



Chairman

Bill Horn
County Board of
Supervisors

April 4, 2016

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Vice Chairman

Sam Abed
Mayor
City of Escondido

TO: San Diego Local Agency Formation Commission

FROM: Executive Officer
Director, Legislative Research

Members

Dianne Jacob
County Board of
Supervisors

SUBJECT: Legislative Update Report

Andrew Vanderlaan
Public Member

This is the first monthly status report on LAFCO related legislation for 2016. You will find attached copies of three documents. The first is Attachment A, a legislative summary of selected bills that staff has identified for tracking. This report is current through March 12th. The second document is Attachment B, a copy of SB 1266 (McGuire), a bill sponsored by CALAFCO that proposes to have Joint Powers Agencies provide LAFCOs with information on their formation or changes to services beginning in 2017. The third document is Attachment C, a copy of SB 817 (Roth), a bill proposing to restore funding for certain cities incorporated after 2004, a bill similar to one previously vetoed by the Governor in 2015. Legislative activity has resumed this month on new or amended bills as part of the second year of the 2015-16 legislative session. Over 1,100 new bills were introduced in January - February of 2016. Pending bills must move out of their home committee by the second week of April. The status is noted below on two bills of proposed for support:

Lorie Zapf
Councilmember
City of San Diego

Lorraine Wood
Councilmember
City of Carlsbad

Jo MacKenzie
Vista Irrigation District

Vacant
Special District

Alternate Members

Greg Cox
County Board of
Supervisors

SB 1266 (McGuire D) – Joint Exercise of Powers Act: agreements: filings

Chris Cate
Councilmember
City of San Diego

This bill is sponsored by CALAFCO and will create a direct communication between LAFCO and JPA's. The current bill as proposed focuses only on those stand-alone JPA's that were formed to provide municipal services. CALAFCO has been working with the author and stakeholders regarding concerns of the impact of the bill on JPA's regarding tracking and reporting of activities and perceived duplication of reporting. Several amendments have been included in the bill and others may be considered as the bill goes through hearings. A copy of the bill is attached as well as an information sheet prepared by CALAFCO.

Racquel Vasquez
Councilmember
City of Lemon Grove

Ed Sprague
Olivenhain Municipal
Water District

Harry Mathis
Public Member

Executive Officer

Michael D. Ott

Legal Counsel

Proposed San Diego LAFCO position – Support and Send Letter

Michael G. Colantuono

SB 817 (Roth D) – Local government finance: property tax revenue allocations: vehicle license fee adjustments

This bill is identical to SB 25 (2015) and SB 29 (2014) that were passed by the Legislature but vetoed by the Governor. SB 817 reinstates allocations to recently incorporated cities using ERAF funds that are then backfilled by the state on an annual basis. The bill proposes to restore a portion of the lost revenues and adjust funding into the future based upon a statewide formula. The Commission supported the prior bills and CALAFCO is supporting SB 817.

Proposed San Diego LAFCO position – Support and Send Letter


There are many other bills that staff continues to monitor for possible amendments and action by legislature committees. A summary is provided in Attachment A which is the CALAFCO Tracking Report.

San Diego LAFCO staff will provide the Commission with a verbal update at the meeting on any actions on these bills. Therefore, it is:

RECOMMENDED: That your Commission,

Receive this Legislative Update Report and provide direction to staff on the attached legislative bills as appropriate.

Respectfully submitted,


MICHAEL D. OTT
Executive Officer


HARRY EHRLICH
Director, Legislative Research

MDO:HE:eb

Attachments

CALAFCO Tracking Report (A)

SB 1266 (McGuire) (B)

SB 817 (Roth) (C)

CALAFCO Daily Legislative Report
as of Wednesday, March 16, 2016

AB 115 (Committee on Budget) Water.

Current Text: Amended: 6/18/2015 [pdf](#) [html](#)

Introduced: 1/9/2015

Last Amended: 6/18/2015

Status: 9/11/2015-Ordered to inactive file at the request of Senator Mitchell.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would authorize the State Water Resources Control Board to order consolidation with a receiving water system where a public water system, or a state small water system within a disadvantaged community, consistently fails to provide an adequate supply of safe drinking water. This bill would authorize the state board to order the extension of service to an area that does not have access to an adequate supply of safe drinking water so long as the extension of service is an interim extension of service in preparation for consolidation.

Position: Oppose

Subject: Disadvantaged Communities, LAFCo Administration, Special District Consolidations, Water

CALAFCO Comments: UPDATED COMMENTS: CALAFCO continues to monitor this bill to ensure it does re-present itself in another form impacting LAFCo.

