

CITY OF YUBA CITY
STAFF REPORT

Date: March 5, 2019
To: Honorable Mayor & Members of the City Council
From: Development Services Department
Presentation By: Darin E. Gale, Interim Development Services Director

Summary

Subject: Assembly Bill 449 – Feather River Crossing Funding, Assembly Bill 322 – Campaign Finance Transparency and Assembly Bill 213 Restore lost funding

Recommendation: Authorize the Mayor to sign letters of support on behalf of the City for Assembly Bill 449, Assembly Bill 322 and Assembly Bill 213

Fiscal Impact: None

Purpose:

To provide support for key legislation, including bills introduced by Assembly member Gallagher and Senator Nielsen.

Background:**Assembly Bill 449 (AB 449):**

During the 2017 legislative session, Assemblymember Gallagher and Senator Nielsen co-authored Assembly Bill 810 (AB 810) at the City of Yuba City's request regarding a third bridge across the Feather River. AB 810 was successfully passed unanimously by both the Assembly and the Senate but Governor Brown vetoed the bill.

Gallagher and Nielsen submitted AB 810 because Caltrans is no longer pursuing a third bridge crossing over the Feather River, located in the general area south of Bogue Road, connecting Yuba and Sutter counties. Although the State is no longer pursuing a third bridge, the project is in the Yuba City General Plan and is planned for a Lincoln Road alignment.

As Caltrans has dropped this project from their priority list, the State plans to sell the excess property purchased as right-of-way for the project. The AB 449 legislation would direct all proceeds from the sale of excess lands to the local Yuba-Sutter agencies, in order to fund the purchase of necessary properties for a Lincoln Road third-bridge alignment, following approval from the California Transportation Commission.

Assembly Bill 322 (AB 322):

AB 322 improves campaign finance transparency by requiring local election officials to post campaign finance documents on the Internet within 48 hours of each FPPC filing deadline. City

staff has already been posting all campaign finance documents on the City's website for the past two elections; therefore, this bill would not create additional financial burden on the City.

Assembly Bill 213 (AB 213):

In 2011 the legislature passed SB 89 which changed the manner in which vehicle licensing fees were allocated to local agencies when developed properties were annexed into Cities. SB 89 impacts the City as we lost \$22,000 annually in vehicle licensing fees from the State. The League of California Cities is sponsoring legislation (AB 213) to restore lost funding from VLF created by the passage of SB 89.

Fiscal Impact:

None.

Alternatives:

1. Do not authorize the Mayor to sign letters of support on behalf of the City Council.
2. Oppose one or more of the proposed pieces of legislation.

Recommendation:

Authorize the Mayor to sign letters of support on behalf of the City for Assembly Bill 449, Assembly Bill 322 and Assembly Bill 213

Attachments:

1. Assembly Bill 449
2. Assembly Bill 322
3. Assembly Bill 213

Prepared by:

/s/ Darin Gale

Darin Gale
Interim Development Services Director

Submitted by:

/s/ Diana Langley

Diana Langley
Interim City Manager

Reviewed by:

Finance

RB

City Attorney

SLC by email

ATTACHMENT 1

ASSEMBLY BILL

No. 449

Introduced by Assembly Member Gallagher
(Principal coauthor: Senator Nielsen)

February 11, 2019

An act to add Section 14528.4 to the Government Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

AB 449, as introduced, Gallagher. Local alternative transportation improvement program: Feather River crossing.

Existing law provides that the Department of Transportation has full possession and control of the state highway system and associated property. Existing law generally requires proceeds from the sale of excess state highway property to be made available for other highway purposes. Existing law generally provides for the California Transportation Commission to program available funding for transportation capital projects, other than state highway rehabilitation projects, through the State Transportation Improvement Program process, with available funds subject to various fair share distribution formulas. Existing law, in certain cases, requires the commission to instead reallocate funds from canceled state highway projects to a local alternative transportation improvement program within the same county and exempts those funds from the fair share distribution formulas that would otherwise be applicable.

This bill, with respect to planned state transportation facilities over the Feather River in the City of Yuba City and the Counties of Sutter and Yuba, which facilities are no longer planned to be constructed, would authorize the affected local agencies, acting jointly with the

transportation planning agency having jurisdiction, to develop and file with the California Transportation Commission a local alternative transportation improvement program that addresses transportation problems and opportunities in the area that was to be served by the canceled state facilities. The bill would provide that the commission has the final authority regarding the content and approval of the local alternative, and would further provide that no approval may be given by the commission after July 1, 2020. The bill would require all proceeds from the sale of excess properties acquired by the department for the canceled state facilities, less any reimbursements due to the federal government and costs incurred in the sale of those excess properties, to be allocated by the commission to the approved local alternative and would exempt those funds from the fair share distribution formulas that would otherwise be applicable to state transportation funds.

Vote: majority. Appropriation: no. Fiscal committee: yes.
 State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 14528.4 is added to the Government
- 2 Code, to read:
- 3 14528.4. (a) To resolve local transportation problems resulting
- 4 from the infeasibility of planned state transportation facilities over
- 5 the Feather River in the City of Yuba City and the Counties of
- 6 Sutter and Yuba, which are no longer planned to be constructed,
- 7 the affected local agencies in which the planned state facilities
- 8 were to be located, acting jointly with the transportation planning
- 9 agency having jurisdiction, may develop and file with the
- 10 commission a local alternative transportation improvement program
- 11 that addresses transportation problems and opportunities in the
- 12 area that was to be served by the planned state facilities.
- 13 (b) The commission shall have the final authority regarding the
- 14 content and approval of the local alternative transportation
- 15 improvement program. The commission shall not approve any
- 16 local alternative transportation improvement program submitted
- 17 under this section after July 1, 2020.
- 18 (c) All proceeds from the sale of the excess properties, less any
- 19 reimbursements due to the federal government and all costs
- 20 incurred in the sale of those excess properties, shall be allocated
- 21 by the commission to fund the approved local alternative

1 transportation improvement program and shall not be subject to
2 Sections 188 and 188.8 of the Streets and Highways Code.
3 (d) “Excess properties” means those properties acquired to
4 construct planned state transportation facilities crossing the Feather
5 River in the City of Yuba City and the Counties of Sutter and
6 Yuba, which project is no longer planned to be constructed and is
7 now planned as a local bridge project.

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ATTACHMENT 2

ASSEMBLY BILL

No. 322

Introduced by Assembly Member Gallagher

January 30, 2019

An act to add Section 84616 to the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 322, as introduced, Gallagher. Political Reform Act of 1974: online filing and disclosure system.

The Political Reform Act of 1974 requires the filing of specified statements, reports and other documents. Under the act, a local government agency may require these filings to be made online or electronically with the local filing officer, as specified. The act requires the local filing officer to make all data so filed available on the internet in an easily understood format that provides the greatest public access.

This bill would require a local government agency to post on its internet website a copy of any specified statement, report, or other document filed with that agency in paper format. This bill would require that the statement, report, or other document be made available for four years from the date of the election associated with the filing. By imposing a new duty on local government agencies, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state,

reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act’s purposes upon a 2/3 vote of each house of the Legislature and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote: 2/3. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 84616 is added to the Government Code,
2 to read:

3 84616. (a) Within 48 hours of each applicable filing deadline,
4 a local government agency shall post on its internet website a copy
5 of any statement, report, or other document required by Chapter
6 4 (commencing with Section 84100) that is filed with that agency
7 in paper format. If the final day of the 48-hour period is a Saturday,
8 Sunday, or holiday, the period is extended to the next day that is
9 not a Saturday, Sunday, or holiday. The local filing officer may
10 redact the copy to the extent otherwise permitted by law. Providing
11 a link on the agency’s internet website to the statement, report, or
12 other document satisfies this subdivision.

13 (b) A statement, report, or other document posted pursuant to
14 this section shall be made available for four years from the date
15 of the election associated with the filing.

16 SEC. 2. If the Commission on State Mandates determines that
17 this act contains costs mandated by the state, reimbursement to
18 local agencies and school districts for those costs shall be made
19 pursuant to Part 7 (commencing with Section 17500) of Division
20 4 of Title 2 of the Government Code.

21 SEC. 3. The Legislature finds and declares that this bill furthers
22 the purposes of the Political Reform Act of 1974 within the
23 meaning of subdivision (a) of Section 81012 of the Government
24 Code.

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ATTACHMENT 3

ASSEMBLY BILL

No. 213

**Introduced by Assembly Member Reyes
(Principal coauthors: Assembly Members Chu, Obernolte,
Rodriguez, and Waldron)**

January 15, 2019

An act to amend Section 97.70 of the Revenue and Taxation Code, relating to local government finance.

LEGISLATIVE COUNSEL'S DIGEST

AB 213, as introduced, Reyes. Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally provides that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined.

Existing property tax law also requires that, for purposes of determining property tax revenue allocations in each county for the 1992–93 and 1993–94 fiscal years, the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund in that county for allocation to school districts, community college districts, and the county office of education.

Beginning with the 2004–05 fiscal year and for each fiscal year thereafter, existing law requires that each city, county, and city and county receive additional property tax revenues in the form of a vehicle license fee adjustment amount, as defined, from a Vehicle License Fee Property Tax Compensation Fund that exists in each county treasury. Existing law requires that these additional allocations be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities. Existing law, for the 2006–07 fiscal year, and for each fiscal year thereafter, requires the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount for the prior fiscal year, if specified provisions did not apply, and the product of that sum and the percentage change from the prior fiscal year in the gross taxable valuation within the jurisdiction of the entity. Existing law establishes a separate vehicle license fee adjustment amount for a city that was incorporated after January 1, 2004, or on or before January 1, 2012.

This bill, for the 2019–20 fiscal year, would instead require the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount in the 2018–19 fiscal year, the product of that sum and the percentage change in gross taxable assessed valuation within the jurisdiction of that entity between the 2018–19 fiscal year to the 2018–19 fiscal year, and the product of the amount of specified motor vehicle license fee revenues that the Controller allocated to the applicable city in July 2010 and 1.17. This bill, for the 2020–21 fiscal year, and for each fiscal year thereafter, would require the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount for the prior fiscal year and the product of the amount as so described and the percentage change from the prior fiscal year in gross taxable assessed valuation within the jurisdiction of the entity.

By imposing additional duties upon local tax officials with respect to the allocation of ad valorem property tax revenues, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 97.70 of the Revenue and Taxation Code
2 is amended to read:

3 97.70. Notwithstanding any other law, for the 2004–05 fiscal
4 year and for each fiscal year thereafter, all of the following apply:

5 (a) (1) (A) The auditor shall reduce the total amount of ad
6 valorem property tax revenue that is otherwise required to be
7 allocated to a county’s Educational Revenue Augmentation Fund
8 by the countywide vehicle license fee adjustment amount.

9 (B) If, for the fiscal year, after complying with Section 97.68
10 there is not enough ad valorem property tax revenue that is
11 otherwise required to be allocated to a county Educational Revenue
12 Augmentation Fund for the auditor to complete the allocation
13 reduction required by subparagraph (A), the auditor shall
14 additionally reduce the total amount of ad valorem property tax
15 revenue that is otherwise required to be allocated to all school
16 districts and community college districts in the county for that
17 fiscal year by an amount equal to the difference between the
18 countywide vehicle license fee adjustment amount and the amount
19 of ad valorem property tax revenue that is otherwise required to
20 be allocated to the county Educational Revenue Augmentation
21 Fund for that fiscal year. This reduction for each school district
22 and community college district in the county shall be the percentage
23 share of the total reduction that is equal to the proportion that the
24 total amount of ad valorem property tax revenue that is otherwise
25 required to be allocated to the school district or community college
26 district bears to the total amount of ad valorem property tax revenue
27 that is otherwise required to be allocated to all school districts and
28 community college districts in a county. For purposes of this
29 subparagraph, “school districts” and “community college districts”
30 do not include any districts that are excess tax school entities, as
31 defined in Section 95.

32 (2) The countywide vehicle license fee adjustment amount shall
33 be allocated to the Vehicle License Fee Property Tax Compensation
34 Fund that shall be established in the treasury of each county.

- 1 (b) (1) The auditor shall allocate moneys in the Vehicle License
2 Fee Property Tax Compensation Fund according to the following:
- 3 (A) Each city in the county shall receive its vehicle license fee
4 adjustment amount.
- 5 (B) Each county and city and county shall receive its vehicle
6 license fee adjustment amount.
- 7 (2) The auditor shall allocate one-half of the amount specified
8 in paragraph (1) on or before January 31 of each fiscal year, and
9 the other one-half on or before May 31 of each fiscal year.
- 10 (c) For purposes of this section, all of the following apply:
- 11 (1) “Vehicle license fee adjustment amount” for a particular
12 city, county, or a city and county means, subject to an adjustment
13 under paragraph (2) and Section 97.71, all of the following:
- 14 (A) For the 2004–05 fiscal year, an amount equal to the
15 difference between the following two amounts:
- 16 (i) The estimated total amount of revenue that would have been
17 deposited to the credit of the Motor Vehicle License Fee Account
18 in the Transportation Tax Fund, including any amounts that would
19 have been certified to the Controller by the auditor of the County
20 of Ventura under subdivision (j) of Section 98.02, as that section
21 read on January 1, 2004, for distribution under the law as it read
22 on January 1, 2004, to the county, city and county, or city for the
23 2004–05 fiscal year if the fee otherwise due under the Vehicle
24 License Fee Law (Part 5 (commencing with Section 10701) of
25 Division 2) was 2 percent of the market value of a vehicle, as
26 specified in Sections 10752 and 10752.1 as those sections read on
27 January 1, 2004.
- 28 (ii) The estimated total amount of revenue that is required to be
29 distributed from the Motor Vehicle License Fee Account in the
30 Transportation Tax Fund to the county, city and county, and each
31 city in the county for the 2004–05 fiscal year under Section 11005,
32 as that section read on the operative date of the act that amended
33 this clause.
- 34 (B) (i) Subject to an adjustment under clause (ii), for the
35 2005–06 fiscal year, the sum of the following two amounts:
- 36 (I) The difference between the following two amounts:
- 37 (ia) The actual total amount of revenue that would have been
38 deposited to the credit of the Motor Vehicle License Fee Account
39 in the Transportation Tax Fund, including any amounts that would
40 have been certified to the Controller by the auditor of the County

