

**AB 1521 (Fox) and SB 69 (Roth) -
CALAFCO Letter of Support,
Capital Track Bill Summary**

Attachment 2

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11 February 2014

Assemblymember Steve Fox
California State Assembly
State Capital Room 3132
Sacramento, CA 95814

Subject: **Support of AB 1521**

Dear Assemblymember Fox:

The California Association of Local Agency Formation Commissions is pleased to support AB 1521, authored by you. The bill reinstates allocations to cities which recently annexed inhabited areas, consistent with the allocation formula those communities relied upon when making the decision to annex the affected territory. Furthermore the bill declares the act as an urgency statute which will take effect immediately.

The CALAFCO Board believes the VLF gap created by SB 89, one of the 2011 budget bills, created a financial disincentive for future city incorporations and annexations of inhabited territory. Further, it created severe fiscal penalties for those communities which chose to annex inhabited territories, particularly unincorporated islands. In several previous legislative acts the Legislature had directed LAFCos to work with cities to annex unincorporated inhabited islands. SB 89 also created severe penalties for those communities which have recently voted to incorporate themselves.

Reinstating revenues for annexations and incorporations is consistent with the CALAFCO legislative policy of providing communities with local governance and efficient service delivery options, including the ability to incorporate or annex.

Because AB 1527 reinstates a critical funding component to inhabited annexations, CALAFCO supports this bill.

Thank you for carrying this important legislation.

Sincerely yours,



Pamela Miller
Executive Director

Cc: Committee Members, Assembly Local Government Committee
Misa Yokoi-Shelton, Associate Consultant, Assembly Local Government Committee
William Weber, Consultant, Senate Republican Caucus



AB 1521 (Fox D) Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Status

2/6/2014 - Referred to Com. on L. GOV.

Calendar:

4/30/2014 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, ACHADJIAN, Chair

Summary

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 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 2014-15 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. This bill contains other related provisions and other existing laws. (Based on text date 1/16/2014)

Bill Text

01/16/2014 Introduced [html](#) [pdf](#)

Analyses

Votes

History

02/06/2014 Feb. 6 Referred to Com. on L. GOV.

01/17/2014 Jan. 17 From printer. May be heard in committee February 16.

01/16/2014 Jan. 16 Read first time. To print.

4/14/2014 11:46:35 AM

11 February 2014

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Executive Assistant

Senator Richard Roth
California State Senate
State Capital Room 4034
Sacramento, CA 95814

Subject: **Support of SB 69**

Dear Senator Roth:

The California Association of Local Agency Formation Commissions (CALAFCO) is pleased to support SB 69 as amended and authored by you (and former Senator Emmerson). Amended to mirror SB 56 (which CALAFCO also supported), the bill reinstates allocations to recently incorporated cities and cities which annexed inhabited areas, consistent with the allocation formula those communities relied upon when making the decision to incorporate or annex the affected territory.

The CALAFCO Board believes the VLF gap created by SB 89, one of the 2011 budget bills, created a financial disincentive for future city incorporations and annexations of inhabited territory. Further, it created severe fiscal penalties for those communities which chose to annex inhabited territories, particularly unincorporated islands. In several previous legislative acts the Legislature had directed LAFCos to work with cities to annex unincorporated inhabited islands. SB 89 also created severe penalties for those communities which have recently voted to incorporate themselves. While SB 56 does not eliminate these disincentives and penalties for future incorporations and annexations, it makes whole the cities incorporated since 2005, and avoids the likely disincorporation or bankruptcies of these cities.

Reinstating revenues for incorporations and annexations is consistent with the CALAFCO legislative policy of providing communities with local governance and efficient service delivery options, including the ability to incorporate or annex.

Because SB 69 reinstates a critical funding component to incorporations and inhabited annexations, CALAFCO supports this bill.

Thank you for continuing to carry this important legislation.

Sincerely yours,



Pamela Miller
Executive Director

Cc: Committee Members, Senate Local Governance and Finance Committee
Brian Weinberger, Consultant, Senate Local Governance and Finance Committee
Ryan Eisberg, Consultant, Senate Republican Caucus

AMENDED IN ASSEMBLY SEPTEMBER 12, 2013

AMENDED IN SENATE MAY 28, 2013

AMENDED IN SENATE MAY 24, 2013

AMENDED IN SENATE MAY 8, 2013

AMENDED IN SENATE APRIL 25, 2013

SENATE BILL

No. 69

**Introduced by ~~Senator Liu~~ *Senators Roth and Emmerson*
(Principal coauthors: *Senators Block, De León, Lara, Leno, Padilla,
and Steinberg*)
(Coauthors: *Senators Hancock, Hill, and Monning*)**