OLDER COMMENTS: This bill is the same as SB 88, which was passed in 2015. As amended, AB 115 gives the State Water Resources Control Board (SWRCB) direct authority to mandate either an extension of service or consolidation of water systems, including public and private systems, and individual wells. The bill focuses on disadvantage communities. Prior to ordering the consolidation, the SWRCB must make certain determinations and take certain actions, including conducting a public hearing in the affected territory. They are also required to "consult with and fully consider input from the relevant LAFCo, the PUC, and either the city or county (whichever has land use authority). Entities are allowed 6 months to find workable solutions before the SWRCB mandates the action. Prior to making the order, the SWRCB must make certain determinations. Upon making the order, the SWRCB must make funding available to the receiving water system for capacity building (no operations and maintenance funding is provided, adequately compensate the subsumed system, pay fees to the LAFCo for whatever work they will do (which is as of now undefined) to facilitate the action. The bill also contains certain CEQA exemptions and liability relief for the subsuming water entity, as well as various penalties. Finally, the bill makes legislative findings and declarations as to the reason for the SWRCB to have these powers, which has been taken directly from the legislative findings and declarations of CKH and the reason LAFCOs have the powers they do.

CALAFCO has attempted to work with the administration for some time in defining the best possible process for these actions. However, for the most part, amendments proposed have been dismissed. CALAFCO has a number of concerns regarding the proposed process, not the least of which is the language in section 116682 (g) (the way it is worded now, it exempts the entire consolidation process and there is a legal argument that this would divest LAFCO of any authority to complete the consolidation since that authority is solely contained in CKH). Further, we requested indemnification for LAFCo as they implement section 11682(e)(4) which was also dismissed.

AB 448 (Brown D) Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Current Text: Introduced: 2/23/2015 [pdf](#) [html](#)

Introduced: 2/23/2015

Status: 8/27/2015-In committee: Held under submission.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current 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 shall 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. This bill would modify these reduction and transfer provisions, for the 2015-16 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.

Attachments:

[CALAFCO Support Letter March 2015](#)

Position: Support

Subject: Financial Viability of Agencies, Tax Allocation

CALAFCO Comments: As introduced, this bill is identical to AB 1521 (Fox) from last year. This bill reinstates the VLF payment (through ERAF) and changes the way that the growth in the VLF adjustment amount (property tax in lieu of VLF) is calculated starting in FY 2015-16 to include the growth of assessed valuation, including in an annexed area, from FY 2004-05 to FY 2015-16. Beginning in FY 2016-17, the VLF adjustment amount would be the jurisdiction's annual change in the assessed valuation

AB 2032 (Linder R) Change of organization: cities: disincorporation.

Current Text: Introduced: 2/16/2016 [pdf](#) [html](#)

Introduced: 2/16/2016

Status: 2/17/2016-From printer. May be heard in committee March 18.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 prohibits the local area formation commission from approving or conditionally approving any proposal that includes a disincorporation of a city unless the commission determines, among other things, that the disincorporation is consistent with the intent of the act, the disincorporation will address necessary changes to spheres of influence of affected agencies, and the service responsibilities of the city proposed for disincorporation have been assigned. This bill would make a nonsubstantive change to this provision.

Position: Placeholder - monitor

Subject: CKH General Procedures, Disincorporation/dissolution

CALAFCO Comments: This is a spot bill sponsored by the County Auditor's Association. CALAFCO was not contacted prior to the introduction of the bill. According to the Sponsor, LA and Riverside Counties (mostly LA County) have lingering concerns over some of the language adopted in AB 851 (Mayes, 2015). CALAFCO has reviewed the proposed amendments(not yet in print) and provided feedback to the sponsor. The vast majority of the amendments currently being proposed were also on the table last June, with the majority of those having been addressed to LA County by CALAFCO. There are three proposed amendments that are acceptable, only with the condition that all of the other stakeholders CALAFCO worked with last year also agree to them. The remaining proposed amendments are not acceptable either because they are adequately covered elsewhere within the statute or because they do not make sense. In addition, there were two proposed amendments for which we requested additional clarification. Once in print, CALAFCO will take a formal position.

AB 2277 (Melendez R) Local government finance: property tax revenue allocation: vehicle license fee adjustments.

Current Text: Introduced: 2/18/2016 [pdf](#) [html](#)

Introduced: 2/18/2016

Status: 3/3/2016-Referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Beginning with the 2004-05 fiscal year and for each fiscal year thereafter, current 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. Current 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.

Position: Watch

Subject: Financial Viability of Agencies, Tax Allocation

CALAFCO Comments: As introduced, this bill is identical to SB 817 (Roth, 2016) except that it does not

incorporate changes to the R&T Code Section 97.70 related to AB 448 (Brown, 2015). The bill calls for reinstatement of the VLF through ERAF for cities that incorporated between January 1, 2004 and January 1, 2012. There are no provisions for back payments for lost revenue, but the bill does reinstate future payments beginning in the 2016/17 year for cities that incorporated between 1-1-2004 and 1-1-2012.

AB 2471 (Quirk D) Health care districts: dissolution.

Current Text: Introduced: 2/19/2016 [pdf](#) [html](#)

Introduced: 2/19/2016

Status: 3/8/2016-Referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would require a local agency formation commission to order the dissolution of a health care district without an election if the health care district meets certain criteria, as specified. The bill would subject a dissolution under these provisions to the provisions of the act for winding up the affairs of a dissolved district.

Position: Watch

Subject: CKH General Procedures, Disincorporation/dissolution, Special District Consolidations

CALAFCO Comments: As introduced, this bill amends CKH 57103 and Health & Safety Code by adding Section 32495. These changes require a LAFCO to order the dissolution of a health care district without an election, providing the health care district: (1) does not currently receive a property tax allocation; (2) has substantial net assets; and (3) does not provide a direct health care service (defined as the ownership or operation of a hospital, medical clinic, wellness center or ambulance service).

