

AMENDED IN ASSEMBLY JANUARY 4, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1191

Introduced by Assembly Member Huber

February 18, 2011

An act to ~~repeal Section 50075.5 of the Public Utilities Code, relating to transportation~~, amend Sections 97.68 and 97.70 of the Revenue and Taxation Code, relating to local government finance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1191, as amended, Huber. ~~San Joaquin Regional Transit District.~~ Local government finance.

(1) Existing 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. Existing law 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.

Existing law requires the county auditor to decrease, for the fiscal adjustment period, as defined, the amount of ad valorem property tax revenue allocated to a county's Educational Revenue Augmentation Fund by the countywide adjustment amount, as defined, and requires the auditor to instead allocate this amount to the Sales and Use Tax Compensation Fund in the county. Existing law requires, during this same period, the county auditor to allocate moneys from the Sales and Use Tax Compensation Fund to cities and counties to reimburse these entities for local tax revenue losses resulting from a specified statute, as provided. Existing law requires these allocations to be made in a manner that ensures that the amount of ad valorem property tax revenue allocated to cities, counties, and special districts pursuant to specified statutes is not reduced.

This bill would, for the 2012–13 fiscal year and for each fiscal year thereafter, if there is not enough ad valorem property tax revenue that is otherwise required to be allocated to a county Educational Revenue Augmentation Fund for the county auditor to complete the decreases required during the fiscal adjustment period, require the county auditor to calculate an amount, as specified, and to submit a claim to the Controller for that amount. This bill would require the Controller, upon appropriation by the Legislature, to deposit the amount of the claim into the Sales and Use Tax Compensation Fund, and would require the county auditor to allocate that amount among the county and to each city in the county.

(2) The Vehicle License Fee (VLF) Law establishes, in lieu of any ad valorem property tax upon vehicles, an annual license fee for any vehicle subject to registration in this state. 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 a vehicle license fee adjustment amount (VLFAA), as defined, from a Vehicle License Fee Property Tax Compensation Fund (VLFPTCF) that exists in each county treasury. Existing law requires that these amounts be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities.

This bill would, for the 2012–13 fiscal year and for each fiscal year thereafter, if there is not enough ad valorem property tax revenue that is otherwise required to be allocated to educational entities for the county auditor to make the VLFAA payments, require the county auditor

to allocate to the VLFPTCF a specified amount of ad valorem property tax revenue, that is not required to be allocated under a specified statute, to an elementary, high school, or unified school district. This bill would require the county auditor, if there is still not enough ad valorem property tax revenue to make the VLFAA payments, to submit a claim to the Controller for the remaining amount necessary to make those payments. This bill would, upon appropriation by the Legislature, require the Controller to deposit the amount of the claim into the VLFPTCF, and would require the county auditor to allocate that amount in the manner provided by the existing payment provisions.

(3) 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.

~~Existing law creates the San Joaquin Regional Transit District to operate public transit services in the Stockton Metropolitan Area, as defined, and the remainder of San Joaquin County. Existing law requires all new intercity, interregional, and rural services provided outside the Stockton Metropolitan Area to be open to competitive bidding at least once every 5 years, and provides that the district may be one of the bidders. Existing law requires the contract for service to be let to the lowest responsible bidder, and authorizes the board of the district to reject any and all bids and readvertise the contract.~~

~~This bill would repeal these competitive bidding requirements.~~

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

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) The vehicle license fee (VLF) has been a longstanding and
- 4 critical funding source exclusively reserved for cities and counties.

1 (b) *The Legislature and the state chose to grant significant relief*
2 *to the vehicle owning public in 1998 and made that relief*
3 *permanent in 2004. When these choices were made, an*
4 *undisputable condition of this relief was that cities and counties*
5 *would continue to receive funding as if the full VLF were still in*
6 *place.*

7 (c) *When the state needed a dedicated funding source to secure*
8 *its Economic Recovery Bonds to afford the state significant and*
9 *extended budget relief, the state turned to a one-fourth cent of the*
10 *local sales and use tax as that identified source. Again, the*
11 *transaction was predicated upon the principle that local*
12 *governments would be held completely harmless and reimbursed*
13 *on a dollar for dollar basis until the bonds were repaid and the*
14 *local sales and use tax returned.*

