

any land owned by the homeowner and on which the mobilehome or manufactured home is located.

(b) "Commercial residential rental property" means that portion of a building that contains one or more dwelling units that are not owner-occupied.

(c) "Real property used for commercial agricultural production" means land zoned and used for producing commercial agricultural commodities and any improvements thereon, exclusive of that portion of the full value of non-residential structures situated on the land that exceeds \$500,000.

Section 14. Section 94.1 is hereby added to the Revenue and Taxation Code, to read as follows:

Sec. 94.1. The rate of additional ad valorem property tax imposed on commercial residential rental property by subdivision (b) of Section 1 of Article XIII A of the California Constitution shall be determined as follows:

(a) *For commercial residential rental property with an assessed valuation between \$700,000 and \$799,999, the rate of tax shall be .10 percent higher than the ad valorem tax on residential real property;*

(b) *For commercial residential rental property with an assessed valuation between \$800,000 and \$899,999, the rate of tax shall be .25 percent higher than the ad valorem tax on residential real property;*

(c) *For commercial residential rental property with an assessed valuation between \$900,000 and \$999,999, the rate of tax shall be .40 percent higher than the ad valorem tax on residential real property; and*

(d) *For commercial residential rental property with an assessed valuation of \$1,000,000 or more, the rate of tax shall be .55 percent higher than the ad valorem tax on residential real property.*

Section 15. Section 100.7 is hereby added to the Revenue and Taxation Code, to read as follows:

Sec. 100.7. (a) For the 2005-06 fiscal year and each fiscal year thereafter, the Controller shall allocate among the counties those moneys set aside for aid to businesses pursuant to paragraph (1) of subdivision (b) of Section 8.6 of Article XVI of the California Constitution. The Controller shall allocate those moneys among the counties in shares that, as determined pursuant to subdivision (b), correspond to each county's percentage share of the total statewide property tax revenue loss resulting in that fiscal year from the tax exemption established by Section 210. Each county shall apportion its allocation under this subdivision among the jurisdictions in that county in the same manner as revenues derived from locally assessed property are required by law to be allocated among those same jurisdictions.

(b) For the 2005-06 fiscal year and each fiscal year thereafter, each county's allocation under subdivision (a) shall be calculated as follows:

(1) Each county shall report to the Controller the total taxable value of personal property in that county for the property tax lien date immediately preceding the subject fiscal year.

(2) The Controller shall determine the combined total of all of the amounts reported pursuant to paragraph (1).

(3) The Controller shall divide each amount reported under paragraph (1) by the combined total determined under paragraph (2).

(4) The Controller shall multiply each ratio determined under paragraph (3) by the total amount of moneys set aside for the subject fiscal year for aid to business under paragraph (1) of subdivision (b) of Section 8.6 of Article XVI of the California Constitution.

Section 16. Section 210 is hereby added to the Revenue and Taxation Code, to read as follows:

Sec. 210. (a) For purposes of providing aid to business as described in paragraph (1) of subdivision (b) of Section 8.6 of Article XVI of the California Constitution, for the January 1, 2005 lien date and each lien date thereafter, there is exempted from tax that amount of the full value of personal property assessable to each taxpayer that does not exceed the amount most recently estimated under subdivision (b) by the Small Business Tax Relief Funding Authority.

(b)(1) The Small Business Tax Relief Funding Authority is hereby established to consist of the Controller, the State Treasurer, and the Director of Finance, or the designee of any of them.

(2) For the set of three property tax lien dates commencing with January 1, 2005, and for each set of three property tax lien dates thereafter, the Small Business Tax Relief Funding Authority shall estimate that single amount that, when applied under subdivision (a) to each of the three subject lien dates, will result in a statewide personal property tax revenue loss equal to 10 percent of the average annual amount of revenue to be derived over the three lien dates from the additional ad valorem property tax rate imposed under subdivision (b) of Section 1 of Article XIII A of the California Constitution.

Section 17. Amendment.

The statutory provisions of this measure may be amended to further the purposes of the initiative by a statute other than the annual budget act. Any such amendment must be passed in each house by rollcall vote entered in the journal, two-thirds of the membership concurring, and signed by the Governor.

Section 18. Severability.

The provisions of this measure are severable. If any provision of this measure or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

Section 19. Conflicting Initiatives.

In the event that this measure and another initiative measure or measures relating to taxation of real or personal property or funding for education or preschool shall appear on the same statewide election ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other measure shall be null and void.

Section 20. Effective Date.

This measure shall go into effect on January 1, 2005.