CALAFCO was not contacted by the author prior to the bill's introduction. According to the author's office, the bill is sponsored by Alameda County and focuses on a local issue with the Eden Health Care District. However, the bill is not written exclusively to address that issue, but rather all health care districts that meet the noted criteria.

SB 552 (Wolk D) Public water systems: disadvantaged communities: consolidation or extension of service.

Current Text: Amended: 7/7/2015 [pdf](#) [html](#)

Introduced: 2/26/2015

Last Amended: 7/7/2015

Status: 7/17/2015-Failed Deadline pursuant to Rule 61(a)(10). (Last location was RLS. on 7/9/2015)

Desk	Policy	Fiscal	Floor	Desk	2 year	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law, for purposes of the California Safe Drinking Water Act, defines "disadvantaged community" to mean a disadvantaged community that is in an unincorporated area or is served by a mutual water company. This bill would allow a community to be a "disadvantaged community" if the community is in a mobilehome park even if it is not in an unincorporated area or served by a mutual water company.

Position: Watch

Subject: Disadvantaged Communities, Water

CALAFCO Comments: Previously, CALAFCO was informed by the author's office that this bill is being amended as a vehicle to clean-up the water consolidation legislation passed through as a budget trailer bill, SB 88/AB 115. However, to date there has been response from the author's office as to what that may look like. CALAFCO continues to monitor for amendments.

SB 817 (Roth D) Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Current Text: Amended: 2/22/2016 [pdf](#) [html](#)

Introduced: 1/5/2016

Last Amended: 2/22/2016

Status: 3/10/2016-Set for hearing March 30.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

3/30/2016 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, HERTZBERG, Chair

Summary:

Beginning with the 2004-05 fiscal year and for each fiscal year thereafter, currnet 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. Current 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.

Attachments:

[CALAFCO Support Letter February 29, 2016](#)

Position: Support

Subject: Financial Viability of Agencies

CALAFCO Comments: As amended, this bill is identical to SB 25 (Roth, 2015) and SB 69 (Roth, 2014). The bill calls for reinstatement of the VLF through ERAF for cities that incorporated between January 1, 2004 and January 1, 2012. There are no provisions for back payments for lost revenue, but the bill does reinstate future payments beginning in the 2016/17 year for cities that incorporated between 1-1-2004 and 1-1-2012.

[SB 1262](#) (Pavley D) Water supply planning.

Current Text: Introduced: 2/18/2016 [pdf](#) [html](#)

Introduced: 2/18/2016

Status: 3/9/2016-Set for hearing March 29.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

3/29/2016 9:00 a.m. - Room 112 SENATE NATURAL RESOURCES AND WATER, PAVLEY, Chair

Summary:

Would require a city or county that determines a project is subject to the California Environmental Quality Act to identify any water system whose service area includes the project site and any water system adjacent to the project site. This bill would require, if a water source for a proposed project includes water of a quality not sufficient to meet certain drinking water standards, that prescribed additional information be included in a water supply assessment. This bill, if no water system is identified, would require a city or county to prepare a technical report containing prescribed information.

Position: Watch

Subject: Water

CALAFCO Comments: As introduced, this complicated bill makes a number of changes to GC Section 66473.7 and Section 10910 of the Water Code. In 66473.7, in the definitions section, the bill adds definitions pertaining to the use of groundwater by a proposed subdivision as the source of water. It adds an adopted groundwater sustainability plan as optional substantial evidence that the water system has sufficient water supply to meet the demands of the subdivision project. The bill adds that a groundwater basin identified by the State Water Resources Control Board (SWRCB) as a probationary basin is not considered a viable water supply.

In Water Code section 10910, the bill makes the following changes: If no water system that is within or adjacent to the service area of the project site is identified as a viable source of water for the project, the city or county shall prepare a technical report that includes five factors. Based on this report, if the city or county determines that it is feasible for a water system to provide water to the project, the city or county shall submit the technical report to the local LAFCo with jurisdiction over the project. If the LAFCo denies the annexation or extension of service then the city or county shall develop a water supply assessment as outlined in 10910.

What is unclear to CALAFCO at this time is what is to be done with the assessment once completed, and why it is not completed prior to the LAFCo considering the application as part of the CEQA process.

[SB 1266](#) (McGuire D) Joint Exercise of Powers Act: agreements: filings.

Current Text: Introduced: 2/18/2016 [pdf](#) [html](#)

Introduced: 2/18/2016

Status: 3/3/2016-Referred to Com. on GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

3/30/2016 Anticipated Hearing - Not in DailyFile SENATE GOVERNANCE AND FINANCE, HERTZBERG, Chair

Summary:

When a joint powers agreement provides for the creation of an agency or entity, separate from the parties

to the agreement and responsible for its administration, current law requires that agency or entity to cause a notice of the agreement or amendment to be prepared and filed, as specified, with the Secretary of State. This bill would require an agency or entity required to file documents with the Controller, as described above, that includes a member that is a local agency and is a joint powers authority or joint powers agency, to also file a copy of the agreement or amendment with the local agency formation commission in each of the counties in each county within which all or any part a local agency member's territory is located within 90 days after the effective date of the agreement or amendment.

