

**LOCAL AGENCY FORMATION COMMISSION  
FOR SAN BERNARDINO COUNTY**

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**DATE:** MARCH 19, 2019   
**FROM:** SAMUEL MARTINEZ, Executive Officer  
**TO:** LOCAL AGENCY FORMATION COMMISSION

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**SUBJECT: AGENDA ITEM #11 – LEGISLATIVE UPDATE REPORT**

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**RECOMMENDATION:**

Staff recommends that the Commission:

1. Note receipt of the report and file;
2. Indicate its support for AB 1253 (Rivas) related to LAFCO grant funding;
3. Indicate its support for AB 1822 (Assembly Local Government Committee) related to the annual CALAFCO sponsored Omnibus bill;
4. Indicate its support for AB 213 (Reyes) related to the return of the VLF payment to cities which had annexed inhabited land;
5. Indicate its support for AB 818 (Cooley) related to VLF allocation to newly incorporated cities,
6. Authorize the Chairman to sign letters identifying these positions and direct staff to forward to the authors (Committees assigned, if any), CALAFCO, and San Bernardino County Legislative delegations.

**BACKGROUND:**

Attachment #1 is the CALAFCO Daily Legislative Report for Tuesday, March 19, 2019 outlining the current status of all bills considered to be of importance to LAFCO. The following are the bills that LAFCO staff recommends support from the Commission:

- **AB 1253 (Rivas)** – Local agency formation commissions: grant program

This is a CALAFCO sponsored bill following up on the recommendation of the Little Hoover Commission report of 2017 for the Legislature to provide LAFCOs one-time grant funding, to be administered by the Strategic Growth Council (SGC), used specifically for conducting special studies to identify and support opportunities to create greater efficiencies in the provision of municipal services and to potentially initiate actions based on those studies (including the dissolution of inactive districts). The bill also changed the protest thresholds for LAFCO initiated actions funded pursuant to this bill (tiered approach based on number of voters within the affected territory from 30% to 10%). The focus is on service providers serving disadvantaged communities and requires the SGC to give preference to LAFCOs whose decisions have been aligned with the goals of their sustainable communities strategy.

This is the same bill from last year, AB 2258, that the Governor vetoed. Both CSDA and the League have already indicated support for the bill.

**Recommendation:** Staff recommends that the Commission adopt a support position for AB 1253 and direct staff to forward a letter outlining this position to Assemblyman Rivas, CALAFCO, and to our San Bernardino County Legislative Delegation.

- **AB 1822 (Assembly Local Government Committee)** – Local Government: omnibus

This is the annual Assembly Local Government Committee Omnibus bill, which provides for non-substantive, technical changes/corrections to the Cortese-Knox Hertzberg Local Government Reorganization Act of 2000.

Currently, the bill includes: 1) revising the definition of the term “service”, 2) adds a definition for the term “service review”, 3) deletes obsolete language that are no longer applicable, 4) clarifies language related to Section 57077 by adding “consolidation of two or more cities” as part of the provision that removes the requirement of conducting a protest proceeding, and 5) clarifies language related to Section 57103 regarding LAFCO’s authority to dissolve a healthcare district without an election.

**Recommendation:** Staff recommends that the Commission adopt a support position for AB 1822 and direct staff to forward a letter outlining this position to Assemblywoman Aguiar-Curry (Chair of the Committee), Committee members, CALAFCO, and to our San Bernardino County Legislative Delegation.

- **AB 213 (Reyes)** – Local government finance: property tax revenue allocations: VLF adjustments

Sponsored by the League of Cities, this bill would reinstate ERAF funding for inhabited annexations. Payments come from ERAF which is backfilled from the general fund.

This directly affects this Commission's approval of several island annexations in the past such as the annexations to Fontana (32 islands), Upland, Montclair, San Bernardino, Loma Linda and Victorville. This bill is the same language as last year's AB 2268 that was vetoed by the Governor.

**Recommendation:** Staff recommends that the Commission adopt a support position for AB 213 and direct staff to forward a letter outlining this position to Assemblywoman Reyes, CALAFCO, and to our San Bernardino County Legislative Delegation.

- **AB 818 (Cooley)** – Local government finance: VLF adjustment amounts

Sponsored by the League of Cities, this bill would reinstate ERAF funding for cities incorporating after 2012.

This bill is the same as AB 2491 from last year that was also vetoed by the Governor.

**Recommendation:** Staff recommends that the Commission adopt a support position for AB 818 and direct staff to forward a letter outlining this position to Assemblyman Cooley, CALAFCO, and to our San Bernardino County Legislative Delegation.

Staff will be happy to answer any questions prior to or at the hearing.

Attachments:

1. CALAFCO Legislative Report as of Tuesday, March 19, 2019
2. AB 1253 (Rivas)
3. AB 1822 (Assembly Local Government Committee)
4. AB 213 (Reyes)
5. AB 818 (Cooley)

**CALAFCO Legislative Report  
as of Tuesday,  
March 19, 2019**

**Attachment 1**

# CALAFCO Daily Legislative Report as of Tuesday, March 19, 2019

1

**[AB 1253](#) (Rivas, Robert D) Local agency formation commissions: grant program.**

**Current Text:** Introduced: 2/21/2019 [html](#) [pdf](#)

**Introduced:** 2/21/2019

**Status:** 3/11/2019-Referred to Com. on L. GOV.

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

**Calendar:**

3/27/2019 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, AGUIAR-CURRY, Chair

**Summary:**

This bill would require the Strategic Growth Council, until July 31, 2025, to establish and administer a local agency formation commissions grant program for the payment of costs associated with initiating and completing the dissolution of districts listed as inactive, the payment of costs associated with a study of the services provided within a county by a public agency to a disadvantaged community, as defined, and for other specified purposes, including the initiation of an action, as defined, that is limited to service providers serving a disadvantaged community and is based on determinations found in the study, as approved by the commission. The bill would specify application submission, reimbursement, and reporting requirements for a local agency formation commission to receive grants pursuant to the bill. The bill would require the council, after consulting with the California Association of Local Agency Formation Commissions, to develop and adopt guidelines, timelines, and application and reporting criteria for development and implementation of the program, as specified, and would exempt these guidelines, timelines, and criteria from the rulemaking provisions of the Administrative Procedure Act. The bill would make the grant program subject to an appropriation for the program in the annual Budget Act, and would repeal these provisions on January 1, 2026. This bill contains other existing laws.

**Attachments:**

[CALAFCO Support letter Feb 2016](#)

**Position:** Sponsor

**Subject:** Disadvantaged Communities, LAFCo Administration, Municipal Services, Special District Consolidations

**CALAFCO Comments:** This is a CALAFCO sponsored bill following up on the recommendation of the Little Hoover Commission report of 2017 for the Legislature to provide LAFCos one-time grant funding for in-depth studies of potential reorganization of local service providers. Last year, the Governor vetoed AB 2258 - this is the same bill. The Strategic Growth Council (SGC) will administer the grant program. Grant funds will be used specifically for conducting special studies to identify and support opportunities to create greater efficiencies in the provision of municipal services; to potentially initiate actions based on those studies that remove or reduce local costs thus incentivizing local agencies to work with the LAFCo in developing and implementing reorganization plans; and the dissolution of inactive districts (pursuant to SB 448, Wieckowski, 2017). The grant program would sunset on July 31, 2024.

The bill also changes the protest threshold for LAFCo initiated actions, solely for the purposes of actions funded pursuant to this new section. It allows LAFCo to order the dissolution of a district (outside of the ones identified by the SCO) pursuant to Section

11221 of the Elections code, which is a tiered approach based on registered voters in the affected territory (from 30% down to 10% depending).