15 (d) *Due to economic conditions unforeseen by either the state*
16 *or local governments in some counties, including, but not limited*
17 *to, the County of Amador and the County of Mono, all school*
18 *districts within these counties have become basic aid districts,*
19 *eliminating the ability to backfill cities and counties for the loss*
20 *of VLF revenues or local sales and use tax revenue, thereby leaving*
21 *these local agencies with no local source to fund either the VLF*
22 *swap or the triple flip, resulting in severe budget shortfalls.*

23 (e) *Absent a state solution, permanent and irreparable harm*
24 *and damage will be done to local governments within these*
25 *counties through no fault of their own, forcing unthinkable layoffs*
26 *and service reductions that cannot be mitigated locally.*

27 (f) *It is the intent of the Legislature in enacting this act to*
28 *address the unintended and detrimental situation described above.*

29 SEC. 2. *Section 97.68 of the Revenue and Taxation Code is*
30 *amended to read:*

31 97.68. *Notwithstanding any other provision of law, in allocating*
32 *ad valorem property tax revenue allocations for each fiscal year*
33 *during the fiscal adjustment period, all of the following apply:*

34 (a) (1) *The total amount of ad valorem property tax revenue*
35 *otherwise required to be allocated to a county's Educational*
36 *Revenue Augmentation Fund shall be reduced by the countywide*
37 *adjustment amount.*

38 (2) *The countywide adjustment amount shall be deposited in a*
39 *Sales and Use Tax Compensation Fund that shall be established*
40 *in the treasury of each county.*

1 (b) For purposes of this section, the following definitions apply:

2 (1) “Fiscal adjustment period” means the period beginning with
3 the 2004–05 fiscal year and continuing through the fiscal year in
4 which the Director of Finance notifies the State Board of
5 Equalization pursuant to subdivision (b) of Section 99006 of the
6 Government Code.

7 (2) Except as otherwise provided in subdivision (d), the
8 “countywide adjustment amount” means the combined total
9 revenue loss of the county and each city in the county that is
10 annually estimated by the Director of Finance, based upon the
11 actual amount of sales and use tax revenues transmitted under
12 Section 7204 in that county in the prior fiscal year and any
13 projected growth on that amount for the current fiscal year as
14 determined by the State Board of Equalization and reported to the
15 director on or before August 15 of each fiscal year during the fiscal
16 adjustment period, to result for each of those fiscal years from the
17 0.25 percent reduction in local sales and use rate tax authority
18 applied by Section 7203.1. The director shall adjust the estimates
19 described in this paragraph if the board reports to him or her any
20 changes in the projected growth in local sales and use tax revenues
21 for the current fiscal year.

22 (3) “In lieu local sales and use tax revenues” means those
23 revenues that are transferred under this section to a county or a
24 city from a Sales and Use Tax Compensation Fund or an
25 Educational Revenue Augmentation Fund.

26 (c) Except as otherwise provided in subdivision (d), for each
27 fiscal year during the fiscal adjustment period, in lieu sales and
28 use tax revenues in the Sales and Use Tax Compensation Fund
29 shall be allocated among the county and the cities in the county,
30 and those allocations shall be subsequently adjusted, as follows:

31 (1) The Director of Finance shall, on or before September 1 of
32 each fiscal year during the fiscal adjustment period, notify each
33 county auditor of that portion of the countywide adjustment amount
34 for that fiscal year that is attributable to the county and to each
35 city within that county.

36 (2) The county auditor shall allocate revenues in the Sales and
37 Use Tax Compensation Fund among the county and cities in the
38 county in the amounts described in paragraph (1). The auditor shall
39 allocate one-half of the amount described in paragraph (1) in each
40 January during the fiscal adjustment period and shall allocate the

1 balance of that amount in each May during the fiscal adjustment
2 period.

3 (3) After the end of each fiscal year during the fiscal adjustment
4 period, other than a fiscal year subject to subdivision (d), the
5 Director of Finance shall, based on the actual amount of sales and
6 use tax revenues that were not transmitted for the prior fiscal year,
7 recalculate each amount estimated under paragraph (1) and notify
8 the county auditor of the recalculated amount.