Attachments:

[CALAFCO Support Letter February 29, 2016](#)

Position: Sponsor

Subject: Joint Power Authorities, LAFCo Administration

CALAFCO Comments: This is a CALAFCO sponsored bill with a number of amendments pending, as, although submitted to Leg Counsel for inclusion, were not included in the introductory version of the bill. The intent is that all stand-alone JPAs, as defined in GC Section 56047.7, which includes a member that is a public agency as defined in GC Section 56054, and are formed for the purposes of delivering municipal services, shall file a copy of their agreement (and a copy of any amendments to that agreement) with the LAFCo in each county within which all or any part a local agency member's territory is located.

SB 1318 (Wolk D) Local government: drinking water infrastructure or services: wastewater infrastructure or services.

Current Text: Introduced: 2/19/2016 [pdf](#) [html](#)

Introduced: 2/19/2016

Status: 3/10/2016-Set for hearing March 30.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

3/30/2016 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, HERTZBERG, Chair

Summary:

Would prohibit a local agency formation commission from authorizing a city or a district to extend drinking water infrastructure or services or wastewater infrastructure or services until it has extended those services to all disadvantaged communities within or adjacent to its sphere of influence, as specified, or has entered into an agreement to extend those services to those disadvantaged communities, unless specified conditions are met. This bill contains other related provisions and other existing laws.

Position: Watch

Subject: Disadvantaged Communities, LAFCo Administration, Municipal Services, Service Reviews/Spheres, Water

CALAFCO Comments: As introduced, this bill amends GC Sections 56133, 56425 and 56430. To begin, the bill would prohibit a LAFCo commission from authorizing a city or a district to extend drinking water or wastewater infrastructure or services until it has extended those services to all disadvantaged communities within or adjacent to its sphere of influence, as specified, or has entered into an agreement to extend those services to those disadvantaged communities, unless specified conditions are met. Further, it prohibits the commission from approving a sphere of influence (SOI) update where there exists a disadvantaged unincorporated community (DUC) within or adjacent to the city or special district's SOI that lacks safe drinking water or wastewater infrastructure or services unless specified conditions are met. This bill would prohibit commissions from authorizing a city or a district to extend drinking water or wastewater infrastructure or services until it has extended services to all disadvantaged communities within or adjacent to its sphere of influence, as specified, or has entered into an agreement to extend those services to those disadvantaged communities.

The bill would additionally prohibit a commission from approving an annexation to a city or qualified special district of any territory greater than 10 acres, or as determined by commission policy, where there exists a DUC within or adjacent to the SOI of a city or special district that lacks safe drinking water or wastewater infrastructure or services, unless the city or special district has entered into an enforceable agreement to extend those services into the DUC as specified. The bill would define "qualified special district" to mean a special district with more than 500 service connections.

The bill changes, when determining a SOI, the assessment of the feasibility of a reorg of agencies and recommendations of reorg of those agencies when it is found to be feasible, to a mandate (changes 56425 (h) from "may" to "shall"). Further, it adds (k), prohibiting a commission from approving a SOI update that removes a disadvantaged community from a city's sphere of influence unless a majority of the voters in the disadvantaged community approve of the proposed SOI.

The bill adds several requirements in GC Section 56430 relating to Municipal Service Reviews. First, it changes (b) to mandate the commission to assess various alternatives relating to the efficiency and affordability of infrastructure and delivery of services; and changes (c) to mandate the commission to include a review whether the agency being reviewed is in compliance with the CA Safe Drinking Water Act.

The bill: (1) Adds a number of unfunded mandates to LAFCo; (2) Requires LAFCo for the first time to study territory outside a sphere; (3) Requires LAFCo to include non-public agencies in studies; (4) Changes the final authority to approve spheres in certain situations from LAFCo to the voters and/or residents; (5) Ties the hands of LAFCo in extending services or annexing where reasonable; (6) Removes LAFCo discretion; and (7) Adds two requirements for LAFCo when making sphere determinations.

[AB 1362](#) ([Gordon D](#)) Mosquito abatement and vector control districts: board of trustees: appointment of members.

Current Text: Amended: 1/19/2016 [pdf](#) [html](#)

Introduced: 2/27/2015

Last Amended: 1/19/2016

Status: 2/4/2016-Referred to Com. on GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chapted
1st House				2nd House							

Summary:

Would authorize a city council, located in an existing or newly formed district as specified, to adopt a resolution requesting that appointments of persons to the board of trustees instead be made by a city selection committee, established pursuant to specified provisions of law, and conditioned upon a majority of authorized city councils adopting their respective resolutions. This bill would authorize the city selection committee to decrease the total number of appointments to be made by the committee if a majority of city councils within the district make this request in their respective resolutions.

Position: Watch

CALAFCO Comments: As amended, this bill amends the Health and Safety Code by creating an alternative option to the appointment process to the board of trustees of a district. The additional process calls for the City Selection Committee to make appointments rather than the cities themselves in a case where a majority of the city councils located within the district and are authorized to appoint a person to the board of trustees adopt resolutions approving of this alternate appointment process. No change is being made to how the County Board of Supervisors makes their appoint to the district board.

