

*(B) The 2004-05 fiscal year Educational Revenue Augmentation Fund Adjustment Factor for the city, city and county, or county.*

*(2) For the purposes of this subdivision, the 2004-05 fiscal year Educational Revenue Augmentation Fund Adjustment Factor shall mean the product of the following amounts:*

*(A) One-half; and*

*(B) The difference between the following amounts:*

*(i) The amount of property tax revenues the city, city and county, or county would have received in the 2004-05 fiscal year based on the property tax allocations in effect on January 1, 2004 and otherwise applicable statutes, including but not limited to Section 96.1, governing year-to-year adjustments in property tax revenues in effect on January 1, 2004; and*

*(ii) The amount of property tax revenues actually received by the city, city and county, or county in the 2004-05 fiscal year.*

*(c) Notwithstanding any other provision of law, the total amount of ad valorem property tax revenue otherwise required to be allocated to a county's Educational Revenue Augmentation Fund shall first be reduced by the amount required to make the allocations specified in subdivisions (a) and (b).*

*(1) In the event that the county's Educational Revenue Augmentation Fund is not sufficient in amount to effect the required reduction, the amount of the insufficiency shall then be reduced from the allocated local proceeds of taxes available in the county for allocation to school districts and community college districts proportionately by enrollment.*

*(2) In the event that both the county's Educational Revenue Augmentation Fund and the allocated local proceeds of taxes available in the county for allocation to school districts and community college districts are not sufficient in amount to effect the required reduction, the amount of the insufficiency shall then be allocated from the county's School Assistance Fund for Education established pursuant to Section 36 of Article XIII of the Constitution.*

*(d) Each city, city and county, and county, within a three-year period commencing on January 1, 2005, shall have the opportunity to submit a one-time petition to the county auditor to implement a recalculation and adjustment to the percentage of property tax revenues allocated to such city, city and county, or county pursuant to subdivisions (a) and (b) based on increased sales tax revenues that, but for the California Home Rule Amendment, would have been allocated to the city, city and county, or county by reason of one or more approved development projects for which development applications were accepted as complete on or before January 1, 2005. Upon receipt of such a petition, the county auditor, upon consultation with the State Board of Equalization as appropriate, shall determine the appropriate recalculation adjustment.*

*(3) For the fiscal year 2007-08 and each fiscal year thereafter, ad valorem property tax revenue allocations made pursuant to Section 96.1 shall fully incorporate the allocation adjustments required by this section.*

*(e) Nothing in this section shall do any of the following:*

*(1) Require an increased ad valorem property tax revenue allocation to a community redevelopment agency.*

*(2) Alter the manner in which ad valorem property tax revenue growth from fiscal year to fiscal year is determined in a county.*

*(3) Interfere with or otherwise impair the realignment of funds and financial responsibility for programs and services that is required pursuant to Sections 11000 through 11006, inclusive, of the Revenue and Taxation Code for funding the programs specified by Sections 17600 through 17600.20, inclusive, of the Welfare and Institutions Code.*

*(4) Result in the allocation or distribution to any city, city and county, or county of property tax revenues that are collected outside the boundaries of the city, city and county, or county.*

*(f) 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.*

E. Addition of Section 6051.7 to Revenue and Taxation Code. In lieu of the provisions of Section 13 hereof adding Section 6051.7 to the Revenue and Taxation Code as set forth above, Section 6051.7 is added to the Revenue and Taxation Code to read in its entirety as follows:

*6051.7 (a) In addition to the taxes imposed by Section 6051 and any other provision of this part, for the privilege of selling tangible personal property at retail a tax is hereby imposed upon all retailers at the rate of one-quarter of 1 percent of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in this state.*

*(b) All revenues, net of refunds, received pursuant to this section shall be collected by the State Board of Equalization and, upon collection, shall be transmitted to the School Assistance Fund for Education for the county where the taxable activity occurred, which School Assistance Fund for Education for each county has been established pursuant to Section 36 of Article XIII of the Constitution.*

*(c) Revenues received pursuant to this section accruing to the School Assistance Fund for Education for each county shall not be considered to be "State General Fund proceeds of taxes appropriated pursuant to Article XIII B" within the meaning of either Section 8 of Article XVI of the California Constitution or Section 41202 of the Education Code.*

*(d) This section shall become operative on the first day of the first calendar quarter commencing more than 90 days following a notification to the board by the Director of Finance pursuant to subdivision (b) of Section 99006 of the Government Code.*

F. Addition of Section 6051.9 to Revenue and Taxation Code. Section 6051.9 is added to the Revenue and Taxation Code to read in its entirety as follows:

*6051.9 (a) In addition to the taxes imposed by Section 6051 and any other provision of this part, for the privilege of selling tangible personal property at retail a tax is hereby imposed upon all retailers at the rate of one-quarter of 1 percent of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in this state.*

*(b) All revenues, net of refunds, received pursuant to this section shall be collected by the State Board of Equalization and, upon collection, shall be transmitted to the School Assistance Fund for Education for the county where the taxable activity occurred, which School Assistance Fund for Education for each county has been established pursuant to Section 36 of Article XIII of the Constitution.*

*(c) Revenues received pursuant to this section accruing to the School Assistance Fund for Education for each county shall not be considered to be "State General Fund proceeds of taxes appropriated pursuant to Article XIIIB" within the meaning of either Section 8 of Article XVI of the California Constitution or Section 41202 of the Education Code.*

*(d) This section shall become operative on July 1, 2005.*

G. Addition of Section 6051.95 to Revenue and Taxation Code. Section 6051.95 is added to the Revenue and Taxation Code to read in its entirety as follows:

*6051.95. There are exempted from the taxes imposed by Section 6051.9 the gross receipts derived from the sale of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of the aircraft as common carriers of persons or property under the authority of the laws of this state, the United States, or any foreign government.*

H. Addition of Section 6201.7 to Revenue and Taxation Code. In lieu of the provisions of Section 15 hereof adding Section 6201.7 to the Revenue and Taxation Code as set forth above, Section 6201.7 is added to the Revenue and Taxation Code to read in its entirety as follows:

*6201.7. (a) In addition to the taxes imposed by Section 6201 and any other provision of this part, an excise tax is hereby imposed on the storage, use, or other consumption in this state of tangible personal property purchased from any retailer at the rate of one-quarter of 1 percent of the sales price of the property.*

*(b) All revenues, net of refunds, received pursuant to this section shall be collected by the State Board of Equalization and, upon collection, shall be transmitted to the School Assistance Fund for Education for the county where the taxable activity occurred, which School Assistance Fund for Education for each county has*