9 (4) If the amount recalculated under paragraph (3) for the county
10 or any city in the county is greater than the amount allocated to
11 that local agency under paragraph (2), the county auditor shall, in
12 the fiscal year next following the fiscal year for which the
13 allocation was made, transfer an amount of ad valorem property
14 tax revenue equal to this difference from the Sales and Use Tax
15 Compensation Fund to that local agency.

16 (5) If the amount recalculated under paragraph (3) for the county
17 or any city in the county is less than the amount allocated to that
18 local agency under paragraph (2), the county auditor shall, in the
19 fiscal year next following the fiscal year for which the allocation
20 was made, reduce the total amount of ad valorem property tax
21 revenue otherwise allocated to that city or county from the Sales
22 and Use Tax Compensation Fund by an amount equal to this
23 difference and instead allocate this difference to the county
24 Educational Revenue Augmentation Fund.

25 (6) If there is an insufficient amount of moneys in a county's
26 Sales and Use Tax Compensation Fund to make the transfers
27 required by paragraph (4), the county auditor shall transfer from
28 the county Educational Revenue Augmentation Fund an amount
29 sufficient to make the full amount of these transfers.

30 (d) Notwithstanding any other provision of this section, when
31 Section 7203.1 ceases to be operative, all of the following apply:

32 (1) If Section 7203.1 ceases to be operative on an October 1 of
33 a fiscal year during the fiscal adjustment period, all of the following
34 apply:

35 (A) The "countywide adjustment amount" for that fiscal year
36 means an amount equal to sum of the following two amounts:

37 (i) The combined total revenue loss of the county and each city
38 in the county that is estimated by the director, based upon actual
39 sales and use tax revenues transmitted under Section 7204 for the
40 first quarter of the prior fiscal year as determined by the State

1 Board of Equalization and reported to the director on or before
2 that August 15, to result for the first quarter of the current fiscal
3 year from the 0.25 percent reduction in local sales and use tax rate
4 authority applied by Section 7203.1.

5 (ii) The difference between the following two amounts:

6 (I) The total amount that was allocated to the county and each
7 city in the county under subdivision (c) for the prior fiscal year.

8 (II) The actual total amount of local sales and use tax revenue
9 that was not transmitted the county or city and county and each
10 city in the county for the prior fiscal year as a result of the 0.25
11 percent suspension of local sales and use tax authority applied by
12 Section 7203.1.

13 (B) On or before January 31 of that fiscal year, the auditor shall
14 allocate to the county and each city in the county that portion of
15 the countywide adjustment amount for that fiscal year that is
16 attributable to the county and each city in the county.

17 (C) On or before May 1 of that fiscal year, the State Board of
18 Equalization shall report to the director the actual total amount of
19 local sales and use tax revenue that was not transmitted to the
20 county and each city in the county in that fiscal year as a result of
21 the 0.25 percent suspension of local sales and use tax authority
22 applied by Section 7203.1. On or before May 1 of that fiscal year,
23 the director shall do both of the following:

24 (i) Determine the difference between the following two amounts:

25 (I) The amount specified in clause (i) of subparagraph (A) that
26 was allocated to the county and each city in the county for that
27 fiscal year under subparagraph (B).

28 (II) The actual total amount of local sales and use tax revenue
29 that was not transmitted to the county and each city in the county
30 for that fiscal year as a result of the 0.25 percent suspension of
31 local sales and use tax authority applied by Section 7203.1.

32 (ii) Notify the auditor of each county of the amounts determined
33 under clause (i) for his or her county and all of the cities in that
34 county.

35 (D) (i) If, for any county or city, the amount described in
36 subclause (I) of clause (i) of subparagraph (C) is greater than the
37 amount described in subclause (II) of clause (i) of subparagraph
38 (C), the county auditor shall, on or before May 31 of that fiscal
39 year, reallocate from the entity to the county Educational Revenue
40 Augmentation Fund the difference between those amounts.