This is a locally supported bill, stemming from an issue in San Mateo with their Mosquito Abatement District which is in the Assembly member's district.

[AB 2414](#) ([Garcia, Eduardo D](#)) Desert Healthcare District.

Current Text: Introduced: 2/19/2016 [pdf](#) [html](#)

Introduced: 2/19/2016

Status: 3/8/2016-Referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chapted
1st House				2nd House							

Summary:

Would authorize the expansion of the Desert Healthcare District to include the eastern Coachella Valley region by requiring the Board of Supervisors of the County of Riverside to submit a resolution of application to the Riverside County Local Agency Formation Commission, and, upon direction by the commission, to place approval of district expansion on the ballot at the next countywide election following the completion of the review by the commission.

Position: Watch

Subject: Disincorporation/dissolution, LAFCo Administration

CALAFCO Comments: This bill requires the approval of the expansion of the territory within the Desert Healthcare District. It requires Riverside LAFCo to process, without the authority to deny, an application by the County of Riverside to expand the district. It further requires the Riverside LAFCo to consult with and complete a fiscal analysis with the District's Board, County Auditor-Controller, affected local entities and all interested stakeholders. The County Board of Supervisors is required to submit the application to LAFCo no more than 15 days after the enactment of the legislation, and Riverside LAFCo is required to

complete the review on or before August 1, 2016. The bill eliminates the protest provisions for the purposes of this application. The bill further requires that is a sufficient funding source to expand the district is identified, the expansion will be subject to a vote of the registered voters within the proposed expanded district.

This bill is reminiscent of AB 3 (Williams, 2015) in that it strips the local LAFCo of their authority. Additionally, the timelines proposed within this bill for the LAFCo are unrealistic.

AB 1658 (Bigelow R) Happy Homestead Cemetery District: nonresident burial.

Current Text: Introduced: 1/13/2016 [pdf](#) [html](#)

Introduced: 1/13/2016

Status: 2/4/2016-Referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would authorize the Happy Homestead Cemetery District in the City of South Lake Tahoe in the County of El Dorado to use its cemeteries to inter residents of specified Nevada communities if specified conditions are met. This bill contains other related provisions.

Position: Watch

Subject: Special District Principle Acts

AB 1707 (Linder R) Public records: response to request.

Current Text: Introduced: 1/25/2016 [pdf](#) [html](#)

Introduced: 1/25/2016

Status: 3/8/2016-In committee: Set, first hearing. Hearing canceled at the request of author.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

3/29/2016 9 a.m. - State Capitol, Room 4202 ASSEMBLY JUDICIARY, STONE, Chair

Summary:

The California Public Records Act requires state and local agencies to make public records available for inspection, unless an exemption from disclosure applies. The act requires a response to a written request for public records that includes a denial of the request, in whole or in part, to be in writing. This bill instead would require that response to be in writing regardless of whether the request was in writing. The bill would require that written response additionally to include a list that contains the title or other identification of each record requested but withheld due to an exemption and the specific exemption that applies to that record.

Position: Watch

Subject: Public Records Act

CALAFCO Comments: As introduced, this bill would require LAFCos, when responding to a Public Records Request for which a determination has been made to deny the request, to include in the written response the title (or other identification) of each record that was requested and not provided, and the specific exemption that applies to that record.

AB 2142 (Steinorth R) Local government finance.

Current Text: Introduced: 2/17/2016 [pdf](#) [html](#)

Introduced: 2/17/2016

Status: 2/18/2016-From printer. May be heard in committee March 19.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law requires the county auditor, in the case in which a qualifying city becomes the successor agency to a special district as a result of a merger with that district as described in a specified statute, to additionally allocate to that successor qualifying city that amount of property tax revenue that otherwise would have been allocated to that special district pursuant to general allocation requirements. This bill would make nonsubstantive changes to the provision pertaining to property tax revenue allocations to a qualifying city that merges with a special district.

Position: Watch

CALAFCO Comments: As introduced, this appears to be a spot bill, although CALAFCO is still trying to confirm. The bill targets Section 96.15 of the Rev & Tax code pertaining to property tax revenue allocations to a qualifying city that merges with a special district.

[AB 2257](#) ([Maienschein R](#)) Local agency meetings: agenda: online posting.

Current Text: Introduced: 2/18/2016 [pdf](#) [html](#)

Introduced: 2/18/2016

Status: 3/3/2016-Referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

The Ralph M. Brown Act requires the legislative body of a local agency to post, at least 72 hours before the meeting, an agenda containing a brief general description of each item of business to be transacted or discussed at a regular meeting, in a location that is freely accessible to members of the public and to provide a notice containing similar information with respect to a special meeting at least 24 hours prior to the special meeting. This bill would require an online posting of an agenda by a local agency to have a prominent direct link to the current agenda itself.

Position: Watch

Subject: LAFCo Administration

CALAFCO Comments: As introduced, this bill amends GC Section 54954.2 pertaining to the online posting of a local agency's meeting agenda. The bill requires that online posting to have a prominent and direct link to the current agenda itself from the local agency's homepage. This means that LAFCos will have to post a prominent link on their website's homepage, directly taking the user to the meeting agenda.