The focus is on service providers serving disadvantaged communities. The bill also requires LAFCo pay back grant funds in their entirety if the study is not completed within two years and requires the SGC to give preference to LAFCOs whose decisions have been aligned with the goals of sustainable communities strategies.

The fiscal request is \$1.5 million over 5 years. CALAFCO is attempting to get this in the May revise budget so there is no General Fund appropriation (the reason Gov. Brown vetoed the bill).

**AB 1389 (Eggman D) Special districts: change of organization: mitigation of revenue loss.**

**Current Text:** Introduced: 2/22/2019 [html](#) [pdf](#)

**Introduced:** 2/22/2019

**Status:** 3/14/2019-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 commission to propose, as part of the review and approval of a proposal for the establishment of new or different functions or class of services, or the divestiture of the power to provide particular functions or class of services, within all or part of the jurisdictional boundaries of a special district, that the special district, to mitigate any loss of property taxes, franchise fees, and other revenues to any other affected local agency, provide payments to the affected local agency from the revenue derived from the proposed exercise of new or different functions or classes of service.

**Position:** Watch

**Subject:** CKH General Procedures

**CALAFCO Comments:** This bill allows LAFCo, when approving a proposal for new or different functions or class of service for a special district, to propose the district provide payments to any affected local agency for taxes, fees or any other revenue that may have been lost as a result of the new service being provided.

**AB 1822 (Committee on Local Government) Local Government: omnibus.**

**Current Text:** Introduced: 3/11/2019 [html](#) [pdf](#)

**Introduced:** 3/11/2019

**Status:** 3/12/2019-From printer. May be heard in committee April 11.

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

**Summary:**

Current law requires a commission to develop and determine the sphere of influence of each city and each special district within the county and enact policies designed to promote the logical and orderly development of areas within each sphere. Current law requires the commission, in order to prepare and update spheres of influence in accordance with this requirement, to conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission, as specified. Current law defines "sphere of influence" to mean a plan for the probable physical boundaries and service area of a local agency. Current law defines the term "service" for purposes of the act to mean a specific governmental activity established within, and as a part of, a general function of the special district, as specified. This bill would revise the definition of the term "service" for these purposes to mean a specific governmental activity established within, and as a part of, a general function of the local agency.

**Position:** Sponsor

**Subject:** LAFCo Administration

**CALAFCO Comments:** This is the annual Omnibus bill.

**SB 272 (Morrell R) Fire Protection District Law of 1987.**

**Current Text:** Introduced: 2/13/2019 [html](#) [pdf](#)

**Introduced:** 2/13/2019

**Status:** 2/21/2019-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 Fire Protection District Law of 1987 provides that whenever a district board determines that it is in the public interest to provide different services, to provide different levels of service, or to raise additional revenues within specific areas of the district, it may form one or more service zones by adopting a resolution that includes specified information, fixing the date, time, and place for public hearing on the formation of the zone, publishing notice, as specified, hearing and considering any protests to the formation of the zone at the hearing, and, at the conclusion of the hearing, adopting a resolution ordering the formation of the zone. If a resolution adopted after the public hearing would extend services outside of an existing service zone and the extension of service would result in those persons in the expanded area paying charges for the expansion of services, this bill would provide that the resolution does not become effective unless approved by a majority of the voters within the expanded service area.

**Position:** Watch

**CALAFCO Comments:** This bill requires a fire protection district to hold an election to (at their expense) approve an extension of service regardless of the level of protest.

**SB 414 (Caballero D) Small System Water Authority Act of 2019.**

**Current Text:** Introduced: 2/20/2019 [html](#) [pdf](#)

**Introduced:** 2/20/2019

**Status:** 2/28/2019-Referred to Coms. on GOV. & F. and EQ.

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

**Calendar:**

3/27/2019 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, MCGUIRE, Chair

**Summary:**

Would create the Small System Water Authority Act of 2019 and state legislative findings and declarations relating to authorizing the creation of small system water authorities that will have powers to absorb, improve, and competently operate noncompliant public water systems. The bill, no later than March 1, 2020, would require the state board to provide written notice to cure to all public agencies, private water companies, or mutual water companies that operate a public water system that has either less than 3,000 service connections or that serves less than 10,000 people, and are not in compliance, for the period from July 1, 2018, through December 31, 2019, with one or more state or federal primary drinking water standard maximum contaminant levels, as specified.

**Position:** Watch

**Subject:** Water

**CALAFCO Comments:** This bill is very similar to AB 2050 (Caballero) from 2018. Several changes have been made. This bill is sponsored by Eastern Municipal Water District and the CA Municipal Utilities Assoc. The intent is to give the State Water Resources Control Board (SWRCB) authority to mandate the dissolution of existing drinking water systems (public, mutual and private) and authorize the formation of a

new public water authority. The focus is on non contiguous systems. The SWRCB already has the authority to mandate consolidation of these systems, this will add the authority to mandate dissolution and formation of a new public agency.

LAFCo will be responsible for dissolving any state mandated public agency dissolution, and the formation of the new water authority. The SWRCB's appointed Administrator will act as the applicant on behalf of the state. LAFCo will have ability to approve with modifications the application, and the new agency will have to report to the LAFCo annually for the first 3 years.

**SB 646 (Morrell R) Local agency utility services: extension of utility services.**

**Current Text:** Introduced: 2/22/2019 [html](#) [pdf](#)

**Introduced:** 2/22/2019

**Status:** 3/14/2019-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 prohibit a city or district providing the extended service from denying the extension of a utility service to a property owner located within the extended service area based upon a property owner's election not to participate in an annexation or preannexation proceeding.

**Position:** Watch

**Subject:** CKH General Procedures

**CALAFCO Comments:** This bill does 3 things. (1) Seeks to add a provision to 56133 that requires LAFCo to approve an extension of service regardless of whether a future annexation is anticipated or not. It further requires the service provider to extend the provision of service to a property owner regardless of a whether there is a pending annexation or pre-annexation agreement. The newly proposed subsection directly contradicts subsection (b). (2) Changes the definition of "fee" by requiring the new fee "is of proportional benefit to the person or property being charged." There is no reasonable definition or application of "proportional benefit". (3) Narrows the scope of application of Section 56133 to water or sewer service; and prohibits the service provider to charge higher fees and charges to those outside the jurisdictional boundaries.

**AB 213 (Reyes D) Local government finance: property tax revenue allocations: vehicle license fee adjustments.**

**Current Text:** Introduced: 1/15/2019 [html](#) [pdf](#)

**Introduced:** 1/15/2019

**Status:** 3/18/2019-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:**

4/3/2019 1:30 p.m. - State Capitol, Room 127 ASSEMBLY LOCAL GOVERNMENT, AGUIAR-CURRY, Chair

**Summary:**

Would, for the 2019–20 fiscal year, require the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount in the 2018–19 fiscal year, the product of that sum and the percentage change in gross taxable assessed valuation within the jurisdiction of that entity between the 2018–19 fiscal year to the 2018–19

fiscal year, and the product of the amount of specified motor vehicle license fee revenues that the Controller allocated to the applicable city in July 2010 and 1.17.

**Attachments:**

[CALAFCO Support Letter](#)

**Position:** Support

**Subject:** Tax Allocation

**CALAFCO Comments:** Sponsored by the League, this bill will reinstate ERAF funding for inhabited annexations. This bill is the same as AB 2268 (Reyes) from last year.