(ii) If, for any county or city, the amount described in subclause (I) of clause (i) of subparagraph (C) is less than the amount described in subclause (II) of clause (i) of subparagraph (C), the county auditor shall, on or before May 31 of that fiscal year, reallocate from the county Educational Revenue Augmentation Fund to that entity the difference between those amounts.

(2) If Section 7203.1 ceases to be operative on a January 1 of a fiscal year during the fiscal adjustment period, all of the following apply:

(A) The “countywide adjustment amount” for that fiscal year means an amount equal to the sum of the following two amounts:

(i) The combined total revenue loss of the county and each city in the county that is estimated by the director, based upon actual sales and use tax revenues transmitted under Section 7204 for the first and second quarters of the prior fiscal year as determined by the State Board of Equalization and reported to the director on or before that August 15, to result for the first and second quarters of that fiscal year from the 0.25 percent reduction in local sales and use tax rate authority applied by Section 7203.1.

(ii) The difference between the following two amounts:

(I) The total amount that was allocated to the county and each city in the county under subdivision (c) for the prior fiscal year.

(II) The actual total amount of local sales and use tax revenue that was not transmitted the county or city and county and each city in the county for the prior fiscal year as a result of the 0.25 percent suspension of local sales and use tax authority applied by Section 7203.1.

(B) The auditor shall allocate to the county and each city in the county that portion of the countywide adjustment amount for that fiscal year that is attributable to the county and each city in the county. One-half of this amount shall be allocated on or before January 31 of that fiscal year and the other one-half of that amount shall be allocated on or before May 31 of that fiscal year.

(C) On or before June 30 of that fiscal year, the State Board of Equalization shall report to the director the actual total amount of local sales and use tax revenue that was not transmitted to the county and each city in the county for that fiscal year as a result of the 0.25 percent suspension of local sales and use tax authority applied by Section 7203.1. On or before June 30 of that fiscal year, the director shall do both of the following:

1 (i) Determine the difference between the following two amounts:

2 (I) The amount specified in clause (i) of subparagraph (A) that
3 was allocated to the county and each city in the county for that
4 fiscal year under subparagraph (B).

5 (II) The actual total amount of local sales and use tax revenue
6 that was not transmitted to the county and each city in the county
7 for that fiscal year as a result of the 0.25 percent suspension of
8 local sales and use tax authority applied by Section 7203.1.

9 (ii) Notify the auditor of each county of the amounts determined
10 under clause (i) for his or her county and all of the cities in that
11 county.

12 (D) (i) If, for any county or city, the amount described in
13 subclause (I) of clause (i) of subparagraph (C) is greater than the
14 amount described in subclause (II) of clause (i) of subparagraph
15 (C), the county auditor shall, on or before January 31 of the
16 following fiscal year, reallocate from the entity to the county
17 Educational Revenue Augmentation Fund the difference between
18 those amounts.

19 (ii) If, for any county or city, the amount described in subclause
20 (I) of clause (i) of subparagraph (C) is less than the amount
21 described in subclause (II) of clause (i) of subparagraph (C), the
22 county auditor shall, on or before January 31 of the following fiscal
23 year, reallocate from the county Educational Revenue
24 Augmentation Fund to that entity the difference between those
25 amounts.

26 (3) If Section 7203.1 ceases to be operative on an April 1 of a
27 fiscal year during the fiscal adjustment period, all of the following
28 apply:

29 (A) On or before May 1 of that fiscal year, the director shall
30 determine and report to the auditor of each county that portion of
31 the countywide adjustment amount that is attributable to the
32 estimated sales and use tax revenue losses, resulting from the rate
33 suspension applied by Section 7203.1, for the fourth quarter of
34 that fiscal year for the county and each city in the county.

35 (B) The auditor shall reduce the total amount that is otherwise
36 required to be allocated in May of that fiscal year from the county
37 Sales and Use Tax Compensation Fund to the county and each city
38 in the county by the amount reported by the director with respect
39 to that entity under subparagraph (A). After the May allocations
40 have been made, the auditor shall transfer any moneys remaining

1 in the county Sales and Use Tax Compensation Fund to the county
2 Educational Revenue Augmentation Fund.