January 10, 2013

~~An act to amend Sections 47634.1, 49085, and 52052 of, to amend and renumber the heading of Article 4 (commencing with Section 2570) of Chapter 12 of Part 2 of Division 1 of Title 1 of, to amend and repeal Sections 14002.5, 42238, 42238.1, 42238.2, 42238.3, 42238.4, 42238.41, 42238.42, 42238.43, 42238.44, 42238.445, 42238.45, 42238.46, 42238.48, 42238.485, 42238.49, 42238.5, 42238.51, 42238.52, 42238.53, 42238.6, 42238.7, 42238.75, 42238.8, 42238.9, 42238.95, 42238.11, 42238.12, 42238.13, 42238.14, 42238.145, 42238.146, 42238.17, 42238.18, 42239, 42240.1, 42241.3, 42241.7, 42243.7, 47630.5, and 47633 of, to amend, repeal, and add Sections 1622, 14002, 14002.1, 14003, 14501, 33127, 41020, 41202, 42127, 46201.2, 47604.33, 47610, 47631, and 47632 of, to add Sections 2558.7, 2569, 42238.01, 42238.02, 42238.03, 42238.04, 42238.05, 42238.051, 42238.052, 42238.053, 42238.06, and 60902 to, to add Article 3 (commencing with Section 2574) to Chapter 12 of Part 2 of Division 1 of Title 1 of, to add Article 5 (commencing with Section 52060) to Chapter 6.1 of Part 28 of Division 4 of Title 2 of, to repeal Article 3~~

~~(commencing with Section 2550) of Chapter 12 of Part 2 of Division 1 of Title 1 of, and to repeal Article 3.5 (commencing with Section 2560) of Chapter 12 of Part 2 of Division 1 of Title 1 of, the Education Code, relating to school finance. An act to amend Section 97.70 of the Revenue and Taxation Code, relating to local government finance.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 69, as amended, *Liu Roth. School finance: new pupil funding formula. Local government finance: property tax revenue allocation: 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 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.

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 the 2013–14 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. This bill would also modify these reduction and transfer provisions, for the 2013–14 fiscal year and for

each fiscal year thereafter, by providing for a vehicle license fee adjustment amount for certain cities incorporating after a specified date, as provided.

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.

~~(1) Existing law establishes the public school system in this state, and, among other things, provides for the establishment of county superintendents of schools, school districts, and charter schools throughout the state and for their provision of instruction at the public elementary and secondary schools these local educational agencies maintain. Existing law establishes a public school financing system that requires funding for county superintendents of schools and school districts to be calculated pursuant to a revenue limit, as specified, and requires funding for charter schools to be calculated pursuant to a general purpose entitlement, except as provided, and requires the revenue limit and general purpose entitlement to be composed of, among other things, state aid and certain local revenues.~~

~~This bill, commencing in the 2014-15 fiscal year, would revise and recast the provisions related to the public school financing system by requiring state funding for county superintendents of schools, school districts, and charter schools that previously received a general purpose entitlement, to be calculated pursuant to a local control funding formula, as specified.~~

~~(2) Existing law requires a county board of education, a governing board of a school district, and a governing body of a charter school to annually adopt a budget, as specified.~~

~~This bill would require a county board of education, a governing board of a school district, and a governing body of a charter school that receives its funding directly, as specified, to annually adopt or revise a local control and accountability plan that aligns with the annual budget and contains certain elements and that, among other things, was~~

~~developed in consultation with teachers, principals, administrators, other school personnel, parents, and pupils. By requiring county boards of education and school districts to annually adopt or revise a local control and accountability plan, the bill would impose a state-mandated local program.~~

~~(3) Existing law requires the State Department of Education to ensure that the California School Information Services system meets the needs of pupils in foster care and includes disaggregated data on pupils in foster care.~~

~~This bill would instead require the department to enter into a memorandum of understanding with the State Department of Social Services for purposes of sharing specified information related to pupils under supervision of the juvenile court. The bill would also require the Superintendent of Public Instruction to submit a report related to pupils under supervision of the juvenile court, as specified, to the Legislature and the Governor by February 15 of each even-numbered year.~~

~~(4) This bill would, on or before March 1, 2014, require the Legislative Analyst's Office to submit recommendations to the fiscal committees of both houses of the Legislature regarding revisions to the methods of funding pupil transportation, as specified.~~

~~(5) This bill would make conforming changes, correct cross-references, and make other nonsubstantive changes.~~

~~(6) This bill would become operative only if specified legislation is enacted in the 2013-14 Regular Session.~~

~~(7) 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 97.70 of the Revenue and Taxation Code*
- 2 *is amended to read:*