**[AB 818](#) (Cooley D) Local government finance: vehicle license fee adjustment amounts.**

**Current Text:** Introduced: 2/20/2019 [html](#) [pdf](#)

**Introduced:** 2/20/2019

**Status:** 3/4/2019-Referred to Com. on L. GOV.

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

**Calendar:**

3/27/2019 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, AGUIAR-CURRY, Chair

**Summary:**

Current property tax law, for the 2006–07 fiscal year, and for each fiscal year thereafter, requires the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount for the prior fiscal year, if specified provisions did not apply, and the product of the amount as so described and the percentage change from the prior fiscal year in the gross taxable valuation within the jurisdiction of the entity. Current law establishes a separate vehicle license fee adjustment amount for a city that was incorporated after January 1, 2004, and on or before January 1, 2012. This bill would establish a separate vehicle license fee adjustment amount for a city incorporating after January 1, 2012, including an additional separate vehicle license fee adjustment amount for the first fiscal year of incorporation and for the next 4 fiscal years thereafter.

**Position:** Watch

**Subject:** Financial Viability of Agencies

**CALAFCO Comments:** Sponsored by the League, this bill will reinstate ERAF funding for cities incorporating after 2018. This is the same bill as AB 2491 from 2018.

**[AB 1304](#) (Waldron R) Water supply contract: Native American tribes.**

**Current Text:** Introduced: 2/22/2019 [html](#) [pdf](#)

**Introduced:** 2/22/2019

**Status:** 3/11/2019-Referred to Com. on L. GOV.

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

**Summary:**

Current law provides for the establishment and operations of various water districts. This bill would specifically authorize a water district, as defined, that supplies potable water to enter into a contract with a Native American tribe to receive water deliveries from an infrastructure project on tribal lands.

**Position:** Watch

**Subject:** Municipal Services, Water

**CALAFCO Comments:** This bill amends the water code to allow a Native American tribe to sell/deliver water to a water district (as defined in the water code section 20200).

**[SB 99](#) (Nielsen R) Agricultural land.**

**Current Text:** Introduced: 1/10/2019 [html](#) [pdf](#)

**Introduced:** 1/10/2019

**Status:** 1/24/2019-Referred to Com. on RLS.

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

**Summary:**

The California Land Conservation Act of 1965, also known as the Williamson Act, authorizes a city or county to contract with a landowner to limit the use of agricultural land located in an agricultural preserve designated by the city or county. Current law requires the Department of Conservation to submit a report to the Legislature on or before May 1 of every other year regarding the implementation of the Williamson Act. This bill would make nonsubstantive changes to that provision.

**Position:** Watch

**Subject:** Ag Preservation - Williamson

**CALAFCO Comments:** This is a spot bill.

**SB 379 (Committee on Governance and Finance) Validations.**

**Current Text:** Introduced: 2/20/2019 [html](#) [pdf](#)

**Introduced:** 2/20/2019

**Status:** 3/13/2019-Set for hearing March 27.

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

**Calendar:**

3/27/2019 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, MCGUIRE, Chair

**Summary:**

This bill would enact the First Validating Act of 2019, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

**Position:** Watch

**Subject:** LAFCo Administration

**CALAFCO Comments:** This is one of three annual validating acts.

**SB 380 (Committee on Governance and Finance) Validations.**

**Current Text:** Introduced: 2/20/2019 [html](#) [pdf](#)

**Introduced:** 2/20/2019

**Status:** 3/13/2019-Set for hearing March 27.

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

**Calendar:**

3/27/2019 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, MCGUIRE, Chair

**Summary:**

This bill would enact the Second Validating Act of 2019, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

**Position:** Watch

**Subject:** LAFCo Administration

**CALAFCO Comments:** This is one of three annual validating acts.

**SB 381 (Committee on Governance and Finance) Validations.**

**Current Text:** Introduced: 2/20/2019 [html](#) [pdf](#)

**Introduced:** 2/20/2019

**Status:** 3/13/2019-Set for hearing March 27.

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

**Calendar:**

3/27/2019 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, MCGUIRE, Chair

**Summary:**

This bill would enact the Third Validating Act of 2019, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

**Position:** Watch

**Subject:** LAFCo Administration

**CALAFCO Comments:** This is one of three annual validating acts.

**AB 530 (Aguiar-Curry D) The Fairfield-Suisun Sewer District.**

**Current Text:** Introduced: 2/13/2019 [html](#) [pdf](#)

**Introduced:** 2/13/2019

**Status:** 2/21/2019-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 Fairfield-Suisun Sewer District Act creates the Fairfield-Suisun Sewer District and grants to the district various powers relating to the treatment and disposal of sewage. The act provides for the election of a board of directors for the district and administrative procedures for the operation of the district. This bill would make various administrative changes to the act, including removing the requirement that the district appoint a clerk and changing the posting requirements for regulations.

**Position:** Watch

**Subject:** Special District Powers, Special Districts Governance

**CALAFCO Comments:** This bill makes administrative changes to this special act district. It also allows for an extension of service pursuant to 56133 (keeping that LAFCo process intact).

**AB 798 (Cervantes D) Maternal mental health.**

**Current Text:** Amended: 3/18/2019 [html](#) [pdf](#)

**Introduced:** 2/20/2019

**Last Amended:** 3/18/2019

**Status:** 3/18/2019-Referred to Com. on HEALTH. From committee chair, with author's amendments: Amend, and re-refer to Com. on HEALTH. Read second time and amended.

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

**Summary:**

The Mosquito Abatement and Vector Control District Law specifies the procedures for district formation, procedures for the selection of the district board of trustees and officers, and the powers and duties of the board. Under existing law, the term of office for a member of the board of trustees is a term of 2 or 4 years, at the discretion of the appointing authority. Existing law specifies the procedure to fill a vacancy in the office of a member appointed to a board of trustees and requires that the person appointed to fill the vacancy fill the balance of the unexpired term. This bill would make technical, nonsubstantive changes to those provisions governing the term of office.

**Position:** Watch

**CALAFCO Comments:** This is a spot bill pertaining to vector control districts.

**AB 1053 (Dahle R) Fallen Leaf Lake Community Service District.**

**Current Text:** Introduced: 2/21/2019 [html](#) [pdf](#)

**Introduced:** 2/21/2019

**Status:** 2/22/2019-From printer. May be heard in committee March 24.

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

**Summary:**

The Community Services District Law generally provides for the formation of community service districts that have specified general powers, including, among others, the power to adopt ordinances or enter into and perform contracts, in order to provide specified services authorized under that law. This bill would state the intent of the Legislature to enact legislation addressing any recommendations in the California State Auditor's audit of the Fallen Leaf Lake Community Services District, as requested by the Joint Legislative Audit Committee in August 2018.

**Position:** Watch

**CALAFCO Comments:** CALAFCO will watch this bill to determine if the outcome of the State Audit on this district will have an impact on all CSDs.

