

Introduced by Senator Roth

January 5, 2016

An act to amend Section 97.70 of the Revenue and Taxation Code, relating to local government finance.

LEGISLATIVE COUNSEL'S DIGEST

SB 817, as amended, Roth. Local government—~~finance~~: *finance: property tax revenue allocations: vehicle license fee adjustments.*

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 provides 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 requires that, for purposes of determining property tax revenue allocations in each county for the 1992–93 and 1993–94 fiscal years, 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.

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 additional property tax revenues in the form of a vehicle

license fee adjustment amount, as defined, from a Vehicle License Fee Property Tax Compensation Fund that exists in each county treasury. Existing law requires that these additional allocations be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities.

This bill would modify these reduction and transfer provisions for a city incorporating after January 1, 2004, and on or before January 1, 2012, for the 2016–17 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation.

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.

This bill would incorporate additional changes to Section 97.70 of the Revenue and Taxation Code proposed by AB 448 that would become operative if this bill and AB 448 are both chaptered and this bill is chaptered last.

~~Existing law required, on and after July 1, 2004, and before July 1, 2011, that a specified portion of the motor vehicle license fee revenues deposited to the credit of the Motor Vehicle License Fee Account in the Transportation Tax Fund be allocated first to the County of Orange and next to each city and county meeting specified criteria, including each city that was incorporated from unincorporated territory after August 5, 2004. Existing law requires, on or after July 1, 2011, that the same portion of revenues be deposited into the Local Law Enforcement Services Account in the Local Revenue Fund 2011 for allocation to cities, counties, and cities and counties.~~

~~This bill would state the Legislature's intent to enact legislation that would restore funding to cities that were incorporated after 2004.~~

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

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

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

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

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

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

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

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

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

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

7 (1) “Vehicle license fee adjustment amount” for a particular
8 city, county, or a city and county means, subject to an adjustment
9 under paragraph (2) and Section 97.71, all of the following:

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

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

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

30 (B) (i) Subject to an adjustment under clause (ii), for the
31 2005–06 fiscal year, the sum of the following two amounts:

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

33 ~~(Ia)~~

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

1 2004–05 fiscal year if the fee otherwise due under the Vehicle
2 License Fee Law (Part 5 (commencing with Section 10701) of
3 Division 2) was 2 percent of the market value of a vehicle, as
4 specified in Sections 10752 and 10752.1 as those sections read on
5 January 1, 2004.

6 ~~(Hb)~~

7 (ib) The actual total amount of revenue that was distributed
8 from the Motor Vehicle License Fee Account in the Transportation
9 Tax Fund to the county, city and county, and each city in the county
10 for the 2004–05 fiscal year under Section 11005, as that section
11 read on the operative date of the act that amended this
12 ~~sub-subclause. subsubclause.~~

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

14 ~~(Ha)~~

15 (ia) The amount described in subclause (I).

16 ~~(Hb)~~

17 (ib) The percentage change from the prior fiscal year to the
18 current fiscal year in gross taxable assessed valuation within the
19 jurisdiction of the entity, as reflected in the equalized assessment
20 roll for those fiscal years. For the first fiscal year for which a
21 change in a city’s jurisdictional boundaries first applies, the
22 percentage change in gross taxable assessed valuation from the
23 prior fiscal year to the current fiscal year shall be calculated solely
24 on the basis of the city’s previous jurisdictional boundaries, without
25 regard to the change in that city’s jurisdictional boundaries. For
26 each following fiscal year, the percentage change in gross taxable
27 assessed valuation from the prior fiscal year to the current fiscal
28 year shall be calculated on the basis of the city’s current
29 jurisdictional boundaries.

30 ~~(ii)~~

31 (iii) The amount described in clause (i) shall be adjusted as
32 follows:

33 (I) If the amount described in subclause (I) of clause (i) for a
34 particular city, county, or city and county is greater than the amount
35 described in subparagraph (A) for that city, county, or city and
36 county, the amount described in clause (i) shall be increased by
37 an amount equal to this difference.

