

(e) Existing sales and use tax exchange and revenue sharing agreements, entered into prior to the operative date of this section, between local governments or between local governments and nonlocal governments shall be deemed to be modified to account for the reduction in sales and use tax revenues resulting from this section, with those reduced revenues to be replaced with property tax revenues as otherwise provided by law.

SECTION 21. Addition of Section 36 to Article XIII of Constitution, amendment of Section 29530 of Government Code, repeal and addition of Section 97.68 of Revenue and Taxation Code, addition of Sections 6051.7, 6051.9, 6051.95, 6201.7, 6201.9, 6201.95, and 7101.4 to Revenue and Taxation Code, and amendment of Sections 7202, 7203, and 7203.1 of Revenue and Taxation Code in event Assembly Bill 9, enacted as Chapter 2 of the 2003-04 Fifth Extraordinary Session, becomes operative. In accordance with Assembly Bill 9, enacted as Chapter 2 of the 2003-04 Fifth Extraordinary Session, and filed with the Secretary of State on December 12, 2003, certain additions and amendments to portions of the Government Code and the Revenue and Taxation Code are to become operative upon the occurrence of the following: (i) submittal to and approval by the voters of Assembly Constitutional Amendment 5 of the 2003-04 Fifth Extraordinary Session at the March 2, 2004 statewide primary election, and (ii) adoption by the voters of the Economic Recovery Bond Act at the March 2, 2004 statewide primary election. Some of the provisions of Assembly Bill 9, if operative, would be inconsistent with some of the provisions of the California Home Rule Amendment set forth above. The voters expressly declare their intent that in the event that Sections 1 to 4.20, inclusive, of Assembly Bill 9 become operative, and only in such event, the following constitutional and statutory modifications be adopted in lieu of the modifications otherwise set forth above.

A. Addition of Section 36 to Article XIII of Constitution. In lieu of the provisions of Section 6 hereof set forth above, Section 36 is added to Article XIII of the Constitution to read in its entirety as follows:

Section 36. (a) A county School Assistance Fund for Education is hereby created in each county. The county auditor shall allocate moneys in the fund according to this section. Moneys in the fund may only be allocated and appropriated for the purposes specified in this section.

(b) Each county's School Assistance Fund for Education shall consist of the following moneys:

(1) (A) All revenues that are derived from or attributable to the fund established by the Vehicle License Fee Law, or its successor, replacement or backfill fund or account, howsoever

designated, other than fees on trailer coaches and mobilehomes, over and above the costs of collection and any refunds authorized by law, shall be transferred and allocated by the Controller to each county's School Assistance Fund for Education on the basis of population of such county in relation to the population of the State.

(B) Excluded from this subdivision shall be the portion of those revenues derived from or attributable to the fund established by the Vehicle License Fee Law, or its successor, replacement or backfill fund or account, howsoever designated, that are transferred to the Local Revenue Fund pursuant to Sections 11000 through 11006, inclusive, of the Revenue and Taxation Code, and that are allocated to and restricted for funding the programs specified by Sections 17600 through 17600.20, inclusive, of the Welfare and Institutions Code.

(C) The amount of revenues derived from or attributable to the fund established by the Vehicle License Fee Law, or its successor, replacement or backfill fund or account, howsoever designated, that are allocated pursuant to this paragraph (1) shall be adjusted as necessary in accordance with the provisions of subdivision (b)(2) of Section 11005 of the Revenue and Taxation Code.

(D) This paragraph (1) shall apply only to those revenues derived from or attributable to the fund established by the Vehicle License Fee Law, or its successor, replacement or backfill fund or account, howsoever designated, for taxes collected on and after July 1, 2005.

(2) All revenues, less refunds if any, derived from the taxes imposed pursuant to Sections 6051.7, 6051.9, 6201.7, and 6201.9 of the Revenue and Taxation Code.

