

~~and instead allocate this difference to the county Educational Revenue Augmentation Fund.~~

~~(6) If there is an insufficient amount of moneys in a county's Sales and Use Tax Compensation Fund to make the transfers required by paragraph (4), the county auditor shall transfer from the county Educational Revenue Augmentation Fund an amount sufficient to make the full amount of these transfers.~~

~~(d) (1) If Section 7203.1 ceases to be operative during any calendar quarter that is not the calendar quarter in which the fiscal year begins, the excess amount, as defined in paragraph (2), of the county and each city in the county shall be reallocated from each of those local agencies to the Educational Revenue Augmentation Fund.~~

~~(2) For purposes of this subdivision, "excess amount" means the product of both of the following:~~

~~(A) The total amount of ad valorem property tax revenue allocated to that local agency pursuant to paragraph (2) of subdivision (c).~~

~~(B) That percentage of the fiscal year in which Section 7203.1 is not operative.~~

~~(e) For the 2005-06 fiscal year and each fiscal year thereafter, the amounts determined under subdivision (a) of Section 96.1, or any successor to that provision, may not reflect any portion of any property tax revenue allocation required by this section for a preceding fiscal year.~~

~~(f) This section may not be construed to do any of the following:~~

~~(1) Reduce any allocations of excess, additional, or remaining funds that would otherwise have been allocated to cities, counties, cities and counties, or special districts pursuant to clause (i) of subparagraph (B) of paragraph (4) of subdivision (d) of Section 97.2 and clause (i) of subparagraph (B) of paragraph (4) of subdivision (d) of Section 97.3, had this section not been enacted. The allocation made pursuant to subdivisions (a) and (c) shall be adjusted to comply with this paragraph.~~

~~(2) Require an increased ad valorem property tax revenue allocation to a community redevelopment agency.~~

~~(3) Alter the manner in which ad valorem property tax revenue growth from fiscal year to fiscal year is determined or allocated in a county.~~

~~(g) Existing tax exchange or revenue sharing agreements, entered into prior to the operative date of this section, between local agencies or between local agencies and nonlocal agencies shall be deemed to be temporarily modified to account for the reduced sales and use tax revenues, resulting from the temporary reduction in the local sales and use tax rate, with those reduced revenues to be replaced in kind by property tax revenue from a Sales and Use Tax Compensation Fund or an Educational Revenue Augmentation Fund, on a temporary basis, as provided by this section.~~

D. Addition of Section 97.68 of Revenue and Taxation Code. In lieu of the provisions of Section 12 hereof adding Section 97.68 to the Revenue and Taxation Code as set forth above, operative on and after July 1, 2005, Section 97.68 of the Revenue and Taxation Code is added to read in its entirety as follows:

*97.68 (a) Notwithstanding any other provision of this chapter, and in accordance with Section 16 of Article XI of the Constitution and other applicable provisions of law implementing the California Home Rule Amendment, for the purposes of annual ad valorem property tax revenue allocations in the 2005-06 fiscal year, all of the following shall apply:*

*(1) The total amount of ad valorem property taxes deemed allocated to each city, city and county, and county in the 2004-05 fiscal year shall equal the sum of:*

*(A) The actual amount of property tax revenues that was allocated to the city, city and county, or county in the 2004-05 fiscal year; and*

*(B) The amount of revenue that the city, city and county, or county would have received in the 2004-05 fiscal year pursuant to the Bradley-Burns Uniform Sales and Use Tax (Chapter 1 of Part 1.5 of Division 2) if the city, city and county, or county had*

*imposed a sales and use tax at the rate of one-half of one percent as calculated by the Board of Equalization; and*

*(C) The amount of vehicle license fee revenue that the city, city and county, or county would have received in the 2004-05 fiscal year, calculated on the basis of rate of two percent of the market value of the vehicle or depreciated value as determined by the Department of Motor Vehicles pursuant to the depreciation schedule in effect on January 1, 2004, excluding those revenues derived from vehicle license fees that are allocated for the programs and services that are 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; and*

*(D) 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.*

*(3) On or before August 1, 2005, the Director of Finance in consultation with the Board of Equalization shall, based on the distributions from the Board of Equalization to local agencies for the 2004-05 fiscal year, recalculate each amount estimated under paragraph (1) of subdivision (c) of Section 97.68 in effect on June 30, 2005, and shall notify each county auditor of the recalculated amount.*

*(A) If the amount recalculated under this paragraph for a city, city and county, or county is greater than the amount allocated to that local agency in the 2004-05 fiscal year under paragraph (2) of subdivision (c) of Section 97.68 in effect on June 30, 2005, the county auditor shall, in the 2005-06 fiscal year, transfer to the affected local agency an amount of ad valorem property tax equal to this difference from the county's Educational Revenue Augmentation Fund. The provisions of subdivision (c) shall be applicable in the event that the county's Educational Revenue Augmentation Fund is not sufficient in amount to effect the required transfer.*

*(B) If the amount recalculated under this paragraph for a city, city and county, or county is less than the amount allocated to that local agency in the 2004-05 fiscal year under paragraph (2) of subdivision (c) of Section 97.68 in effect on June 30, 2005,, the county auditor shall, in the 2005-06 fiscal year, reduce the total amount of ad valorem property tax equal to this difference to the county's School Assistance Fund for Education from the amount otherwise to be allocated in the 2005-06 fiscal year to the affected local agency.*

*(b) Notwithstanding any other provision of this chapter, and in accordance with Section 16 of Article XI of the Constitution and other applicable provisions of law implementing the California Home Rule Amendment, for purposes of annual ad valorem property tax revenue allocations in the 2006-07 fiscal year, all of the following shall apply:*

*(1) The total amount of ad valorem property taxes deemed allocated to each city, city and county, and county in the 2005-06 fiscal year shall be increased by the sum of:*

*(A) The amount of property tax revenues the city, city and county, or county would have received in accordance with the 2005-06 fiscal year tax increment growth on the 2004-05 fiscal year Educational Revenue Augmentation Fund Adjustment Factor if the city, city and county, or county had received the 2004-05 fiscal year Educational Revenue Augmentation Fund Adjustment Factor in the 2004-05 fiscal year; and*