[AB 2389](#) ([Ridley-Thomas D](#)) Special districts: district-based elections: reapportionment.

Current Text: Introduced: 2/18/2016 [pdf](#) [html](#)

Introduced: 2/18/2016

Status: 3/8/2016-Referred to Coms. on E. & R. and L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would authorize a governing body of a special district, as defined, to require, by resolution, that the election of the members of its governing body be elected using district-based elections without being required to submit the resolution to the voters for approval.

Position: Watch

CALAFCO Comments: As introduced, this bill allows special districts, if approved by resolution of the governing board, to conduct elections of their governing board using district-based elections, without being required to submit the resolution to the voters for approval.

[AB 2435](#) ([Mayes R](#)) Local government organization: disincorporated cities.

Current Text: Introduced: 2/19/2016 [pdf](#) [html](#)

Introduced: 2/19/2016

Status: 2/22/2016-Read first time.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Under that Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, upon disincorporation of a city, on and after the effective date of that disincorporation, the territory of the disincorporated city, all inhabitants within the territory, and all persons formerly entitled to vote by reason of residing within that territory, are no longer subject to the jurisdiction of the disincorporated city. This bill would make a technical, nonsubstantive change to this provision.

Position: Placeholder - monitor

Subject: Disincorporation/dissolution

CALAFCO Comments: This is a spot bill. According to the author's office, they have no intention of using it to amend CKH but rather as a vehicle to amend another unrelated section of the Government Code. CALAFCO will continue to monitor.

[AB 2801](#) ([Gallagher R](#)) Civil procedure: validation actions.



Current Text: Introduced: 2/19/2016 [pdf](#) [html](#)

Introduced: 2/19/2016

Status: 3/14/2016-Referred to Com. on JUD.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law authorizes a public agency to bring an action in court to determine the validity of certain matters within 60 days of the existence of the matter, as specified. If the public agency does not bring this action, current law authorizes any interested person to bring the same action in court to determine the validity within 60 days of the existence of the matter, as specified. This bill would delete the prohibition on a contest of any thing or matter under these provisions being made other than within the specified time and manner, except by the public agency or its officer or agent.

Position: Watch

Subject: LAFCo Administration

CALAFCO Comments: This bill will would remove the 60 day statute of limitations on bringing a validation action to court for any public agency, including LAFCo.

[AB 2853](#) (Gatto D) Public records.

Current Text: Introduced: 2/19/2016 [pdf](#) [html](#)

Introduced: 2/19/2016

Status: 2/22/2016-Read first time.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

The California Public Records Act defines the term "public record," for purposes of that act, to mean any writing containing information relating to the conduct of the public's business prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics. This bill would express the intent of the Legislature to subsequently amend this bill to include provisions that would clarify that the term "public record," for purposes of that act, includes those writings kept on the private cellular phone or other electronic device of an elected official, official, or employee or a public agency if those records relate to the public's business.

Position: Placeholder - monitor

Subject: Public Records Act

CALAFCO Comments: As introduced, this is a spot bill declaring the intention of the legislature to expand the definition of "public record" to include writing kept on a private cell phone or other electronic device of an elected official, official, or employee of a public agency if they relate to the business of the public agency.

[SB 971](#) (Committee on Governance and Finance) Validations.

Current Text: Introduced: 2/8/2016 [pdf](#) [html](#)

Introduced: 2/8/2016

Status: 3/10/2016-Set for hearing March 30.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

3/16/2016 HEARING CANCELED SENATE GOVERNANCE AND FINANCE, HERTZBERG, Chair

3/30/2016 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, HERTZBERG, Chair

Summary:

Would enact the First Validating Act of 2016, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill would declare that it is to take effect immediately as an urgency statute.

Attachments:

[CALAFCO Support Letter February 29, 2016](#)

Position: Support

CALAFCO Comments: One of three annual acts which validate the boundaries of all local agencies.

[SB 972](#) (Committee on Governance and Finance) Validations.

Current Text: Introduced: 2/8/2016 [pdf](#) [html](#)

Introduced: 2/8/2016

Status: 3/10/2016-Set for hearing March 30.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

3/16/2016 HEARING CANCELED SENATE GOVERNANCE AND FINANCE, HERTZBERG, Chair
 3/30/2016 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, HERTZBERG, Chair

Summary:

Would enact the Second Validating Act of 2016, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill would declare that it is to take effect immediately as an urgency statute, but would become operative on a specified date.

Attachments:

[CALAFCO Support Letter February 29, 2016](#)

Position: Support

CALAFCO Comments: One of three annual acts which validate the boundaries of all local agencies.

[SB 973](#) (Committee on Governance and Finance) Validations.

Current Text: Introduced: 2/8/2016 [pdf](#) [html](#)

Introduced: 2/8/2016

Status: 3/10/2016-Set for hearing March 30.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

3/16/2016 HEARING CANCELED SENATE GOVERNANCE AND FINANCE, HERTZBERG, Chair
 3/30/2016 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, HERTZBERG, Chair

Summary:

Would enact the Third Validating Act of 2016, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Attachments:

[CALAFCO Support Letter February 29, 2016](#)

Position: Support

CALAFCO Comments: One of three annual acts which validate the boundaries of all local agencies.

