

without the consent of the affected city, city and county, or county, to another local government; or

(3) Restricts the authority of any city, city and county, or county to impose, or changes the method of distributing, a sales and use tax imposed by any city, city and county, or county pursuant to the terms of the Bradley-Burns Uniform Sales and Use Tax (Chapter 1 of Part 1.5 of Division 2 of the Revenue and Taxation Code) in accordance with the law as of the effective date of the Local Government Property Tax Protection Act;

(4) Appropriates, reallocates, redistributes, reduces, reapportions, suspends, or delays revenues from taxes imposed by any city, city and county, or county, including but not limited to the business license tax, the transient occupancy tax, and the utility users tax; or

(5) Establishes any classification or exemption from the ad valorem taxes on real property and tangible personal property that are collected by counties pursuant to Section 1 of Article XIII A or a sales and use tax imposed by any city, city and county, or county pursuant to the terms of the Bradley-Burns Uniform Sales and Use Tax (Chapter 1 of Part 1.5 of Division 2 of the Revenue and Taxation Code), which classification or exemption does not include a continuous appropriation of funds that shall be transferred to city, city and county, and county governments in an amount equal to the net loss of revenue resulting from the classification or exemption. Nothing in this subdivision (c) shall prohibit the Legislature from establishing any classification or exemption for which the Legislature does include a continuous appropriation of funds as specified in this paragraph.

(d) Moneys subvned to a local government under Section 25 may be used for state or local purposes.

SECTION 6. Addition of Section 36 to Article XIII of Constitution.

Section 36 is added to Article XIII of the Constitution to read in its entirety as follows:

Section 36. A county School Assistance Fund for Education is hereby created in each county. The county auditor shall allocate moneys in the fund according to the Local Government Property Tax Protection Act. Moneys in the fund may only be allocated and appropriated for the purposes specified in the Local Government Property Tax Protection Act. Neither the Legislature nor the Governor shall reduce the moneys to be

allocated to each county's School Assistance Fund for Education as specified in the Local Government Property Tax Protection Act without first continuously appropriating an equal amount of replacement revenues.

SECTION 7. Addition of Section 1.1 to Article XIII A of Constitution.

Section 1.1 is added to Article XIII A of the Constitution to read in its entirety as follows:

Section 1.1 That portion of the revenues collected by counties pursuant to subdivision (a) of Section 1 of Article XIII A that is allocated to counties and cities shall be apportioned in accordance with Section 16 of Article XI. That portion of the revenues collected by counties pursuant to subdivision (a) of Section 1 of Article XIII A that are allocated to the other districts within the counties shall be apportioned according to law.

SECTION 8. Amendment of Section 6 of Article XIII B of Constitution.

Section 6 of Article XIII B of the Constitution is amended to read in its entirety as follows:

Section 6. (a) Whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the State shall provide a *an annual* subvention of funds to reimburse such local government for the costs of such program or increased level of service, except that the Legislature may, but need not, provide such subvention of funds for the following mandates: (a 1) Legislative mandates requested by the local agency affected; (~~b~~ 2) Legislation defining a new crime or changing an existing definition of a crime; or (c 3) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.

(b) The annual subvention of funds required by this section shall be transmitted to the local government at the end of the fiscal year in which within the statute or regulation or order by a state officer or agency that mandates a new program or higher level of service becomes effective, or at the end of the fiscal year in which there is a final determination or adjudication that a subvention of funds is required pursuant to this section by any court or by the Commission on State Mandates or its designated successor.

(c) For purposes of this section, the Legislature or any state office or agency mandates a new program or higher level of service when it creates a new program, requires services not previously provided to be provided, increases the frequency or duration of required services, increases the number of persons eligible for services, or transfers to local government complete or partial financial responsibility for a program for which the State previously had complete or partial financial responsibility.

(d) The Legislature may provide for the annual subvention of funds required by this section for the 2004-05 and the 2005-06 fiscal years by appropriation of those funds no later than the date by which the annual budget act for the 2006-07 fiscal year is enacted.

(e) Commencing on July 1, 2006, if during the fiscal year in which a claim for reimbursement is filed for a subvention of funds, the Legislature does not appropriate a subvention of funds that provides full reimbursement as required by subdivision (a), or does not appropriate a subvention of funds that provides full reimbursement as part of the state budget act in the fiscal year immediately following the filing of that claim for reimbursement, then a local government may elect one of the following options:

(1) Continue to perform the mandate. The local government shall receive reimbursement for its costs to perform the mandate through a subsequent appropriation and subvention of funds; or

(2) Suspend performance of the mandate during all or a portion of the fiscal year in which the election permitted by this subdivision is made. The local government may continue to suspend performance of the mandate during all or a portion of subsequent fiscal years until the fiscal year in which the Legislature appropriates the subvention of funds to provide full reimbursement as required by subdivision (a). A local government shall receive reimbursement for its costs for that portion of the fiscal year during which it performed the mandate through a subsequent appropriation and subvention of funds.

This subdivision shall apply only to mandates created on or after January 1, 2005. The terms of this subdivision do not apply to, and a local government may not make the election provided for in this subdivision for, a mandate that either requires a local government to provide or modify any form of protection, right,

benefit, or employment status for any local government employee or retiree, or provides or modifies any procedural or substantive right for any local government employee or employee organization, arising from, affecting, or directly relating to future, current, or past local government employment.

SECTION 9. Amendment of Section 8 of Article XVI of Constitution.

Section 8 of Article XVI of the Constitution is amended to read in its entirety as follows:

Section 8. (a) From all state revenues there shall first be set apart the moneys to be applied by the State for support of the public school system and public institutions of higher education.

(b) Commencing with the 1990-91 fiscal year, the moneys to be applied by the State for the support of school districts and community college districts shall be not less than the greater of the following amounts:

(1) The amount which, as a percentage of General Fund revenues which may be appropriated pursuant to Article XIII B, equals the percentage of General Fund revenues appropriated for school districts and community college districts, respectively, in fiscal year 1986-87.

(2) The amount required to ensure that the total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B and allocated local proceeds of taxes shall not be less than the total amount from these sources in the prior fiscal year, excluding any revenues allocated pursuant to subdivision (a) of Section 8.5, adjusted for changes in enrollment and adjusted for the change in the cost of living pursuant to paragraph (1) of subdivision (e) of Section 8 of Article XIII B. This paragraph shall be operative only in a fiscal year in which the percentage growth in California per capita personal income is less than or equal to the percentage growth in per capita General Fund revenues plus one half of one percent.

(3) (A) The amount required to ensure that the total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated