

*still additional funds to be allocated, the auditor shall allocate those excess funds pursuant to subparagraph (C). If, after making the allocation pursuant to subparagraph (C), the auditor determines that there are still additional funds to be allocated, the auditor shall allocate those excess funds pursuant to subparagraph (B). If, after determining the amount to be allocated to each community college district, the Chancellor of the California Community Colleges determines that there are still additional funds to be allocated, the Chancellor of the California Community Colleges shall determine the remainder to be allocated to each community college district on a per-student basis until all funds that would not result in a community college district becoming an excess tax school entity are allocated.*

*(ii) If, after making the allocations pursuant to subparagraphs (B) and (C) and clause (i), the auditor determines that there are still additional funds to be allocated, the auditor shall allocate those excess funds to the county superintendent of schools. Funds allocated pursuant to this paragraph shall be counted as property tax revenues for special education programs in augmentation of the amount calculated pursuant to Section 2572 of the Education Code, to the extent that those property tax revenues offset state aid for county offices of education and school districts within the county pursuant to subdivision (c) of Section 56836.08 of the Education Code, except that funding computed pursuant to Article 3 (commencing with Section 56836.16) of the Education Code is provided by state aid and is not offset by property tax revenues.*

*(2) Notwithstanding any other provision of law, the following provisions shall apply in the 2005-06 fiscal year to those school districts and county offices of education within the county that are excess tax school entities, as defined in subdivision (n) of Section 95 of the Revenue and Taxation Code:*

*(A) Such school districts and county offices of education shall be entitled to funds allocated pursuant to this section equivalent in amount to the loss, if any, of revenues resulting from the property tax exchanges required by the California Home Rule Amendment.*

*(B) To the extent that the total amount of funds allocated pursuant to subparagraph (A) exceed, on a per-student basis, the funds allocated 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, then such the total of the excess allocated amount shall be reduced by ten percent for each subsequent fiscal year for a period of ten fiscal years, so that no excess amount is allocated after the tenth subsequent fiscal year.*

*(e) Neither the Legislature nor the Governor shall reduce the moneys to be allocated to each county's School Assistance Fund for Education as identified in subdivision (b) without first continuously appropriating an equal amount of replacement revenues.*

B. 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.

C. Repeal of Section 97.68 of Revenue and Taxation Code. In lieu of the provisions of Section 11 hereof set forth above, the provisions of Section 97.68 of the Revenue and Taxation Code in effect on the effective date of the California Home Rule Amendment shall no longer be operative after June 30, 2005, shall be deemed repealed as of such date, and shall be replaced with the provisions set forth in subdivision D below.

~~97.68. Notwithstanding any other provision of law, in allocating ad valorem property tax revenue allocations for each fiscal year during the fiscal adjustment period, all of the following apply:~~

~~(a) (1) The total amount of ad valorem property tax revenue otherwise required to be allocated to a county's Educational Revenue Augmentation Fund shall be reduced by the countywide adjustment amount.~~

~~(2) The countywide adjustment amount shall be deposited in a Sales and Use Tax Compensation Fund that shall be established in the treasury of each county.~~

~~(b) For purposes of this section, the following definitions apply:~~

~~(1) "Fiscal adjustment period" means the period beginning with the 2004-05 fiscal year and continuing through the fiscal year in which the Director of Finance notifies the State Board of Equalization pursuant to subdivision (b) of Section 99006 of the Government Code.~~

~~(2) "Countywide adjustment amount" means the combined total revenue loss of the county and each city in the county that is annually estimated by the Director of Finance, based on the taxable sales in that county in the prior fiscal year as determined by the State Board of Equalization and reported to the director on or before August 15 of each fiscal year during the fiscal adjustment period, to result for each of those fiscal years from the 0.25 percent reduction in local sales and use rate tax authority applied by Section 7203.1.~~

~~(c) For each fiscal year during the fiscal adjustment period, moneys in the Sales and Use Tax Compensation Fund shall be allocated among the county and the cities in~~

the county, and those allocations shall be subsequently adjusted, as follows:

~~(1) The Director of Finance shall, on or before September 1 of each fiscal year during the fiscal adjustment period, notify each county auditor of that portion of the countywide adjustment amount for that fiscal year that is attributable to the county and to each city within that county.~~

~~(2) The county auditor shall allocate revenues in the Sales and Use Tax Compensation Fund among the county and cities in the county in the amounts described in paragraph (1). The auditor shall allocate one half of the amount described in paragraph (1) in each January during the fiscal adjustment period and shall allocate the balance of that amount in each May during the fiscal adjustment period.~~

~~(3) After the end of each fiscal year during the fiscal adjustment period, other than a fiscal year subject to subdivision (d), the Director of Finance shall, based on the actual taxable sales for the prior fiscal year, recalculate each amount estimated under paragraph (1) and notify the county auditor of the recalculated amount.~~

~~(4) If the amount recalculated under paragraph (3) for the county or any city in the county is greater than the amount allocated to that local agency under paragraph (2), the county auditor shall, in the fiscal year next following the fiscal year for which the allocation was made, transfer an amount of ad valorem property tax revenue equal to this difference from the Sales and Use Tax Compensation Fund to that local agency.~~

~~(5) If the amount recalculated under paragraph (3) for the county or any city in the county is less than the amount allocated to that local agency under paragraph (2), the county auditor shall, in the fiscal year next following the fiscal year for which the allocation was made, reduce the total amount of ad valorem property tax revenue otherwise allocated to that city or county from the Sales and Use Tax Compensation Fund by an amount equal to this difference~~