3 (C) On or before January 1 of the next fiscal year, the State
4 Board of Equalization shall report to the director the actual total
5 amount of local sales and use tax revenue that was not transmitted
6 to the county and each city in the county for the prior fiscal year
7 as a result of the 0.25 percent suspension of local sales and use tax
8 authority applied by Section 7203.1. On or before January 1 of
9 that fiscal year, the director shall do both of the following:

10 (i) Determine the difference between the following two amounts:

11 (I) The total amount that was allocated to the county and each
12 city in the county for the prior fiscal year under subdivision (c),
13 as adjusted under subparagraph (B).

14 (II) The actual total amount of local sales and use tax revenue
15 that was not transmitted to the county and each city in the county
16 for the prior fiscal year as a result of the 0.25 percent suspension
17 of local sales and use tax authority applied by Section 7203.1.

18 (ii) Notify the auditor of each county of the amounts determined
19 under clause (i) for his or her county and all of the cities in that
20 county.

21 (D) (i) If, for any county or city, the amount described in
22 subclause (I) of clause (i) of subparagraph (C) is greater than the
23 amount described in subclause (II) of clause (i) of subparagraph
24 (C), the county auditor shall, on or before January 31 of that fiscal
25 year, reallocate from the entity to the county Educational Revenue
26 Augmentation Fund the difference between those amounts.

27 (ii) If, for any county or city, the amount described in subclause
28 (I) of clause (i) of subparagraph (C) is less than the amount
29 described in subclause (II) of clause (i) of subparagraph (C), the
30 county auditor shall, on or before January 31 of the following fiscal
31 year, reallocate from the county Educational Revenue
32 Augmentation Fund to that entity the difference between those
33 amounts.

34 (4) If Section 7203.1 ceases to be operative on a July 1, all of
35 the following apply:

36 (A) On or before January 1 of that fiscal year, the State Board
37 of Equalization shall notify the Director of Finance of the actual
38 total amount of local sales and use tax revenue that was not
39 transmitted to each county and city for the prior fiscal year as a

1 result of the 0.25 percent suspension of local sales and use tax
2 authority applied by Section 7203.1.

3 (B) On or before January 31 of that fiscal year, the director shall
4 do both of the following:

5 (i) Determine for each city, county, and city and county, the
6 difference between the following two amounts:

7 (I) The total amount that was allocated to that entity under
8 subdivision (c) for the prior fiscal year.

9 (II) The actual total amount of local sales and use tax revenue
10 that was not transmitted to the entity for the prior fiscal year as a
11 result of the 0.25 percent suspension of local sales and use tax
12 authority applied by Section 7203.1.

13 (ii) Notify the auditor of each county of the amounts determined
14 under clause (i) for his or her county and all of the cities in that
15 county.

16 (C) (i) If, for any county or city, the amount described in
17 subclause (I) of clause (i) of subparagraph (B) is greater than the
18 amount described in subclause (II) of clause (i) of subparagraph
19 (B), the county auditor shall, on or before January 31 of that fiscal
20 year, reallocate from the entity to the county Educational Revenue
21 Augmentation Fund the difference between those amounts.

22 (ii) If, for any county or city, the amount described in subclause
23 (I) of clause (i) of subparagraph (B) is less than the amount
24 described in subclause (II) of clause (i) of subparagraph (B), the
25 county auditor shall, on or before January 31 of the following fiscal
26 year, reallocate from the county Educational Revenue
27 Augmentation Fund to that entity the difference between those
28 amounts.

29 *(e) For the 2012–13 fiscal year and for each fiscal year*
30 *thereafter, if there is not enough ad valorem property tax revenue*
31 *that is otherwise required to be allocated to a county Educational*
32 *Revenue Augmentation Fund for the county auditor to complete*
33 *the allocations required by this section, the county auditor shall*
34 *calculate, for each county and each city in the county, the*
35 *difference between the countywide adjustment amount for that*
36 *fiscal year and the in lieu local sales and use tax revenues actually*
37 *received by each county and city in the county for that fiscal year*
38 *pursuant to this section, and shall submit a claim to the Controller*
39 *for the total amount of the difference. The Controller shall, upon*
40 *appropriation by the Legislature, deposit the amount of the claim*

