxing
36 jurisdiction in the immediately preceding calendar
37 quarter as compared to the corresponding calendar
38 quarter in the immediately preceding calendar year. For
39 purposes of this subparagraph, the designated
40 percentages for each calendar year are as follows:



1	Calendar year for	
2	which this section	
3	is operative	Percentage (%)
4	1st	50
5	2nd	40
6	3rd	30
7	4th	20
8	5th and each	10
9	calendar year	
10	thereafter	

11
 12 (2) Unless otherwise required by paragraph (3),
 13 one-half of the remaining balance of positive revenue
 14 growth remaining after the allocation required by
 15 subparagraph (B) of paragraph (1) shall be distributed in
 16 accordance with subdivision (c) and one-half of that same
 17 remaining balance shall be distributed pursuant to
 18 subdivision (d).

19 (3) In any calendar quarter in which no taxing
 20 jurisdiction in the county has either a positive difference
 21 for the calculation made pursuant to paragraph (5) of
 22 subdivision (b), or any remaining positive difference for
 23 that same calculation after allocations made pursuant to
 24 subdivision (d) or (e), the entire remaining balance shall
 25 be distributed pursuant to subdivision (c). For any
 26 calendar quarter in which the amount of the remaining
 27 balance would be exceeded by the reasonable and
 28 necessary costs of distributing that amount, that amount
 29 shall be carried forward for purposes of determining for
 30 the corresponding calendar quarter in the following year
 31 positive or negative revenue growth as defined by
 32 subdivision (c) of Section 7204.

33 (b) For each county subject to this section, the State
 34 Board of Equalization shall make the following
 35 determinations and calculations:

36 (1) Determine, for each taxing jurisdiction within the
 37 county, the amount of revenue collected within that
 38 jurisdiction in the immediately preceding calendar
 39 quarter.



1 (2) Determine for each taxing jurisdiction within the
2 county, the total amount allocated pursuant to
3 subparagraph (A) of paragraph (1) of subdivision (a) and
4 subdivision (c).

5 (3) Divide the amount calculated pursuant to
6 paragraph (2) by the population for the taxing
7 jurisdiction.

8 (4) Divide the total amount of sales and use tax
9 revenues collected in the incorporated and
10 unincorporated areas of the county by the total
11 population of the taxing jurisdictions in the county.

12 (5) Subtract for each taxing jurisdiction, the amount
13 calculated pursuant to paragraph (3) from the amount
14 calculated in paragraph (4).

15 (c) The percentage of the remaining balance
16 described in paragraph (2) of subdivision (a) shall be
17 allocated on an equivalent per capita basis. For purposes
18 of this subdivision “equivalent per capita basis” means
19 that the allocated per capita amount for each jurisdiction
20 is equivalent.

21 (d) The percentage of the remaining balance
22 described in paragraph (2) of subdivision (a) shall be
23 allocated as follows:

24 (1) Except as otherwise provided in paragraphs (2)
25 and (3), the allocation shall be in an amount equal to the
26 product of the amount calculated pursuant to paragraph
27 (5) of subdivision (b) and the taxing jurisdiction’s
28 population.

29 (2) If the amount identified in paragraph (2) of
30 subdivision (a) is insufficient to make the allocations
31 calculated pursuant to paragraph (1), that amount shall
32 be allocated in accordance with subdivision (e) to taxing
33 jurisdictions that have positive differences for the
34 calculation made pursuant to paragraph (5) of
35 subdivision (c).

36 (3) If, after allocations are made pursuant to
37 paragraph (1), funds remain from the amount identified
38 in paragraph (2) of subdivision (a), that remaining
39 balance shall be allocated among taxing jurisdictions in



1 the county on an ‘equivalent per capita basis” as
2 described in subdivision (b).

3 (e) (1) For purposes of paragraph (2) of subdivision
4 (d), allocations shall be made pursuant to the following
5 formula within each county:

6 (A) Calculate the total of those populations of all
7 taxing jurisdictions in the county that have positive
8 differences for the calculation made pursuant to
9 paragraph (5) of subdivision (c).

10 (B) Divide the population of each taxing jurisdiction
11 that has a positive difference for the calculation made
12 pursuant to paragraph (5) of subdivision (b) by the
13 amount calculated pursuant to subparagraph (A).

14 (C) The amount allocated to each taxing jurisdiction
15 that has a positive difference for the calculation made
16 pursuant to paragraph (5) of subdivision (b) shall be the
17 product of the amount calculated pursuant to
18 subparagraph (B) and the amount calculated pursuant to
19 paragraph (2) of subdivision (a).