**AB 1457 (Reyes D) Omnitrans Transit District.**

**Current Text:** Introduced: 2/22/2019 [html](#) [pdf](#)

**Introduced:** 2/22/2019

**Status:** 3/14/2019-Referred to Coms. on L. GOV. and TRANS.

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

**Summary:**

Would create the Omnitrans Transit District in the County of San Bernardino. The bill would provide that the jurisdiction of the district would initially include the Cities of Chino, Chino Hills, Colton, Fontana, Grand Terrace, Highland, Loma Linda, Montclair, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Upland, and Yucaipa, and specified portions of the unincorporated areas of the County of San Bernardino. The bill would authorize other cities in the County of San Bernardino to subsequently join the district. The bill would require the district to succeed to the rights and obligations of the existing Omnitrans Joint Powers Authority and would dissolve that authority. The bill would require the transfer of assets from the authority to the district. The bill would provide for a governing board composed of representatives of governing bodies within the county and would specify voting procedures for the taking of certain actions by the board. The bill would specify the powers and duties of the board and the district to operate transit services, and would authorize the district to seek voter approval of retail transactions and use tax measures and to issue revenue bonds. The bill would enact other related provisions. By imposing requirements on the district and affected local agencies, the bill would impose a state-mandated local program. This bill contains other existing laws.

**Position:** Watch

**CALAFCO Comments:** This is a special act district formation. The bill takes what is currently a JPA and transforms it into a special district. The bill specifically addresses annexations and detachments and dissolution processes that do not include LAFCo. Also of concern is the lack of specificity in the process for adding new board members when a territory is annexed.

**SB 654 (Moorlach R) Local government: planning.**

**Current Text:** Introduced: 2/22/2019 [html](#) [pdf](#)

**Introduced:** 2/22/2019

**Status:** 3/14/2019-Referred to Com. on RLS.

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

**Summary:**

Current law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, makes certain findings and declarations relating to local government organizations, including, among other things, the encouragement of orderly growth and development, and the logical formation and modification of the boundaries of local agencies, as specified. This bill would make nonsubstantive changes to these findings and declarations.

**Position:** Watch

**CALAFCO Comments:** This is a spot bill. The author indicates he has no plans to use this for LAFCo law.

**SB 780 (Committee on Governance and Finance) Local Government Omnibus Act of 2019.**

**Current Text:** Introduced: 2/28/2019 [html](#) [pdf](#)

**Introduced:** 2/28/2019

**Status:** 3/14/2019-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 requires the governing body of a public agency, within 70 days after the commencement of the agency's legal existence, to file with the Secretary of State, on a form prescribed by the secretary, and also with the county clerk of each county in which the public agency maintains an office, a specified statement of facts about the agency. Current law requires this information to be updated within 10 days of a change in it. Current law requires the Secretary of State and each county clerk to establish and maintain an indexed Roster of Public Agencies that contains this information. This bill would instead require the Secretary of State and each county clerk to establish and maintain an indexed Registry of Public Agencies containing the above-described information.

**Position:** Watch

**CALAFCO Comments:** This is the Senate Governance & Finance Committee's annual Omnibus bill.

Total Measures: 19

Total Tracking Forms: 19

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# **AB 1253 (Rivas)**

**Attachment 2**

**ASSEMBLY BILL**

**No. 1253**

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**Introduced by Assembly Member Robert Rivas**  
(Coauthors: Senators Caballero and Hertzberg)

February 21, 2019

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An act to add and repeal Section 75131 of the Public Resources Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 1253, as introduced, Robert Rivas. Local agency formation commissions: grant program.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for special districts, as specified. The act requires a local agency formation commission in each county to encourage the orderly formation and development of local agencies based upon local conditions and circumstances, among other things.

Existing law also establishes the Strategic Growth Council in state government and assigns to the council certain duties, including providing, funding, and distributing data and information to local governments and regional agencies that will assist in the development and planning of sustainable communities.

This bill would require the Strategic Growth Council, until July 31, 2025, to establish and administer a local agency formation commissions grant program for the payment of costs associated with initiating and completing the dissolution of districts listed as inactive, the payment of costs associated with a study of the services provided within a county by a public agency to a disadvantaged community, as defined, and for

other specified purposes, including the initiation of an action, as defined, that is limited to service providers serving a disadvantaged community and is based on determinations found in the study, as approved by the commission. The bill would specify application submission, reimbursement, and reporting requirements for a local agency formation commission to receive grants pursuant to the bill. The bill would require the council, after consulting with the California Association of Local Agency Formation Commissions, to develop and adopt guidelines, timelines, and application and reporting criteria for development and implementation of the program, as specified, and would exempt these guidelines, timelines, and criteria from the rulemaking provisions of the Administrative Procedure Act. The bill would make the grant program subject to an appropriation for the program in the annual Budget Act, and would repeal these provisions on January 1, 2026.

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

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

1 SECTION 1. The Legislature hereby finds and declares:

2 (a) Local agency formation commissions play a critical role in  
3 the logical formation of local agency boundaries, the promotion  
4 of orderly development, and the efficient and effective provision  
5 of services.

6 (b) It is the intent of the Legislature in adding Section 75131 to  
7 the Public Resources Code to assist local agency formation  
8 commissions in initiating studies of existing government agencies  
9 and their provision of services and to consider action based on the  
10 results of these studies, including dissolving inactive districts, for  
11 the purpose of creating streamlined local government services and  
12 improved efficiency in service delivery.

13 SEC. 2. Section 75131 is added to the Public Resources Code,  
14 to read:

15 75131. (a) (1) The council shall establish and administer a  
16 local agency formation commissions grant program for the  
17 purposes described in subdivision (b), subject to an appropriation  
18 for this program in the annual Budget Act.

19 (2) Program funds provided to participating local agency  
20 formation commissions shall be used to supplement, and not  
21 supplant, existing funding and staffing levels.

1 (3) Program funds provided to participating local agency  
2 formation commissions shall not be used to conduct a service  
3 review of municipal services pursuant to Section 56430 of the  
4 Government Code.

5 (4) All local agency formation commissions shall be eligible to  
6 participate in the program.

7 (5) The council shall, after consulting with the California  
8 Association of Local Agency Formation Commissions  
9 (CALAFCO), adopt guidelines, timelines, and application and  
10 reporting criteria for development and implementation of the  
11 program to serve the purposes of this section and mutually meet  
12 the needs of the council and the CALAFCO.

13 (6) The council, in granting funds pursuant to the program, shall  
14 give preference to a local agency formation commission whose  
15 decisions are consistent with the goals of the sustainable  
16 communities strategy adopted pursuant to Section 65080 of the  
17 Government Code.

18 (b) The council shall award grants to local agency formation  
19 commissions for any of the following purposes:

20 (1) The payment of costs associated with initiating and  
21 completing the dissolution of a special district that is listed by the  
22 Controller as inactive pursuant to Section 56879 of the Government  
23 Code.

24 (2) The payment of costs associated with a study prepared  
25 pursuant to Section 56378 of the Government Code of the services  
26 provided within a county by a public agency to a disadvantaged  
27 community to do either or both of the following:

28 (A) Identify if there are any efficiencies to be gained in the  
29 provision of services.

30 (B) Determine what alternatives, if any, exist for improving  
31 efficiency and affordability of infrastructure and service delivery.

32 (3) The payment of costs to do any of the following:

33 (A) Initiate an action described in paragraph (2) of subdivision  
34 (a) of Section 56375, other than the dissolution of a special district  
35 that is listed by the Controller as inactive pursuant to Section 56879  
36 of the Government Code, that is limited to service providers serving  
37 a disadvantaged community and is based on determinations found  
38 in a study prepared pursuant to Section 56378 of the Government  
39 Code, as approved by the commission.