(c) Notwithstanding any other provision of law, the provisions of this chapter shall govern the timing and manner of distribution of revenues from each county's School Assistance Fund for Education.

(1) Prior to the beginning of the 2005-06 fiscal year, and each fiscal year thereafter, each county auditor shall estimate the amount of additional property tax revenues to be allocated to the county and to each city within the county pursuant to the provisions of Section 16 of Article XI and of Section 97.68 of the Revenue and Taxation Code, which additional property tax

revenues correspond to the transfer and allocation of vehicle license fee revenues that are required by the California Home Rule Amendment.

(2) Upon determining the estimates of additional property tax revenues pursuant to paragraph (1), each county auditor shall advance and allocate from the county's School Assistance Fund for Education to the county and to each city within the county ninety percent of such estimates for each semi-annual property tax cycle, paid in six equal monthly installments.

(3) In the event that the amount of revenues that are available in the county's School Assistance Fund for Education is less than the amounts estimated to be advanced and allocated pursuant to paragraph (1), then the amounts to be advanced and allocated to the county and each city shall be reduced proportionately.

(4) At such time as property tax revenues are received and available to be allocated by the county auditor to cities, city and counties, and counties pursuant to Section 16 of Article XI, the amount of property tax revenues equal to the amounts previously advanced and allocated to the county and each city from the county's School Assistance Fund for Education in accordance with paragraph (2) shall be transferred by the county auditor to such fund as repayment of the advance. All revenues remaining after repayment shall be promptly allocated by the county auditor to each city, city and county, and county as appropriate and in accordance with otherwise applicable requirements of law, including but not limited to Section 97.68 of the Revenue and Taxation Code.

(5) In the event that the amount advanced and allocated to cities, city and counties, and counties in accordance with paragraph (2) exceeds the property tax revenues that are available to be allocated to cities, city and counties pursuant to Section 16 of Article XI for any semi-annual property tax cycle, then the county auditor shall deduct the deficit amount as promptly as feasible from the amount advanced and allocated to the county and each city in the next semi-annual property tax cycle.

(d) (1) (A) On August 20 of the 2005-06 fiscal year, and on the 20th day of each sixth month thereafter, the county auditor shall allocate all moneys from the county's School Assistance Fund

for Education to school districts and county offices of education on a per-student basis as set forth in this section.

(B) The county auditor shall, based on information provided by the county superintendent of schools pursuant to this paragraph, allocate that proportion of the revenue in the county's School Assistance Fund for Education to be allocated to school districts and county offices of education only to those school districts and county offices of education within the county that are not excess tax school entities, as defined in subdivision (n) of Section 95 of the Revenue and Taxation Code. The county superintendent of schools shall determine the amount to be allocated to each school district on a per-student basis. In no event shall any additional money be allocated from the county's School Assistance Fund for Education to a school district or county office of education upon that district or county office of education becoming an excess tax school entity. If, after determining the amount to be allocated to each school district and county office of education, the county superintendent of schools determines there are still additional funds to be allocated, the county superintendent of schools shall determine the remainder to be allocated on a per-student basis until all funds that would not result in a school district or county office of education becoming an excess tax school entity are allocated. The county superintendent of schools may determine the amounts to be allocated between each school district and county office of education to ensure that all funds that would not result in a school district or county office of education becoming an excess tax school entity are allocated.

(C) The county auditor shall, based on information provided by the Chancellor of the California Community Colleges pursuant to this paragraph, allocate that proportion of the revenue in the county's School Assistance Fund for Education to be allocated to community college districts only to those community college districts within the county that are not excess tax school entities, as defined in subdivision (n) of Section 95 of the Revenue and Taxation Code. The chancellor shall determine the amount to be allocated to each community college district on a per-student basis. In no event shall any additional money be allocated from the county's School Assistance Fund for Education to a community college district upon that district becoming an excess tax school entity.

(D) (i) If, after making the allocation required pursuant to subparagraph (B), the county auditor determines that there are