

AMENDED IN ASSEMBLY MAY 28, 2010

AMENDED IN ASSEMBLY APRIL 22, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 2663**

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**Introduced by Assembly Member Bonnie Lowenthal**  
(Coauthor: Senator Lowenthal)

February 19, 2010

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An act to add Article 7.1 (commencing with Section 53834) to Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code, relating to local government.

### LEGISLATIVE COUNSEL'S DIGEST

AB 2663, as amended, Bonnie Lowenthal. Local government: federal fiscal year.

Existing state constitutional law requires specified revenues from the ad valorem tax on real property, the Highway Users Tax Account, the Transportation Investment Fund, and the revenue from taxable property in a redevelopment project to be deposited in various accounts and to be allocated, in part, to cities, counties, or cities and counties, for prescribed purposes. Existing law also requires, for specified periods during the 2009–10 and 2010–11 fiscal years, the borrowing, transfer, or suspension of these allocated revenues, as prescribed.

This bill would make several legislative findings and declarations relating to cities, counties, and cities and counties that observe the federal fiscal year calendar. The bill would provide that if the Legislature transfers, borrows from, or suspends these allocated revenues, the respective transaction would be suspended during the months of July, August, and September for a city, county, or city and county observing

the federal fiscal year. The transfer, borrowing, or suspension of revenues would instead commence on October 1 *and be completed on or before June 30 of that same state fiscal year.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

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

1 SECTION 1. The Legislature finds and declares all of the  
2 following:

3 (a) Cities, counties, and cities and counties observing the federal  
4 fiscal year calendar instead of the state fiscal year calendar  
5 experience an additional burden when the state borrows or suspends  
6 local government revenues in the first three months of the state  
7 fiscal year.

8 (b) The required transfer, suspension, or borrowing of funds by  
9 the state in the months of July, August, or September require cities,  
10 counties, and cities and counties observing the federal fiscal year  
11 calendar to make drastic budgetary reductions in the last three  
12 months of their fiscal year.

13 (c) Relief is needed so that cities, counties, and cities and  
14 counties that observe the federal fiscal year calendar may remit  
15 those payments to the state at the beginning, rather than at the end,  
16 of their fiscal year.

17 SEC. 2. Article 7.1 (commencing with Section 53834) is added  
18 to Chapter 4 of Part 1 of Division 2 of Title 5 of the Government  
19 Code, to read:

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21 Article 7.1. Federal Fiscal Year Local Governments

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23 53834. (a) For purposes of this article, ~~both of the~~ *the following*  
24 terms shall have the following meanings:

25 (1) "Federal fiscal year" means a fiscal year beginning on  
26 October 1 and ending September 30.

27 (2) "Federal fiscal year city, county, or city and county" means  
28 any city, county, or city and county that observes the federal fiscal  
29 year calendar.

30 (3) "*State fiscal year*" means a fiscal year beginning on July 1  
31 and ending June 30.

1 (b) If the Legislature transfers, borrows, or suspends revenues  
2 allocated to a federal fiscal year city, county, or city and county,  
3 the transaction shall be suspended during the months of July,  
4 August, and September. The transfer, borrowing, or suspension  
5 of revenues shall instead commence on October 1 *and shall be*  
6 *completed on or before June 30 of that same state fiscal year.*

7 (c) This section shall apply to all of the following transactions  
8 enacted by law on and after January 1, 2011, involving funds and  
9 revenues allocated to a federal fiscal year city, county, or city and  
10 county:

11 (1) The borrowing, transfer, or suspension of revenues allocated  
12 in accordance with subdivision (a) of Section 1 of Article XIII A  
13 of the California Constitution.

14 (2) The borrowing, transfer, or suspension of revenues from the  
15 Highway Users Tax Account required to be apportioned to cities  
16 and counties pursuant to Chapter 3 (commencing with Section  
17 2100) of Division 3 of the Streets and Highways Code, including  
18 the revenues apportioned pursuant to Section 2103 of the Streets  
19 and Highways Code, as amended by Chapter 12 of the Eighth  
20 Extraordinary Session, Statutes of 2010.

21 (3) The borrowing, transfer, or suspension of revenues from the  
22 Transportation Investment Fund allocated pursuant to subdivision  
23 (b) of Section 1 of Article XIX B of the California Constitution.

24 (4) The borrowing transfer, or suspension, of funds allocated  
25 to a redevelopment agency pursuant to subdivision (b) of Section  
26 16 of Article XVI of the California Constitution.