- 1 (B) Develop and implement reorganization plans with timelines  
2 for expected outcomes.
- 3 (C) Incentivize service providers to work with the local agency  
4 formation commission to develop and implement reorganization  
5 plans with timelines for expected outcomes.
- 6 (c) (1) In order to obtain a grant award pursuant to paragraph  
7 (1) of subdivision (b), a local agency formation commission shall  
8 submit to the council an application for reimbursement of the costs  
9 of the dissolution proceedings, in the form and manner specified  
10 by the council. At a minimum, the application shall include all of  
11 the following:
  - 12 (A) The notification provided to the commission by the  
13 Controller of the inactive district(s) and the requirement to initiate  
14 dissolution proceedings.
  - 15 (B) A full budget accounting for costs of the dissolution.
  - 16 (C) All reports and documents pertaining to the final dissolution  
17 action.
  - 18 (2) The council shall review the application for reimbursement  
19 and, provided all documentation is in order, issue reimbursement  
20 to the local agency formation commission within 60 days of receipt  
21 of the application.
- 22 (d) (1) In order to obtain a grant award pursuant to paragraph  
23 (2) of subdivision (b) for purposes of conducting a study, a local  
24 agency formation commission shall submit to the council an  
25 application, in the form and manner specified by the council. At  
26 a minimum, the application shall include all of the following:
  - 27 (A) A resolution adopted by the commission authorizing  
28 submission of the grant application and a commitment to review  
29 and consider the recommendations and potential actions contained  
30 in the study.
  - 31 (B) A full budget accounting for estimated costs of the study to  
32 be performed.
  - 33 (C) A full explanation of the reason for the study.
  - 34 (D) The most recent completed municipal service review or  
35 study in which determinations were made by the local agency  
36 formation commission indicating the agency to be studied is a  
37 candidate for a change of organization or reorganization.
  - 38 (E) An identification of the disadvantaged community that is  
39 expected to benefit from the study.

1 (2) The council shall review the applications submitted pursuant  
2 to paragraph (1), select the program participants based on criteria  
3 that furthers the purposes of this section, and notify the participants  
4 of their selection within two months of receiving the application.  
5 Funds shall be issued by the council to the local agency formation  
6 commission within 60 days of notification.

7 (3) A local agency formation commission that receives a grant  
8 pursuant to paragraph (2) of subdivision (b) shall commence the  
9 study within 30 days of receipt of funding and shall complete the  
10 study within two years of commencing the study. Upon completion  
11 of the study, the local agency formation commission shall do all  
12 of the following:

13 (A) Submit to the council a final report within 30 days of the  
14 completion of the study and the commission's adoption of a  
15 resolution making determinations. The report shall be in the form  
16 and manner specified by the council. At a minimum, the report  
17 shall include all of the following:

18 (i) The full study conducted.

19 (ii) The resolution making determinations as adopted by the  
20 local agency formation commission.

21 (iii) A full budget accounting report of the funds used.

22 (iv) A reimbursement of any unexpended funds.

23 (v) The local agency formation commission's plan for future  
24 action based on the study's conclusions.

25 (B) Upon the request of the council, participating local agency  
26 formation commissions shall provide the council with any  
27 supplemental information necessary to substantiate the information  
28 contained in the report submitted pursuant to this subdivision.

29 (4) A local agency formation commission shall repay the entire  
30 amount of the grant awarded pursuant to this subdivision to the  
31 council if the study funded pursuant to this subdivision is not  
32 completed within two years of receipt of the grant funds. The local  
33 agency formation commission shall make this repayment within  
34 30 days from the two-year anniversary of receipt of the grant funds.

35 (e) (1) A local agency formation commission that elects to  
36 apply for a grant pursuant to paragraph (3) of subdivision (b) shall  
37 submit to the council an application, in the form and manner  
38 specified by the council. At a minimum, the application shall  
39 include all of the following:

1 (A) A resolution adopted by the commission authorizing  
2 submission of the application for purposes defined in the  
3 application.

4 (B) Change of organization or reorganization plans with  
5 timelines for expected outcomes.

6 (C) A full budget accounting for estimated costs of the action  
7 to be performed.

8 (D) The most recent completed study in which determinations  
9 were made by the local agency formation commission indicating  
10 the agency should be reorganized or dissolved, or, if there exists  
11 a municipal services review or study with like determinations that  
12 is no more than five years old.

13 (E) An identification of the disadvantaged community that is  
14 expected to benefit from the action.

15 (2) The council shall review the applications submitted pursuant  
16 to paragraph (3) of subdivision (b), select the program participants  
17 based on criteria that furthers the purposes of this section, and  
18 notify the participants of their selection within two months of  
19 receiving the application. Funds shall be issued by the council to  
20 the local agency formation commission within 60 days of  
21 notification.

22 (3) A local agency formation commission that receives funds  
23 pursuant to paragraph (3) of subdivision (b) shall commence action  
24 within 30 days of receipt of funding.

25 (4) A local agency formation commission that receives funds  
26 pursuant to paragraph (3) of subdivision (b) shall hold a public  
27 hearing to consider the action described in paragraph (2) of  
28 subdivision (a) of Section 56375, except the dissolution of a special  
29 district that is listed by the Controller as inactive pursuant to  
30 Section 56879 of the Government Code. If the action is approved  
31 by a local agency formation commission, that local agency  
32 formation commission shall order the change of organization or  
33 reorganization subject to Section 57075 of the Government Code,  
34 except that the level of protest necessary to require an election for  
35 confirmation by the registered voters residing within the affected  
36 territory shall be determined by the corresponding percentage of  
37 registered voters or land owners required to qualify a recall on the  
38 ballot pursuant to subdivision (a) or (d), as appropriate, of Section  
39 11221 of the Elections Code. The calculation of registered voters  
40 shall be made pursuant to subdivision (b) of that section. Upon

1 completion of the change of organization or reorganization, the  
2 local agency formation commission that receives funds pursuant  
3 to paragraph (3) of subdivision (b) shall do both of the following:

4 (A) Submit to the council a final report within 30 days of the  
5 final action. The report shall be in the form and manner specified  
6 by the council. At a minimum, the report shall include all of the  
7 following:

8 (i) The final action taken by the local agency formation  
9 commission.

10 (ii) If proceedings were terminated as a result of protest, all  
11 necessary information pertinent to support that fact.

12 (iii) All reports and documents pertaining to the final action or  
13 protest action.

14 (iv) A full budget accounting report of the funds used.

15 (v) The reimbursement of any unexpended funds.

16 (B) Upon the request of the council, the participating local  
17 agency formation commission shall provide the council with any  
18 supplemental information necessary to substantiate the information  
19 contained in the report submitted pursuant to this subdivision.

20 (f) The Legislature finds and declares that there is a compelling  
21 public interest in allowing the council to implement and administer  
22 this section as expeditiously as possible, and to thereby accelerate  
23 local agency formation commission efforts. The guidelines,  
24 timelines, and application and reporting criteria adopted by the  
25 council for purposes of this section shall be exempt from the  
26 rulemaking provisions of the Administrative Procedure Act  
27 (Chapter 3.5 (commencing with Section 11340) of Part 1 of  
28 Division 3 of Title 2 of the Government Code) for the purpose of  
29 carrying out the duties enumerated in this section.

30 (g) For the purposes of this section, the following terms shall  
31 apply:

32 (1) “Disadvantaged community” means a community with an  
33 annual median household income that is less than 80 percent of  
34 the statewide annual median household income.

35 (2) “Local agency formation commission” means a local agency  
36 formation commission that operates in a county pursuant to the  
37 Cortese-Knox-Hertzberg Local Government Reorganization Act  
38 of 2000 (Division 3 (commencing with Section 56000) of Title 5  
39 of the Government Code).

1 (h) This section shall not be interpreted to effect the  
2 independence or discretion exercised by a local agency formation  
3 commission in carrying out an action pursuant to this section.