1 *into the Sales and Use Tax Compensation Fund. The county auditor*
2 *shall, within 30 days of the date the Controller deposits the amount*
3 *of the claim into the Sales and Use Tax Compensation Fund,*
4 *allocate to each county and to each city in the county the amount*
5 *of the difference that was calculated by the county auditor for each*
6 *county and each city in the county pursuant to this subdivision.*

7 ~~(e)~~

8 *(f) 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, may not reflect any portion of any*
11 *property tax revenue allocation required by this section for a*
12 *preceding fiscal year.*

13 ~~(f)~~

14 *(g) This section may not be construed to do any of the following:*

15 *(1) Reduce any allocations of excess, additional, or remaining*
16 *funds that would otherwise have been allocated to cities, counties,*
17 *cities and counties, or special districts pursuant to clause (i) of*
18 *subparagraph (B) of paragraph (4) of subdivision (d) of Section*
19 *97.2, clause (i) of subparagraph (B) of paragraph (4) of subdivision*
20 *(d) of Section 97.3, or Article 4 (commencing with Section 98),*
21 *had this section not been enacted. The allocation made pursuant*
22 *to subdivisions (a) and (c) shall be adjusted to comply with this*
23 *paragraph.*

24 *(2) Require an increased ad valorem property tax revenue*
25 *allocation to a community redevelopment agency.*

26 *(3) Alter the manner in which ad valorem property tax revenue*
27 *growth from fiscal year to fiscal year is determined or allocated*
28 *in a county.*

29 ~~(g)~~

30 *(h) Existing tax exchange or revenue sharing agreements,*
31 *entered into prior to the operative date of this section, between*
32 *local agencies or between local agencies and nonlocal agencies*
33 *shall be deemed to be temporarily modified to account for the*
34 *reduced sales and use tax revenues, resulting from the temporary*
35 *reduction in the local sales and use tax rate, with those reduced*
36 *revenues to be replaced in kind by property tax revenue from a*
37 *Sales and Use Tax Compensation Fund or an Educational Revenue*
38 *Augmentation Fund, on a temporary basis, as provided by this*
39 *section.*

1 *SEC. 3. Section 97.70 of the Revenue and Taxation Code is*
2 *amended to read:*

3 97.70. Notwithstanding any other provision of law, for the
4 2004–05 fiscal year and for each fiscal year thereafter, all of the
5 following apply:

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

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

33 (C) *For the 2012–13 fiscal year and for each fiscal year*
34 *thereafter, if, after applying subparagraph (B), the auditor is*
35 *unable to complete the reduction required by subparagraph (A),*
36 *the auditor shall, after complying with Section 75.70, allocate to*
37 *the Vehicle License Fee Property Tax Compensation Fund from*
38 *any remaining ad valorem property tax revenue that is not required*
39 *to be allocated to any elementary, high school, or unified school*
40 *district pursuant to paragraph (6) of subdivision (c) of Section*

1 75.70, an amount equal to that portion of the reduction required
2 by subparagraph (A) that could not be made pursuant to
3 subparagraphs (A) and (B).

4 (D) If, after making the allocation required by subparagraph
5 (C), there is still not enough ad valorem property tax revenue for
6 the auditor to complete the reduction required by subparagraph
7 (A), the auditor shall submit a claim to the Controller for the
8 remaining difference. The Controller shall, upon appropriation
9 by the Legislature, deposit the amount of the claim into the Vehicle
10 License Fee Property Tax Compensation Fund. The auditor shall,
11 within 30 days of the date the Controller deposits the amount of
12 the claim into the Vehicle License Fee Property Tax Compensation
13 Fund, allocate that amount among the cities, county, and city and
14 county in accordance with this section.

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

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

20 (A) Each city in the county shall receive its vehicle license fee
21 adjustment amount.