38 (II) If the amount described in subclause (I) of clause (i) for a
39 particular city, county, or city and county is less than the amount
40 described in subparagraph (A) for that city, county, or city and

1 county, the amount described in clause (i) shall be decreased by
2 an amount equal to this difference.

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

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

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

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

10 (II) The percentage change from the prior fiscal year to the
11 current fiscal year in gross taxable assessed valuation within the
12 jurisdiction of the entity, as reflected in the equalized assessment
13 roll for those fiscal years. For the first fiscal year for which a
14 change in a city’s jurisdictional boundaries first applies, the
15 percentage change in gross taxable assessed valuation from the
16 prior fiscal year to the current fiscal year shall be calculated solely
17 on the basis of the city’s previous jurisdictional boundaries, without
18 regard to the change in that city’s jurisdictional boundaries. For
19 each following fiscal year, the percentage change in gross taxable
20 assessed valuation from the prior fiscal year to the current fiscal
21 year shall be calculated on the basis of the city’s current
22 jurisdictional boundaries.

23 (2) *Notwithstanding paragraph (1), “vehicle license fee*
24 *adjustment amount,” for a city incorporating after January 1,*
25 *2004, and on or before January 1, 2012, means the following:*

26 (A) *For the 2016–17 fiscal year, the quotient derived from the*
27 *following fraction:*

28 (i) *The numerator is the product of the following two amounts:*

29 (I) *The sum of the most recent vehicle license fee adjustment*
30 *amounts determined for all cities in the county.*

31 (II) *The population of the incorporating city.*

32 (ii) *The denominator is the sum of the populations of all cities*
33 *in the county.*

34 (B) *For the 2017–18 fiscal year, and for each fiscal year*
35 *thereafter, the sum of the following two amounts:*

36 (i) *The vehicle license fee adjustment amount for the prior fiscal*
37 *year.*

38 (ii) *The product of the following two amounts:*

39 (I) *The amount described in clause (i).*

1 (II) *The percentage change from the prior fiscal year to the*
2 *current fiscal year in gross taxable assessed valuation within the*
3 *jurisdiction of the entity, as reflected in the equalized assessment*
4 *roll for those fiscal years.*

5 ~~(2)~~

6 (3) For the 2013–14 fiscal year, the vehicle license fee
7 adjustment amount that is determined under subparagraph (C) of
8 paragraph (1) for the County of Orange shall be increased by
9 fifty-three million dollars (\$53,000,000). For the 2014–15 fiscal
10 year and each fiscal year thereafter, the calculation of the vehicle
11 license fee adjustment amount for the County of Orange under
12 subparagraph (C) of paragraph (1) shall be based on a prior fiscal
13 year amount that reflects the full amount of this one-time increase
14 of fifty-three million dollars (\$53,000,000).

15 ~~(3)~~

16 (4) “Countywide vehicle license fee adjustment amount” means,
17 for any fiscal year, the total sum of the amounts described in
18 paragraphs ~~(1)~~ (1), (2), and ~~(2)~~ (3) for a county or city and county,
19 and each city in the county.

20 ~~(4)~~

21 (5) On or before June 30 of each fiscal year, the auditor shall
22 report to the Controller the vehicle license fee adjustment amount
23 for the county and each city in the county for that fiscal year.

24 (d) For the 2005–06 fiscal year and each fiscal year thereafter,
25 the amounts determined under subdivision (a) of Section 96.1, or
26 any successor to that provision, shall not reflect, for a preceding
27 fiscal year, any portion of any allocation required by this section.

28 (e) For purposes of Section 15 of Article XI of the California
29 Constitution, the allocations from a Vehicle License Fee Property
30 Tax Compensation Fund constitute successor taxes that are
31 otherwise required to be allocated to counties and cities, and as
32 successor taxes, the obligation to make those transfers as required
33 by this section shall not be extinguished nor disregarded in any
34 manner that adversely affects the security of, or the ability of, a
35 county or city to pay the principal and interest on any debts or
36 obligations that were funded or secured by that city’s or county’s
37 allocated share of motor vehicle license fee revenues.