4 (i) This section shall become inoperative on July 31, 2025, and,  
5 as of January 1, 2026, is repealed.

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**AB 1822  
(Assembly Local Government  
Committee)**

**Attachment 3**

**ASSEMBLY BILL**

**No. 1822**

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**Introduced by Committee on Local Government**

March 11, 2019

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An act to amend Sections 56074, 57077, and 57013 of, and to add Section 56074.5 to, the Government Code, and to repeal Sections 1 and 2 of Chapter 805 of the Statutes of 2004, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 1822, as introduced, Committee on Local Government. Local Government: omnibus.

(1) The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the act) provides the authority and procedure for the initiation, conduct, and completion of changes of organization, reorganization, and sphere of influence changes for cities and districts, as specified. Existing law requires a commission to develop and determine the sphere of influence of each city and each special district within the county and enact policies designed to promote the logical and orderly development of areas within each sphere. Existing law requires the commission, in order to prepare and update spheres of influence in accordance with this requirement, to conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission, as specified. Existing law defines “sphere of influence” to mean a plan for the probable physical boundaries and service area of a local agency. Existing law defines the term “service” for purposes of the act to mean a specific governmental activity established within, and as a part of, a general function of the special district, as specified.

This bill would revise the definition of the term “service” for these purposes to mean a specific governmental activity established within, and as a part of, a general function of the local agency. This bill would also define the term “service review,” for purposes of the act, to mean an analysis conducted by the commission documenting and analyzing the services in a particular geographic region or jurisdictional area, pursuant to the process described above.

(2) Existing law requires the commission to order a change of organization or reorganization subject to confirmation of the voters if the change of organization or reorganization consists of an incorporation or disincorporation, as specified.

This bill would additionally require the commission to order a change of organization or reorganization subject to confirmation of the voters if the change of organization or reorganization consists of a consolidation of two or more cities.

(3) Existing law subjects any order in any resolution adopted by a commission ordering the dissolution of a local hospital district to conformation by the voters, as specified. Existing law, notwithstanding that provision, authorizes a commission, if a change of organization consists of the dissolution of a district that is consistent with a specified prior action of the commission, to order the dissolution either without an election or protest proceedings if the dissolution meets certain requirements.

This bill would make clarifying changes to the above provisions.

(4) Existing law prohibits the commission in the County of Ventura, on or before December 31, 2007, from imposing a condition that requires the City of Simi Valley to initiate proceedings on a proposal for a change of organization or reorganization unless the territory that would be affected is contiguous and physically related to the affected territory.

This bill would repeal this provision.

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

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

1 SECTION 1. Section 56074 of the Government Code is  
2 amended to read:  
3 56074. “Service” means a specific governmental activity  
4 established within, and as a part of, a general function of the special  
5 district, as provided by regulations adopted by the commission

1 pursuant to Chapter 5 (commencing with Section 56821) of Part  
2 3: a local agency.

3 SEC. 2. Section 56074.5 is added to the Government Code, to  
4 read:

5 56074.5. "Service review" means an analysis conducted by  
6 the commission documenting and analyzing the services in a  
7 particular geographic region or jurisdictional area pursuant to  
8 Section 56430.

9 SEC. 3. Section 57077 of the Government Code is amended  
10 to read:

11 57077. If a change of organization consists of an ~~incorporation~~  
12 ~~or incorporation~~, disincorporation, or consolidation of two or more  
13 cities, or if a reorganization includes an ~~incorporation~~ or  
14 incorporation, disincorporation, or consolidation of two or more  
15 cities, the commission shall order the change of organization or  
16 reorganization subject to confirmation of the voters. A protest  
17 proceeding shall not be conducted.

18 SEC. 4. Section 57103 of the Government Code is amended  
19 to read:

20 57103. Any order in any resolution adopted by the commission  
21 on or after January 1, 1986, ordering the dissolution of a local  
22 hospital district, organized pursuant to Division 23 (commencing  
23 with Section 32000) of the Health and Safety Code, is subject to  
24 confirmation by the ~~voters~~. *voters unless dissolution of the local*  
25 *hospital district meets the requirements set forth in subdivision*  
26 *(c) of Section 57077.1.*

27 SEC. 5. Section 1 of Chapter 805 of the Statutes of 2004 is  
28 repealed.

29 SECTION 1. ~~Notwithstanding any other provision of law, on~~  
30 ~~or before December 31, 2007, the local agency formation~~  
31 ~~commission in the County of Ventura shall not impose a condition~~  
32 ~~that requires the City of Simi Valley to initiate proceedings on a~~  
33 ~~proposal for a change of organization or reorganization pursuant~~  
34 ~~to paragraph (3) of subdivision (a) of Section 56375 of the~~  
35 ~~Government Code or pursuant to Section 56375.3 of the~~  
36 ~~Government Code unless the territory that would be affected is~~  
37 ~~contiguous and physically related to the affected territory.~~

38 SEC. 6. Section 2 of Chapter 805 of the Statutes of 2004 is  
39 repealed.

1     ~~SEC. 2. The Legislature finds and declares that a special law~~  
2 ~~is necessary and that a general law cannot be made applicable~~  
3 ~~within the meaning of Section 16 of Article IV of the California~~  
4 ~~Constitution because of the unique circumstances of the City of~~  
5 ~~Simi Valley. The facts constituting the special circumstances are:~~  
6     ~~There are seven areas of unincorporated territory that are~~  
7 ~~surrounded or substantially surrounded by the City of Simi Valley.~~  
8 ~~The city intends to explore the possibility of annexing those~~  
9 ~~unincorporated territories over the next two years. The Legislature~~  
10 ~~wants to allow city officials, property owners, and residents to~~  
11 ~~discuss those possible annexations without undue influence.~~

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# **AB 213 (Reyes)**

**Attachment 4**

**ASSEMBLY BILL**

**No. 213**

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**Introduced by Assembly Member Reyes  
(Principal coauthors: Assembly Members Chu, Obernolte,  
Rodriguez, and Waldron)**

January 15, 2019

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

LEGISLATIVE COUNSEL'S DIGEST

AB 213, as introduced, Reyes. Local government 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. Existing law, for the 2006–07 fiscal year, and for each fiscal year thereafter, requires the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount for the prior fiscal year, if specified provisions did not apply, and the product of that sum and the percentage change from the prior fiscal year in the gross taxable valuation within the jurisdiction of the entity. Existing law establishes a separate vehicle license fee adjustment amount for a city that was incorporated after January 1, 2004, or on or before January 1, 2012.

This bill, for the 2019–20 fiscal year, would instead require the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount in the 2018–19 fiscal year, the product of that sum and the percentage change in gross taxable assessed valuation within the jurisdiction of that entity between the 2018–19 fiscal year to the 2018–19 fiscal year, and the product of the amount of specified motor vehicle license fee revenues that the Controller allocated to the applicable city in July 2010 and 1.17. This bill, for the 2020–21 fiscal year, and for each fiscal year thereafter, would require the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount for the prior fiscal year and the product of the amount as so described and the percentage change from the prior fiscal year in gross taxable assessed valuation within the jurisdiction of the entity.

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 the statutory provisions noted above.

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:

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.

