

~~subdivision (a) of Section 7203.1 cease to apply, exempt from 67 percent of the use tax.~~

(c) For purposes of this section, "revenue exchange period" means the period on and after July 1, 2004, and before 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.

SECTION 21. Amendment of Section 7203.1 of Revenue and Taxation Code. Section 7203.1 of the Revenue and Taxation Code is amended to read in its entirety as follows:

7203.1. (a) Notwithstanding any other provision of law, during the revenue exchange period ~~only~~, the authority of a county or a city under this part to impose a tax rate as specified in an ordinance adopted pursuant to Sections 7202 and 7203 is suspended, and the tax rate to be applied instead during that period under any ordinance as so adopted is the applicable of the following:

- (1) In the case of a county, three-quarters of 1 percent.
- (2) In the case of a city, one-half of 1 percent.

(b) Notwithstanding any other provision of law, on and after the end of the revenue exchange period, the authority of a county or a city under this part to impose a tax rate as specified in an ordinance adopted pursuant to Sections 7202 and 7203 shall be limited to the following:

- (1) In the case of a county, a tax rate not to exceed three-quarters of 1 percent.*
- (2) In the case of a city, a tax rate not to exceed one-half of 1 percent.*

~~(b)~~ *(c) For purposes of this section, "revenue exchange period" means the period on and after July 1, 2004, and before 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.*

(e d) Subdivisions (a) ~~and (b) is a~~ *are* self-executing provisions that operates without regard to any decision or act on the part of any local government. A change in a local general tax rate resulting from ~~either the rate limitations applied by subdivisions (a) or the end of the revenue exchange period~~ *and (b) is not subject to voter approval under either statute or Article XIII C of the California Constitution.*

(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 22. Amendment of Section 29530 of Government Code, addition of Chapter 6.3 (commencing with Section 30020) to Division 3 of Title 3 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 Local Government Property Tax Protection Act 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. Amendment of Section 29530 of Government Code. In lieu of the provisions of Section 10 hereof set forth above, Section 29530 of the Government Code is amended to read in its entirety as follows:

29530. (a) If the board of supervisors so agrees by contract with the State Board of Equalization, the board of

supervisors shall establish a local transportation fund in the county treasury and shall deposit in the fund all revenues transmitted to the county by the State Board of Equalization under Section 7204 of the Revenue and Taxation Code, which are derived from that portion of the taxes imposed by the county at a rate in excess of ~~1 percent, and on and after July 1, 2004, until the rate modifications in subdivision (a) of Section 7203.1 of the Revenue and Taxation Code cease to apply,~~ at a rate in excess of ~~three-quarters~~ *one-half* of 1 percent, pursuant to Part 1.5 (commencing with Section 7200) of Division 2 of that code, less an allocation of the cost of the services of the State Board of Equalization in administering the sales and use tax ordinance related to the rate in excess of ~~1 percent, and on and after July 1, 2004, until the rate modifications in subdivision (a) of Section 7203.1 of the Revenue and Taxation Code cease to apply,~~ to the rate in excess of ~~three-quarters~~ *one-half* of 1 percent, and of the Director of Transportation and the Controller in administering the responsibilities assigned to him or her in Chapter 4 (commencing with Section 99200) of Part 11 of Division 10 of the Public Utilities Code.

(b) Any interest or other income earned by investment or otherwise of the local transportation fund shall accrue to and be a part of the fund.

B. Chapter 6.3 (commencing with Section 30020) to Division 3 of Title 3 of Government Code. In lieu of the provisions of Section 11 hereof set forth above, Chapter 6.3 (commencing with Section 30020) is added to Division 3 of Title 3 of the Government Code, to read in its entirety as follows:

Chapter 6.3 School Assistance Fund for Education (SAFE)

30020. In accordance with Section 36 of Article XIII of the California Constitution, a School Assistance Fund for Education is hereby created in each county.

30021. The county auditor shall allocate moneys in the county's School Assistance Fund for Education according to this chapter.

30022. Moneys in the county's School Assistance Fund for Education may only be allocated and appropriated for the purposes specified in this chapter.

30023. *The county auditor shall calculate and allocate moneys for the county's School Assistance Fund for Education and the Educational Revenue Augmentation Fund, and shall determine the order in which these calculations and allocations are made. Any excess moneys remaining after these calculations and allocations will be returned to each city, city and county, county, and special district in proportion to their contribution to the said funds. The intent of requiring each county auditor to determine the order in which these calculations and allocations are made is to ensure that all cities, city and counties, counties, and special districts that were previously receiving funds pursuant to Section 97.2, subdivision (d)(4)(B)(i) of the Revenue and Taxation Code and Section 97.3, subdivision (d)(4)(B)(i) of the Revenue and Taxation Code are not adversely impacted by the establishment of the county's School Assistance Fund for Education. This section shall also apply to any city, city and county, county, or special district that, after the effective date of this section, becomes eligible to receive funds pursuant to Section 97.2, subdivision (d)(4)(B)(i) of the Revenue and Taxation Code and Section 97.3, subdivision (d)(4)(B)(i) of the Revenue and Taxation Code.*

30024. *Each county's School Assistance Fund for Education shall consist of the following moneys:*

(a) (1) *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.*

(2) *Excluded from this subdivision shall be the portion of those revenues derived from or attributable to any of the following:*

(A) *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.*