38 (f) This section shall not be construed to do any of the following:

39 (1) Reduce any allocations of excess, additional, or remaining
40 funds that would otherwise have been allocated to county

1 superintendents of schools, cities, counties, and cities and counties
2 pursuant to clause (i) of subparagraph (B) of paragraph (4) of
3 subdivision (d) of Sections 97.2 and 97.3 or Article 4 (commencing
4 with Section 98) had this section not been enacted. The allocations
5 required by this section shall be adjusted to comply with this
6 paragraph.

7 (2) Require an increased ad valorem property tax revenue
8 allocation or increased tax increment allocation to a community
9 redevelopment agency.

10 (3) Alter the manner in which ad valorem property tax revenue
11 growth from fiscal year to fiscal year is otherwise determined or
12 allocated in a county.

13 (4) Reduce ad valorem property tax revenue allocations required
14 under Article 4 (commencing with Section 98).

15 (g) Tax exchange or revenue sharing agreements, entered into
16 prior to the operative date of this section, between local agencies
17 or between local agencies and nonlocal agencies are deemed to be
18 modified to account for the reduced vehicle license fee revenues
19 resulting from the act that added this section. These agreements
20 are modified in that these reduced revenues are, in kind and in lieu
21 thereof, replaced with ad valorem property tax revenue from a
22 Vehicle License Fee Property Tax Compensation Fund or an
23 Educational Revenue Augmentation Fund.

24 *SEC. 1.5. Section 97.70 of the Revenue and Taxation Code is*
25 *amended to read:*

26 97.70. Notwithstanding any other law, for the 2004–05 fiscal
27 year and for each fiscal year thereafter, all of the following apply:

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

32 (B) If, for the fiscal year, after complying with Section 97.68
33 there is not enough ad valorem property tax revenue that is
34 otherwise required to be allocated to a county Educational Revenue
35 Augmentation Fund for the auditor to complete the allocation
36 reduction required by subparagraph (A), the auditor shall
37 additionally reduce the total amount of ad valorem property tax
38 revenue that is otherwise required to be allocated to all school
39 districts and community college districts in the county for that
40 fiscal year by an amount equal to the difference between the

1 countywide vehicle license fee adjustment amount and the amount
2 of ad valorem property tax revenue that is otherwise required to
3 be allocated to the county Educational Revenue Augmentation
4 Fund for that fiscal year. This reduction for each school district
5 and community college district in the county shall be the percentage
6 share of the total reduction that is equal to the proportion that the
7 total amount of ad valorem property tax revenue that is otherwise
8 required to be allocated to the school district or community college
9 district bears to the total amount of ad valorem property tax revenue
10 that is otherwise required to be allocated to all school districts and
11 community college districts in a county. For purposes of this
12 subparagraph, “school districts” and “community college districts”
13 do not include any districts that are excess tax school entities, as
14 defined in Section 95.

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. (Part 5 (commencing with Section 10701)~~
 2 ~~of Div. Division 2)~~ was 2 percent of the market value of a vehicle,
 3 as specified in ~~Section Sections~~ 10752 and 10752.1 as those
 4 sections read on January 1, 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)~~

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

27 ~~(Ib)~~

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

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

35 ~~(IIa)~~

36 (ia) The amount described in subclause (I).

37 ~~(IIb)~~

38 (ib) The percentage change from the prior fiscal year to the
 39 current fiscal year in gross taxable assessed valuation within the
 40 jurisdiction of the entity, as reflected in the equalized assessment

1 roll for those fiscal years. For the first fiscal year for which a
2 change in a city's jurisdictional boundaries first applies, the
3 percentage change in gross taxable assessed valuation from the
4 prior fiscal year to the current fiscal year shall be calculated solely
5 on the basis of the city's previous jurisdictional boundaries, without
6 regard to the change in that city's jurisdictional boundaries. For
7 each following fiscal year, the percentage change in gross taxable
8 assessed valuation from the prior fiscal year to the current fiscal
9 year shall be calculated on the basis of the city's current
10 jurisdictional boundaries.