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

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

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

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

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

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

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

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

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

34 (B) (i) Subject to an adjustment under clause (ii), for the  
35 2005–06 fiscal year, the sum of the following two amounts:

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

37 (ia) The actual total amount of revenue that would have been  
38 deposited to the credit of the Motor Vehicle License Fee Account  
39 in the Transportation Tax Fund, including any amounts that would  
40 have been certified to the Controller by the auditor of the County

1 of Ventura under subdivision (j) of Section 98.02, as that section  
2 read on January 1, 2004, for distribution under the law as it read  
3 on January 1, 2004, to the county, city and county, or city for the  
4 2004–05 fiscal year if the fee otherwise due under the Vehicle  
5 License Fee Law (Part 5 (commencing with Section 10701) of  
6 Division 2) was 2 percent of the market value of a vehicle, as  
7 specified in Sections 10752 and 10752.1 as those sections read on  
8 January 1, 2004.

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

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

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

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

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

37 (II) If the amount described in subclause (I) of clause (i) for a  
38 particular city, county, or city and county is less than the amount  
39 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~~ *until the 2018–19*  
4 ~~fiscal year thereafter~~, *year, inclusive*, the sum of the following two  
5 amounts:

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

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

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

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

24 (D) *For the 2019–20 fiscal year, the sum of the following three*  
25 *amounts:*

26 (i) *The vehicle license fee adjustment amount for the 2018–19*  
27 *fiscal year.*

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

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

30 (II) *The percentage change from the 2018–19 fiscal year to the*  
31 *2019–20 fiscal year in gross taxable assessed valuation within the*  
32 *jurisdiction of the entity, as reflected in the equalized assessment*  
33 *roll for those fiscal years.*

34 (iii) *The product of the following two amounts:*

35 (I) *The amount that was allocated in July 2010 by the Controller*  
36 *to the city pursuant to subdivision (d) of Section 11005, as that*  
37 *section read on July 1, 2010.*

38 (II) *1.17.*

39 (E) *For the 2020–21 fiscal year, and for each fiscal year*  
40 *thereafter, the sum of the following two amounts:*

- 1 (i) *The vehicle license fee adjustment amount for the prior fiscal*
- 2 *year.*
- 3 (ii) *The product of the following two amounts:*
- 4 (I) *The vehicle license fee adjustment amount for the prior fiscal*
- 5 *year.*
- 6 (II) *The percentage change from the prior fiscal year to the*
- 7 *current fiscal year in gross taxable assessed valuation within the*
- 8 *jurisdiction of the entity, as reflected in the equalized assessment*
- 9 *role for those fiscal years.*
- 10 (2) Notwithstanding paragraph (1), “vehicle license fee
- 11 adjustment amount,” for a city incorporating after January 1, 2004,
- 12 and on or before January 1, 2012, means the following:
- 13 (A) For the 2017–18 fiscal year, the quotient derived from the
- 14 following fraction:
- 15 (i) The numerator is the product of the following two amounts:
- 16 (I) The sum of the most recent vehicle license fee adjustment
- 17 amounts determined for all cities in the county.
- 18 (II) The population of the incorporating city.
- 19 (ii) The denominator is the sum of the populations of all cities
- 20 in the county.
- 21 (B) For the 2018–19 fiscal year, and for each fiscal year
- 22 thereafter, the sum of the following two amounts:
- 23 (i) The vehicle license fee adjustment amount for the prior fiscal
- 24 year.
- 25 (ii) The product of the following two amounts:
- 26 (I) The amount described in clause (i).
- 27 (II) The percentage change from the prior fiscal year to the
- 28 current fiscal year in gross taxable assessed valuation within the
- 29 jurisdiction of the entity, as reflected in the equalized assessment
- 30 roll for those fiscal years.
- 31 (3) For the 2013–14 fiscal year, the vehicle license fee
- 32 adjustment amount that is determined under subparagraph (C) of
- 33 paragraph (1) for the County of Orange shall be increased by
- 34 fifty-three million dollars (\$53,000,000). For the 2014–15 fiscal
- 35 year and each fiscal year thereafter, the calculation of the vehicle
- 36 license fee adjustment amount for the County of Orange under
- 37 ~~subparagraph (C)~~ *subparagraphs (C), (D), and (E)* of paragraph
- 38 (1) shall be based on a prior fiscal year amount that reflects the
- 39 full amount of this one-time increase of fifty-three million dollars
- 40 (\$53,000,000).

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

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

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

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

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

23 (1) Reduce any allocations of excess, additional, or remaining  
 24 funds that would otherwise have been allocated to county  
 25 superintendents of schools, cities, counties, and cities and counties  
 26 pursuant to clause (i) of subparagraph (B) of paragraph (4) of  
 27 subdivision (d) of Sections 97.2 and 97.3 or Article 4 (commencing  
 28 with Section 98) had this section not been enacted. The allocations  
 29 required by this section shall be adjusted to comply with this  
 30 paragraph.

31 (2) Require an increased ad valorem property tax revenue  
 32 allocation or increased tax increment allocation to a community  
 33 redevelopment agency.

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

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

39 (g) Tax exchange or revenue sharing agreements, entered into  
 40 prior to the operative date of this section, between local agencies

1 or between local agencies and nonlocal agencies are deemed to be  
2 modified to account for the reduced vehicle license fee revenues  
3 resulting from the act that added this section. These agreements  
4 are modified in that these reduced revenues are, in kind and in lieu  
5 thereof, replaced with ad valorem property tax revenue from a  
6 Vehicle License Fee Property Tax Compensation Fund or an  
7 Educational Revenue Augmentation Fund.

8 SEC. 2. 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.

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# **AB 818 (Cooley)**

**Attachment 5**

**ASSEMBLY BILL**

**No. 818**

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**Introduced by Assembly Members Cooley and Quirk**

February 20, 2019

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

LEGISLATIVE COUNSEL'S DIGEST

AB 818, as introduced, Cooley. Local government finance: vehicle license fee adjustment amounts.

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 property tax 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. Existing property tax law, for the 2006–07 fiscal year, and for each fiscal year thereafter, requires the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount for the prior fiscal year, if specified provisions did not apply, and the product of the amount as so described and the percentage change from the prior fiscal year in the gross taxable valuation within the jurisdiction of the entity. Existing law establishes a separate vehicle license fee adjustment amount for a city that was incorporated after January 1, 2004, and on or before January 1, 2012.

This bill would establish a separate vehicle license fee adjustment amount for a city incorporating after January 1, 2012, including an additional separate vehicle license fee adjustment amount for the first fiscal year of incorporation and for the next 4 fiscal years thereafter.

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 the statutory provisions noted above.

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:
- 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.