[SB 974](#) (Committee on Governance and Finance) Local government: omnibus.

Current Text: Introduced: 2/8/2016 [pdf](#) [html](#)

Introduced: 2/8/2016

Status: 2/18/2016-Referred to Com. on GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

The Planning and Zoning Law requires that the safety element be reviewed and updated, in the case of flooding and fire hazards, upon the next revision of the housing element after specified dates or, in the case of climate adaptation and resilience strategies, upon either the next revision of a local hazard mitigation plan after a specified date or on or before January 1, 2022, as applicable. This bill would instead require a planning agency to review and revise the safety element to identify new information, as described above, only after to address flooding and fires.

Position: Watch

CALAFCO Comments: As introduced, this bill is the Senate Governance & Finance Committee's annual Omnibus bill.

[SB 1009](#) (Nielsen R) Public cemeteries: nonresidents.

Current Text: Introduced: 2/11/2016 [pdf](#) [html](#)

Introduced: 2/11/2016

Status: 2/25/2016-Referred to Com. on GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would authorize a district that serves at least one county with a population of fewer than 10,000 residents or that has a population not exceeding 20,000 and is contained in a nonmetropolitan area, to inter a person who is not a resident of the district in a cemetery owned by the district if specified criteria are met, including that the district requires the payment of a nonresident fee and the board of trustee

determines that the cemetery has adequate space for the foreseeable future.

Position: Watch

Subject: Special District Powers

CALAFCO Comments: This bill would authorize a district that serves at least one county with a population of fewer than 10,000 residents or that has a population not exceeding 20,000 and is contained in a non-metropolitan area, to inter a person who is not a resident of the district in a cemetery owned by the district if specified criteria are met, including that the district requires the payment of a nonresident fee and the board of trustee determines that the cemetery has adequate space for the foreseeable future.

[SB 1263](#) ([Wieckowski D](#)) Public water system: permits.

Current Text: Introduced: 2/18/2016 [pdf](#) [html](#)

Introduced: 2/18/2016

Status: 3/15/2016-Set for hearing April 6.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

4/6/2016 9:30 a.m. - Room 3191 SENATE ENVIRONMENTAL QUALITY, WIECKOWSKI, Chair

Summary:

Would, commencing January 1, 2017, prohibit an application for a permit for a new public water system from being deemed complete unless the applicant has submitted a preliminary technical report to the State Water Resources Control Board, as specified, and would allow the state board to impose technical, financial, or managerial requirements on the permit.

Position: Watch

Subject: Water

CALAFCO Comments: As introduced, this bill would prohibit an application for a permit for a new public water system from being deemed complete unless the applicant has submitted a preliminary technical report to the state board, as specified, and would allow the state board to impose technical, financial, or managerial requirements on the permit. The bill would prohibit a public water system not in existence on January 1, 1998, from being granted a permit unless the public water system demonstrates that the water supplier also possesses adequate water rights to ensure the delivery safe drinking water, and would specify that the prohibition applies to any change in ownership of the public water system, including the consolidation of a public water system. The bill would allow the state board to deny the permit if the state board determines that the service area of the public water system can be served by one or more currently permitted public water systems. Finally, the bill would prohibit a local primacy agency from issuing a permit without the concurrence of the state board.

[SB 1276](#) ([Moorlach R](#)) Local agencies.

Current Text: Introduced: 2/19/2016 [pdf](#) [html](#)

Introduced: 2/19/2016

Status: 3/3/2016-Referred to Com. on RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, establishes the sole and exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts. This bill would make nonsubstantive changes to the above-described law.

Position: Placeholder - monitor

Subject: CKH General Procedures

CALAFCO Comments: This is a spot bill to amend CKH. CALAFCO has not been contacted by the author's office regarding their intent.

[SB 1292](#) ([Stone R](#)) Grand juries: reports.

Current Text: Introduced: 2/19/2016 [pdf](#) [html](#)

Introduced: 2/19/2016

Status: 3/3/2016-Referred to Com. on PUB. S.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law authorizes a grand jury to request a subject person or entity to come before the grand jury

for the purpose of reading and discussing the findings of the grand jury report that relates to that person or entity in order to verify the accuracy of the findings prior to their release. This bill would require a grand jury to request a subject person or entity to come before the grand jury as described above.

Position: Watch

Subject: Other

CALAFCO Comments: Sponsored by CSDA, there are amendments pending to this bill. Those amendments would require the Grand Jury to conduct an exit interview with report subjects to discuss and share findings. They may also provide a copy of the subject's report. The subject will have no less than 5 working days to provide written comments back to the Grand Jury for their consideration before the report is public. One the Grand Jury report is approved by a judge, the Grand Jury is required to provide a copy of the section pertaining to the subject to that entity no later than 6 working days prior to the reports public release. The subject entity can submit a preliminary response to the report to the Grand Jury, who is then required to make those prelim comments public at the time the report is made public.

This will allow LAFcos, when they are the subject of a Grand Jury report, to meet with the Grand Jury and hear their findings, and for the LAFco to respond to those findings and offer additional information or corrections. Further, it allows the LAFco to provide preliminary comments that are required to be posted with the report when it is made public.