11 (ii)

12 (iii) The amount described in clause (i) shall be adjusted as
13 follows:

14 (I) If the amount described in subclause (I) of clause (i) for a
15 particular city, county, or city and county is greater 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 increased by
18 an amount equal to this difference.

19 (II) If the amount described in subclause (I) of clause (i) for a
20 particular city, county, or city and county is less than the amount
21 described in subparagraph (A) for that city, county, or city and
22 county, the amount described in clause (i) shall be decreased by
23 an amount equal to this difference.

24 (C) For the 2006-07 fiscal year ~~and for each year, to the~~
25 ~~2014-15 fiscal year thereafter, year, inclusive,~~ the sum of the
26 following two amounts:

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

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

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

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

1 each following fiscal year, the percentage change in gross taxable
2 assessed valuation from the prior fiscal year to the current fiscal
3 year shall be calculated on the basis of the city's current
4 jurisdictional boundaries.

5 (D) For the 2015–16 fiscal year, the sum of the following two
6 amounts:

7 (i) The amount described in clause (i) of subparagraph (B) if
8 Section 97.71 and clause (ii) of subparagraph (B) did not apply
9 for that fiscal year, for that city, county, and city and county.

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

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

12 (II) The percentage change from the 2004–05 fiscal year to the
13 2015–16 fiscal year, inclusive, in gross taxable assessed valuation
14 within the jurisdiction of the entity, as reflected in the equalized
15 assessment roll for those fiscal years.

16 (E) For the 2016–17 fiscal year and each fiscal year thereafter,
17 the sum of the following two amounts:

18 (i) The vehicle license fee adjustment amount for the prior fiscal
19 year.

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

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

22 (II) The percentage change from the immediately preceding
23 fiscal year to the current fiscal year in gross taxable assessed
24 valuation within the jurisdiction of the entity, as reflected in the
25 equalized assessment roll for those fiscal years.

26 (2) Notwithstanding paragraph (1), “vehicle license fee
27 adjustment amount,” for a city incorporating after January 1,
28 2004, and on or before January 1, 2012, means the following:

29 (A) For the 2016–17 fiscal year, the quotient derived from the
30 following fraction:

31 (i) The numerator is the product of the following two amounts:

32 (I) The sum of the most recent vehicle license fee adjustment
33 amounts determined for all cities in the county.

34 (II) The population of the incorporating city.

35 (ii) The denominator is the sum of the populations of all cities
36 in the county.

37 (B) For the 2017–18 fiscal year, and for each fiscal year
38 thereafter, the sum of the following two amounts:

39 (i) The vehicle license fee adjustment amount for the prior fiscal
40 year.

1 (ii) *The product of the following two amounts:*
2 (I) *The amount described in clause (i).*
3 (II) *The percentage change from the prior fiscal year to the*
4 *current fiscal year in gross taxable assessed valuation within the*
5 *jurisdiction of the entity, as reflected in the equalized assessment*
6 *roll for those fiscal years.*

7 ~~(2)~~

8 (3) For the 2013–14 fiscal year, the vehicle license fee
9 adjustment amount that is determined under subparagraph (C) of
10 paragraph (1) for the County of Orange shall be increased by
11 fifty-three million dollars (\$53,000,000). For the 2014–15 fiscal
12 year and each fiscal year thereafter, the calculation of the vehicle
13 license fee adjustment amount for the County of Orange under
14 subparagraph ~~(C)~~ (C), (D), or (E), as applicable, of paragraph (1)
15 shall be based on a prior fiscal year amount that reflects the full
16 amount of this one-time increase of fifty-three million dollars
17 (\$53,000,000).