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

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

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

28 (1) "Vehicle license fee adjustment amount" for a particular
29 city, county, or a city and county means, subject to an adjustment
30 under paragraph (2) and Section 97.71, all of the following:

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

33 (i) The estimated total amount of revenue that would have been
34 deposited to the credit of the Motor Vehicle License Fee Account
35 in the Transportation Tax Fund, including any amounts that would
36 have been certified to the Controller by the auditor of the County
37 of Ventura under subdivision (j) of Section 98.02, as that section
38 read on January 1, 2004, for distribution under the law as it read
39 on January 1, 2004, to the county, city and county, or city for the
40 2004–05 fiscal year if the fee otherwise due under the Vehicle

1 License Fee Law (Pt. 5 (commencing with Section 10701) of Div.
2 2) was 2 percent of the market value of a vehicle, as specified in
3 Section 10752 and 10752.1 as those sections read on January 1,
4 2004.

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

11 (B) (i) Subject to an adjustment under clause (ii), for the
12 2005–06 fiscal year, the sum of the following two amounts:

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

14 (Ia) The actual total amount of revenue that would have been
15 deposited to the credit of the Motor Vehicle License Fee Account
16 in the Transportation Tax Fund, including any amounts that would
17 have been certified to the Controller by the auditor of the County
18 of Ventura under subdivision (j) of Section 98.02, as that section
19 read on January 1, 2004, for distribution under the law as it read
20 on January 1, 2004, to the county, city and county, or city for the
21 2004–05 fiscal year if the fee otherwise due under the Vehicle
22 License Fee Law (Part 5 (commencing with Section 10701) of
23 Division 2) was 2 percent of the market value of a vehicle, as
24 specified in Sections 10752 and 10752.1 as those sections read on
25 January 1, 2004.

26 (Ib) The actual total amount of revenue that was distributed
27 from the Motor Vehicle License Fee Account in the Transportation
28 Tax Fund to the county, city and county, and each city in the county
29 for the 2004–05 fiscal year under Section 11005, as that section
30 read on the operative date of the act that amended this
31 sub-subclause.

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

33 (IIa) The amount described in subclause (I).

34 (IIb) The percentage change from the prior fiscal year to the
35 current fiscal year in gross taxable assessed valuation within the
36 jurisdiction of the entity, as reflected in the equalized assessment
37 roll for those fiscal years. For the first fiscal year for which a
38 change in a city's jurisdictional boundaries first applies, the
39 percentage change in gross taxable assessed valuation from the
40 prior fiscal year to the current fiscal year shall be calculated solely

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

7 (ii) The amount described in clause (i) shall be adjusted as
8 follows:

9 (I) If the amount described in subclause (I) of clause (i) for a
10 particular city, county, or city and county is greater than the amount
11 described in subparagraph (A) for that city, county, or city and
12 county, the amount described in clause (i) shall be increased by
13 an amount equal to this difference.

14 (II) If the amount described in subclause (I) of clause (i) for a
15 particular city, county, or city and county is less than the amount
16 described in subparagraph (A) for that city, county, or city and
17 county, the amount described in clause (i) shall be decreased by
18 an amount equal to this difference.

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

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

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

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

26 (II) The percentage change from the prior fiscal year to the
27 current fiscal year in gross taxable assessed valuation within the
28 jurisdiction of the entity, as reflected in the equalized assessment
29 roll for those fiscal years. For the first fiscal year for which a
30 change in a city's jurisdictional boundaries first applies, the
31 percentage change in gross taxable assessed valuation from the
32 prior fiscal year to the current fiscal year shall be calculated solely
33 on the basis of the city's previous jurisdictional boundaries, without
34 regard to the change in that city's jurisdictional boundaries. For
35 each following fiscal year, the percentage change in gross taxable
36 assessed valuation from the prior fiscal year to the current fiscal
37 year shall be calculated on the basis of the city's current
38 jurisdictional boundaries.

39 (2) "Countywide vehicle license fee adjustment amount" means,
40 for any fiscal year, the total sum of the amounts described in

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

3 (3) 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. 4. If the Commission on State Mandates determines that*
7 *this act contains costs mandated by the state, reimbursement to*
8 *local agencies and school districts for those costs shall be made*
9 *pursuant to Part 7 (commencing with Section 17500) of Division*
10 *4 of Title 2 of the Government Code.*

11 ~~SECTION 1. Section 50075.5 of the Public Utilities Code is~~
12 ~~repealed.~~