20 (2) Except for the amounts allocated pursuant to
21 subparagraph (A) of paragraph (1) of subdivision (a), in
22 no event shall any taxing jurisdiction receive in any
23 calendar quarter an allocation pursuant to this
24 subdivision that corresponds to a per capita amount in
25 excess of the positive difference calculated with respect
26 to that taxing jurisdiction pursuant to paragraph (5) of
27 subdivision (b). That portion of any allocation otherwise
28 required by this subdivision that exceeds this limitation
29 shall be allocated, subject to the limitation and on a per
30 capita basis, among the remaining taxing jurisdictions in
31 the county that have a positive difference for the
32 calculation made pursuant to paragraph (5) of
33 subdivision (b).

34 SEC. 8. Section 7204.05 is added to the Revenue and
35 Taxation Code, to read:

36 7204.05. (a) For each county experiencing negative
37 revenue growth, as defined in subdivision (c) of Section
38 7204, the sales and use taxes collected within the county
39 shall in each calendar quarter be allocated to each taxing
40 jurisdiction in the same total amount as in the



1 corresponding calendar quarter in the prior year, less the
2 amount calculated for that jurisdiction in subdivision (b).

3 (b) For purposes of subdivision (a), the State Board of
4 Equalization shall perform the following calculation:

5 (1) Determine the difference between the total
6 amount of revenue allocated to taxing jurisdictions in the
7 county in the corresponding quarter of the prior calendar
8 year, and the total amount of revenue collected in the
9 current quarter.

10 (2) Divide the difference calculated pursuant to
11 paragraph (1) by the total population of all of the taxing
12 jurisdictions in the county.

13 (3) Multiply the amount calculated pursuant to
14 paragraph (2) by the population of the taxing jurisdiction.

15 SEC. 9. Section 7204.06 is added to the Revenue and
16 Taxation Code, to read:

17 7204.06. For purposes of Sections 7204, 7204.04, and
18 7204.05:

19 (a) Population shall be determined according to the
20 most recent annual estimate of the Population Research
21 Unit in the Department of Finance. Upon the request of
22 any city, county, or city and county that has experienced
23 an annexation subsequent to the last federal census, the
24 research unit shall reestimate the population of the
25 requesting entity. Any reestimates shall be performed in
26 a manner consistent with Section 2107.2 of the Streets and
27 Highways Code.

28 (b) “Taxing jurisdiction” means any city, city and
29 county, or county that has contracted with the State
30 Board of Equalization pursuant to Section 7202. In the
31 case of a taxing jurisdiction that is a county, the
32 jurisdiction shall include only the unincorporated portion
33 of the county and any incorporated portion of the county
34 that has not contracted with the State Board of
35 Equalization pursuant to Section 7202.

36 SEC. 10. Section 7280 of the Revenue and Taxation
37 Code is amended to read:

38 7280. (a) The legislative body of any city or county
39 may levy a tax on the privilege of occupying a room or
40 rooms, or other living space, in a hotel, inn, tourist home



1 or house, motel, or other lodging unless the occupancy is
2 for any period of more than 30 days. The tax when levied
3 by the legislative body of a county shall apply only to the
4 unincorporated areas of the county *if that tax is first*
5 *imposed prior to January 1, 2001, and shall apply to both*
6 *the incorporated and the unincorporated area of the*
7 *county if that tax is first imposed on or after that date.*

8 (b) For purposes of this section, the term “the
9 privilege of occupying a room or rooms, or other living
10 space, in a hotel, inn, tourist home or house, motel, or
11 other lodging” does not include the right of an owner of
12 a timeshare estate in a room or rooms in a timeshare
13 project, or the owner of a membership camping contract
14 in a camping site at a campground, or the guest of the
15 owner, to occupy the room, rooms, camping site, or other
16 real property in which the owner retains that interest.

17 For purposes of this subdivision:

18 (1) “Timeshare estate” means a timeshare estate, as
19 defined by Section 11003.5 of the Business and Professions
20 Code.

21 (2) “Membership camping contract” means a right or
22 license as defined by subdivision (b) of Section 1812.300
23 of the Civil Code.

24 (3) “Guest of that owner” means a person who does
25 either of the following:

26 (A) Occupies real property accompanied by the
27 owner of either of the following:

28 (i) A timeshare estate in that real property.

29 (ii) A camping site in a campground pursuant to a
30 right or license under a membership camping contract.

31 (B) Exercises that owner’s right of occupancy without
32 payment of any compensation to the owner.