18 ~~(3)~~

19 (4) “Countywide vehicle license fee adjustment amount” means,
20 for any fiscal year, the total sum of the amounts described in
21 paragraphs ~~(1)~~ (1), (2), and ~~(2)~~ (3) for a county or city and county,
22 and each city in the county.

23 ~~(4)~~

24 (5) On or before June 30 of each fiscal year, the auditor shall
25 report to the Controller the vehicle license fee adjustment amount
26 for the county and each city in the county for that fiscal year.

27 (d) For the 2005–06 fiscal year and each fiscal year thereafter,
28 the amounts determined under subdivision (a) of Section 96.1, or
29 any successor to that provision, shall not reflect, for a preceding
30 fiscal year, any portion of any allocation required by this section.

31 (e) For purposes of Section 15 of Article XI of the California
32 Constitution, the allocations from a Vehicle License Fee Property
33 Tax Compensation Fund constitute successor taxes that are
34 otherwise required to be allocated to counties and cities, and as
35 successor taxes, the obligation to make those transfers as required
36 by this section shall not be extinguished nor disregarded in any
37 manner that adversely affects the security of, or the ability of, a
38 county or city to pay the principal and interest on any debts or
39 obligations that were funded or secured by that city’s or county’s
40 allocated share of motor vehicle license fee revenues.

1 (f) This section shall not be construed to do any of the following:

2 (1) Reduce any allocations of excess, additional, or remaining
3 funds that would otherwise have been allocated to county
4 superintendents of schools, cities, counties, and cities and counties
5 pursuant to clause (i) of subparagraph (B) of paragraph (4) of
6 subdivision (d) of Sections 97.2 and 97.3 or Article 4 (commencing
7 with Section 98) had this section not been enacted. The allocations
8 required by this section shall be adjusted to comply with this
9 paragraph.

10 (2) Require an increased ad valorem property tax revenue
11 allocation or increased tax increment allocation to a community
12 redevelopment agency.

13 (3) Alter the manner in which ad valorem property tax revenue
14 growth from fiscal year to fiscal year is otherwise determined or
15 allocated in a county.

16 (4) Reduce ad valorem property tax revenue allocations required
17 under Article 4 (commencing with Section 98).

18 (g) Tax exchange or revenue sharing agreements, entered into
19 prior to the operative date of this section, between local agencies
20 or between local agencies and nonlocal agencies are deemed to be
21 modified to account for the reduced vehicle license fee revenues
22 resulting from the act that added this section. These agreements
23 are modified in that these reduced revenues are, in kind and in lieu
24 thereof, replaced with ad valorem property tax revenue from a
25 Vehicle License Fee Property Tax Compensation Fund or an
26 Educational Revenue Augmentation Fund.

27 *SEC. 2. Section 1.5 of this bill incorporates amendments to*
28 *Section 97.70 of the Revenue and Taxation Code proposed by this*
29 *bill and Assembly Bill 448. It shall only become operative if (1)*
30 *both bills are enacted and become effective on or before January*
31 *1, 2017, (2) each bill amends Section 97.70 of the Revenue and*
32 *Taxation Code, and (3) this bill is enacted after Assembly Bill 448,*
33 *in which case Section 97.70 of the Revenue and Taxation Code,*
34 *as amended by Assembly Bill 448, shall remain operative only*
35 *until the operative date of this bill, at which time Section 1.5 of*
36 *this bill shall become operative, and Section 1 of this bill shall not*
37 *become operative.*

38 *SEC. 3. If the Commission on State Mandates determines that*
39 *this act contains costs mandated by the state, reimbursement to*
40 *local agencies and school districts for those costs shall be made*

1 *pursuant to Part 7 (commencing with Section 17500) of Division*
2 *4 of Title 2 of the Government Code.*

3 ~~SECTION 1. It is the intent of the Legislature to enact~~
4 ~~legislation that would restore funding to cities that were~~
5 ~~incorporated after 2004.~~

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