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

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

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

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

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

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

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

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

1 (A) For the 2004–05 fiscal year, an amount equal to the  
2 difference between the following two amounts:  
3 (i) The estimated total amount of revenue that would have been  
4 deposited to the credit of the Motor Vehicle License Fee Account  
5 in the Transportation Tax Fund, including any amounts that would  
6 have been certified to the Controller by the auditor of the County  
7 of Ventura under subdivision (j) of Section 98.02, as that section  
8 read on January 1, 2004, for distribution under the law as it read  
9 on January 1, 2004, to the county, city and county, or city for the  
10 2004–05 fiscal year if the fee otherwise due under the Vehicle  
11 License Fee Law (Part 5 (commencing with Section 10701) of  
12 Division 2) was 2 percent of the market value of a vehicle, as  
13 specified in Sections 10752 and 10752.1 as those sections read on  
14 January 1, 2004.  
15 (ii) The estimated total amount of revenue that is required to be  
16 distributed from the Motor Vehicle License Fee Account in the  
17 Transportation Tax Fund to the county, city and county, and each  
18 city in the county for the 2004–05 fiscal year under Section 11005,  
19 as that section read on the operative date of the act that amended  
20 this clause.  
21 (B) (i) Subject to an adjustment under clause (ii), for the  
22 2005–06 fiscal year, the sum of the following two amounts:  
23 (I) The difference between the following two amounts:  
24 (ia) The actual total amount of revenue that would have been  
25 deposited to the credit of the Motor Vehicle License Fee Account  
26 in the Transportation Tax Fund, including any amounts that would  
27 have been certified to the Controller by the auditor of the County  
28 of Ventura under subdivision (j) of Section 98.02, as that section  
29 read on January 1, 2004, for distribution under the law as it read  
30 on January 1, 2004, to the county, city and county, or city for the  
31 2004–05 fiscal year if the fee otherwise due under the Vehicle  
32 License Fee Law (Part 5 (commencing with Section 10701) of  
33 Division 2) was 2 percent of the market value of a vehicle, as  
34 specified in Sections 10752 and 10752.1 as those sections read on  
35 January 1, 2004.  
36 (ib) The actual total amount of revenue that was distributed  
37 from the Motor Vehicle License Fee Account in the Transportation  
38 Tax Fund to the county, city and county, and each city in the county  
39 for the 2004–05 fiscal year under Section 11005, as that section

1 read on the operative date of the act that amended this  
2 subsubclause.

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

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

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

18 (ii) The amount described in clause (i) shall be adjusted as  
19 follows:

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

25 (II) If the amount described in subclause (I) of clause (i) for a  
26 particular city, county, or city and county is less than the amount  
27 described in subparagraph (A) for that city, county, or city and  
28 county, the amount described in clause (i) shall be decreased by  
29 an amount equal to this difference.

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

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

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

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

37 (II) The percentage change from the prior fiscal year to the  
38 current fiscal year in gross taxable assessed valuation within the  
39 jurisdiction of the entity, as reflected in the equalized assessment  
40 roll for those fiscal years. For the first fiscal year for which a

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

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

13 (A) For the 2017–18 fiscal year, the quotient derived from the  
 14 following fraction:

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

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

18 (II) The population of the incorporating city.

19 (ii) The denominator is the sum of the populations of all cities  
 20 in the county.

21 (B) For the 2018–19 fiscal year, and for each fiscal year  
 22 thereafter, the sum of the following two amounts:

23 (i) The vehicle license fee adjustment amount for the prior fiscal  
 24 year.

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

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

27 (II) The percentage change from the prior fiscal year to the  
 28 current fiscal year in gross taxable assessed valuation within the  
 29 jurisdiction of the entity, as reflected in the equalized assessment  
 30 roll for those fiscal years.

31 (3) *Notwithstanding paragraph (1), “vehicle license fee  
 32 adjustment amount,” for a city incorporating after January 1,  
 33 2012, means the following:*

34 (A) (i) *For the first fiscal year of incorporation, the quotient  
 35 derived from the following fraction:*

36 (I) *The numerator is the product of the following two amounts:*

37 (ia) *The sum of the most recent vehicle license fee adjustment  
 38 amounts determined for all cities in the county.*

39 (ib) *The population of the incorporating city.*

- 1     (ii) *The denominator is the sum of the population of all cities*  
2 *in the county other than the incorporating city.*
- 3     (ii) *For the second fiscal year of incorporation, and for each*  
4 *fiscal year thereafter, the sum of the following two amounts:*
- 5         (I) *The vehicle license fee adjustment amount determined for*  
6 *the incorporating city for the prior fiscal year.*
- 7         (II) *The product of the following two amounts:*
- 8             (ia) *The amount described in subclause (I).*
- 9             (ib) *The percentage change from the prior fiscal year to the*  
10 *current fiscal year in gross taxable assessed valuation within the*  
11 *jurisdiction of the incorporating city, as reflected in the equalized*  
12 *assessment roll for those fiscal years.*
- 13         (B) *In addition to the amount provided in subparagraph (A),*  
14 *for the first fiscal year of incorporation, and for the next four fiscal*  
15 *years thereafter, the product of the following two amounts:*
- 16             (i) *The amount determined in clause (i) of subparagraph (A).*
- 17             (ii) *The quotient derived from the following fraction:*
- 18                 (I) *The numerator is the difference between the number of*  
19 *registered voters in the city on the effective date of its incorporation*  
20 *multiplied by three and the actual current population of the city.*
- 21                 (II) *The denominator is the current population of the city.*
- 22         ~~(3)~~
- 23         (4) *For the 2013–14 fiscal year, the vehicle license fee*  
24 *adjustment amount that is determined under subparagraph (C) of*  
25 *paragraph (1) for the County of Orange shall be increased by*  
26 *fifty-three million dollars (\$53,000,000). For the 2014–15 fiscal*  
27 *year and each fiscal year thereafter, the calculation of the vehicle*  
28 *license fee adjustment amount for the County of Orange under*  
29 *subparagraph (C) of paragraph (1) shall be based on a prior fiscal*  
30 *year amount that reflects the full amount of this one-time increase*  
31 *of fifty-three million dollars (\$53,000,000).*
- 32         ~~(4)~~
- 33         (5) *“Countywide vehicle license fee adjustment amount” means,*  
34 *for any fiscal year, the total sum of the amounts described in*  
35 *paragraphs (1), (2), (3), and ~~(3)~~ (4) for a county or city and county,*  
36 *and each city in the county.*
- 37         ~~(5)~~
- 38         (6) *On or before June 30 of each fiscal year, the auditor shall*  
39 *report to the Controller the vehicle license fee adjustment amount*  
40 *for the county and each city in the county for that fiscal year.*

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

5 (e) For purposes of Section 15 of Article XI of the California  
 6 Constitution, the allocations from a Vehicle License Fee Property  
 7 Tax Compensation Fund constitute successor taxes that are  
 8 otherwise required to be allocated to counties and cities, and as  
 9 successor taxes, the obligation to make those transfers as required  
 10 by this section shall not be extinguished nor disregarded in any  
 11 manner that adversely affects the security of, or the ability of, a  
 12 county or city to pay the principal and interest on any debts or  
 13 obligations that were funded or secured by that city’s or county’s  
 14 allocated share of motor vehicle license fee revenues.

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

16 (1) Reduce any allocations of excess, additional, or remaining  
 17 funds that would otherwise have been allocated to county  
 18 superintendents of schools, cities, counties, and cities and counties  
 19 pursuant to clause (i) of subparagraph (B) of paragraph (4) of  
 20 subdivision (d) of Sections 97.2 and 97.3 or Article 4 (commencing  
 21 with Section 98) had this section not been enacted. The allocations  
 22 required by this section shall be adjusted to comply with this  
 23 paragraph.

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

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

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

32 (g) Tax exchange or revenue sharing agreements, entered into  
 33 prior to the operative date of this section, between local agencies  
 34 or between local agencies and nonlocal agencies are deemed to be  
 35 modified to account for the reduced vehicle license fee revenues  
 36 resulting from the act that added this section. These agreements  
 37 are modified in that these reduced revenues are, in kind and in lieu  
 38 thereof, replaced with ad valorem property tax revenue from a  
 39 Vehicle License Fee Property Tax Compensation Fund or an  
 40 Educational Revenue Augmentation Fund.

1     SEC. 2. If the Commission on State Mandates determines that  
2 this act contains costs mandated by the state, reimbursement to  
3 local agencies and school districts for those costs shall be made  
4 pursuant to Part 7 (commencing with Section 17500) of Division  
5 4 of Title 2 of the Government Code.

O