33 “Guest of that owner” specifically includes a person
34 occupying a timeshare unit or a camping site in a
35 campground pursuant to any form of exchange program.

36 (c) For purposes of this section, “other lodging”
37 includes, but is not limited to, a camping site or a space
38 at a campground or recreational vehicle park, but does
39 not include any of the following:



1 (1) Any facilities operated by a local government
2 entity.

3 (2) Any lodging excluded pursuant to subdivision (b).

4 (3) Any campsite excluded from taxation pursuant to
5 Section 7282.

6 (d) Subdivision (b) shall not affect or apply to the
7 authority of any city or county to collect a transient
8 occupancy tax from timeshare projects which were in
9 existence as of May 1, 1985, and which timeshare projects
10 were then subject to such a tax imposed by an ordinance
11 duly enacted prior to May 1, 1985, pursuant to this section.
12 The act adding this subdivision shall not in any way affect
13 any litigation pending on or prior to December 31, 1985.

14 SEC. 11. Section 7281 of the Revenue and Taxation
15 Code is amended to read:

16 7281. The legislative body of any city or county may
17 levy a tax on the privilege of renting a mobilehome, as
18 defined in Section 18008 of the Health and Safety Code,
19 which is located outside a mobilehome park for
20 occupancy on a transient basis unless such occupancy is
21 for any period of more than 30 days. ~~Such~~ Any tax when
22 levied by the legislative body of a county shall apply only
23 to the unincorporated areas of the county *if that tax is first*
24 *imposed before January 1, 2001, and shall apply to both*
25 *the incorporated and unincorporated areas of the county*
26 *if that tax is first imposed on or after that date.*

27 This section does not authorize any city or county to
28 levy a tax on the privilege of renting any mobilehome
29 when the tenant is an employee of the owner or operator
30 of the mobilehome.

31 SEC. 12. Section 7284 of the Revenue and Taxation
32 Code is amended to read:

33 7284. (a) The board of supervisors of any county may
34 license, for revenue and regulation, and fix the license tax
35 upon, every kind of lawful business transacted in the
36 unincorporated area of the county *if that tax is first*
37 *imposed prior to January 1, 2001, and every kind of lawful*
38 *business transacted and both the incorporated and*
39 *unincorporated areas of the county if that tax is first*
40 *imposed on or after that date. For purposes of this section,*



1 *lawful businesses include, but are not limited to,*
2 ~~including~~ shows, exhibitions, and games. The board may
3 provide for collection of the license tax by suit or
4 otherwise.

5 (b) Any board ~~which~~ *that* imposes a license tax
6 pursuant to subdivision (a) upon a business operating
7 both within and outside the board's taxing jurisdiction
8 shall levy the tax so that the measure of tax fairly reflects
9 that proportion of the taxed activity actually carried on
10 within the taxing jurisdiction.

11 SEC. 13. Section 7284.2 of the Revenue and Taxation
12 Code is amended to read:

13 7284.2. The board of supervisors of any county may
14 levy a utility user tax on the consumption of electricity,
15 gas, water, sewer, telephone, telegraph, and cable
16 television services in the unincorporated area of the
17 county *if that tax is first imposed before January 1, 2000,*
18 *and in both the incorporated and unincorporated areas of*
19 *the county if that tax is first imposed on or after that date.*

20 SEC. 14. Section 7284.4 of the Revenue and Taxation
21 Code is amended to read:

22 7284.4. Any tax levied pursuant to this chapter shall be
23 subject to any applicable voter approval requirement
24 imposed by any other provision of law. Revenues
25 collected pursuant to any tax imposed pursuant to this
26 chapter ~~may~~ *shall* be reserved for local purposes as
27 determined by the board of supervisors of the county
28 imposing the tax.

29 SEC. 15. The amendment by this act of Section 7204
30 of the Revenue and Taxation Code, and the addition by
31 this act of Sections 7204.04, 7204.05, and 7204.06 of the
32 Revenue and Taxation Code, shall not take effect unless
33 SCA _____ of the 1999–2000 Regular Session is
34 approved by the statewide electorate. In that event those
35 amendments and additions shall take effect on the same
36 date as that measure, but shall not become operative until
37 the first day of the first calendar quarter commencing
38 more than 90 days after the effective date of this act.

39 SEC. 16. No reimbursement is required by this act
40 pursuant to Section 6 of Article XIII B of the California



1 Constitution because this act provides for offsetting
2 savings to local agencies or school districts that result in
3 no net costs to the local agencies or school districts, within
4 the meaning of Section 17556 of the Government Code.

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