SB 1360 (Bates R) Local government.

Current Text: Introduced: 2/19/2016 [pdf](#) [html](#)

Introduced: 2/19/2016

Status: 3/3/2016-Referred to Com. on RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Under current law, the legislative body of any local agency, defined to mean a county, city, city and county, or public district, may contract with any other local agency for the performance by the latter of municipal services or functions within the territory of the former, but prohibits the force account limit applicable to the local agency contracting to receive services from being exceeded. Current law excepts from that prohibition agreements made before January 1, 1981, or the current term of any self-renewing or renewable agreement entered into before that date. This bill would make nonsubstantive changes to that provision.

Position: Placeholder - monitor

Subject: Municipal Services

CALAFCO Comments: This bill appears to be a spot bill amending GC Section 54983, relating to the authority of local agencies to enter into agreements to provide municipal services. CALAFCO has no other information regarding this bill at this time.

SB 1436 (Bates R) Local agency meetings: local agency executive compensation: discussion of final action taken.

Current Text: Introduced: 2/19/2016 [pdf](#) [html](#)

Introduced: 2/19/2016

Status: 3/10/2016-Referred to Com. on GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law prohibits the legislative body from calling a special meeting regarding the salaries, salary schedules, or compensation paid in the form of fringe benefits, of a local agency executive, as defined. This bill would require the final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive to be made a separate discussion item and not placed on a consent calendar.

Position: Watch

Subject: LAFco Administration, Other

CALAFCO Comments: As introduced, this bill requires LAFcos, when taking final action on salary for the LAFco's executive, to be made as a separate discussion agenda item rather than a content calendar item on the agenda.

Total Measures: 30

Total Tracking Forms: 30

Introduced by Senator McGuireFebruary 18, 2016

An act to amend Section 6503.6 of, and to add Section 6503.8 to, the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

SB 1266, as introduced, McGuire. Joint Exercise of Powers Act: agreements: filings.

The Joint Exercise of Powers Act generally authorizes 2 or more public agencies, by agreement, to jointly exercise any common power, which is generally termed a joint powers agreement. When a joint powers agreement provides for the creation of an agency or entity, separate from the parties to the agreement and responsible for its administration, existing law requires that agency or entity to cause a notice of the agreement or amendment to be prepared and filed, as specified, with the Secretary of State. Existing law requires an agency or entity that files a notice of agreement or amendment with the Secretary of State to also file a copy of the original joint powers agreement, and any amendments to the agreement, with the Controller.

This bill would require an agency or entity required to file documents with the Controller, as described above, that includes a member that is a local agency and is a joint powers authority or joint powers agency, to also file a copy of the agreement or amendment with the local agency formation commission in each of the counties in each county within which all or any part a local agency member's territory is located within 90 days after the effective date of the agreement or amendment. The bill would also require a separate agency or entity that is a joint powers authority or joint powers agency and was constituted pursuant to a joint powers agreement that includes as a member a local agency and was

entered into prior to January 1, 2017, and is responsible for the administration of the agreement, to file a copy of the agreement with the local agency formation commission in each of the counties in each county within which all or any part a local agency member's territory is located no later than July 1, 2017. The bill would define the terms "local agency," "joint powers authority," and "joint powers agency" by reference to specified statutes for these purposes.

By requiring specified joint powers agencies to file certain documents with a local agency formation commission, 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.

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. Section 6503.6 of the Government Code is
2 amended to read:

3 6503.6. ~~Whenever~~ *When* an agency or entity files a notice of
4 agreement or amendment with the office of the Secretary of State
5 pursuant to Section 6503.5, the agency or entity shall file a copy
6 of the full text of the original joint powers agreement, and any
7 amendments to the agreement, with the Controller. *If the agency*
8 *or entity includes a member that is a local agency, as defined in*
9 *Section 56054, and is a joint powers authority or joint powers*
10 *agency, as defined in Section 56047.7, the agency or entity shall,*
11 *within 90 days after the effective date of the agreement or*
12 *amendment, file a copy of the agreement or amendment with the*
13 *local agency formation commission in each county within which*
14 *all or any part a local agency member's territory is located.*

15 SEC. 2. Section 6503.8 is added to the Government Code, to
16 read:

17 6503.8. No later than July 1, 2017, a separate agency or entity
18 that is a joint powers authority or joint powers agency, as defined

1 in Section 56047.7, and was constituted pursuant to a joint powers
2 agreement that includes as a member a local agency, as defined in
3 Section 56054, and was entered into prior to January 1, 2017, shall,
4 as the agency responsible for the administration of the agreement,
5 cause a copy of the agreement and any amendments to the
6 agreement to be filed with the local agency formation commission
7 in each affected county.

8 SEC. 3. If the Commission on State Mandates determines that
9 this act contains costs mandated by the state, reimbursement to
10 local agencies and school districts for those costs shall be made
11 pursuant to Part 7 (commencing with Section 17500) of Division
12 4 of Title 2 of the Government Code.

AMENDED IN SENATE FEBRUARY 22, 2016

SENATE BILL

No. 817

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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