1 of Ventura under subdivision (j) of Section 98.02, as that section
2 read on January 1, 2004, for distribution under the law as it read
3 on January 1, 2004, to the county, city and county, or city for the
4 2004–05 fiscal year if the fee otherwise due under the Vehicle
5 License Fee Law (Part 5 (commencing with Section 10701) of
6 Division 2) was 2 percent of the market value of a vehicle, as
7 specified in Sections 10752 and 10752.1 as those sections read on
8 January 1, 2004.

9 (ib) The actual total amount of revenue that was distributed
10 from the Motor Vehicle License Fee Account in the Transportation
11 Tax Fund to the county, city and county, and each city in the county
12 for the 2004–05 fiscal year under Section 11005, as that section
13 read on the operative date of the act that amended this
14 subsubclause.

15 (II) The product of the following two amounts:

16 (ia) The amount described in subclause (I).

17 (ib) The percentage change from the prior fiscal year to the
18 current fiscal year in gross taxable assessed valuation within the
19 jurisdiction of the entity, as reflected in the equalized assessment
20 roll for those fiscal years. For the first fiscal year for which a
21 change in a city’s jurisdictional boundaries first applies, the
22 percentage change in gross taxable assessed valuation from the
23 prior fiscal year to the current fiscal year shall be calculated solely
24 on the basis of the city’s previous jurisdictional boundaries, without
25 regard to the change in that city’s jurisdictional boundaries. For
26 each following fiscal year, the percentage change in gross taxable
27 assessed valuation from the prior fiscal year to the current fiscal
28 year shall be calculated on the basis of the city’s current
29 jurisdictional boundaries.

30 (ii) The amount described in clause (i) shall be adjusted as
31 follows:

32 (I) If the amount described in subclause (I) of clause (i) for a
33 particular city, county, or city and county is greater than the amount
34 described in subparagraph (A) for that city, county, or city and
35 county, the amount described in clause (i) shall be increased by
36 an amount equal to this difference.

37 (II) If the amount described in subclause (I) of clause (i) for a
38 particular city, county, or city and county is less than the amount
39 described in subparagraph (A) for that city, county, or city and

1 county, the amount described in clause (i) shall be decreased by
 2 an amount equal to this difference.

3 (C) For the 2006–07 fiscal year and ~~for each~~ *until the 2018–19*
 4 ~~fiscal year thereafter~~, *year, inclusive*, the sum of the following two
 5 amounts:

6 (i) The vehicle license fee adjustment amount for the prior fiscal
 7 year, if Section 97.71 and clause (ii) of subparagraph (B) did not
 8 apply for that fiscal year, for that city, county, and city and county.

9 (ii) The product of the following two amounts:

10 (I) The amount described in clause (i).

11 (II) The percentage change from the prior fiscal year to the
 12 current fiscal year in gross taxable assessed valuation within the
 13 jurisdiction of the entity, as reflected in the equalized assessment
 14 roll for those fiscal years. For the first fiscal year for which a
 15 change in a city’s jurisdictional boundaries first applies, the
 16 percentage change in gross taxable assessed valuation from the
 17 prior fiscal year to the current fiscal year shall be calculated solely
 18 on the basis of the city’s previous jurisdictional boundaries, without
 19 regard to the change in that city’s jurisdictional boundaries. For
 20 each following fiscal year, the percentage change in gross taxable
 21 assessed valuation from the prior fiscal year to the current fiscal
 22 year shall be calculated on the basis of the city’s current
 23 jurisdictional boundaries.

24 (D) *For the 2019–20 fiscal year, the sum of the following three*
 25 *amounts:*

26 (i) *The vehicle license fee adjustment amount for the 2018–19*
 27 *fiscal year.*

28 (ii) *The product of the following two amounts:*

29 (I) *The amount described in clause (i).*

30 (II) *The percentage change from the 2018–19 fiscal year to the*
 31 *2019–20 fiscal year in gross taxable assessed valuation within the*
 32 *jurisdiction of the entity, as reflected in the equalized assessment*
 33 *roll for those fiscal years.*

34 (iii) *The product of the following two amounts:*

35 (I) *The amount that was allocated in July 2010 by the Controller*
 36 *to the city pursuant to subdivision (d) of Section 11005, as that*
 37 *section read on July 1, 2010.*

38 (II) *1.17.*

39 (E) *For the 2020–21 fiscal year, and for each fiscal year*
 40 *thereafter, the sum of the following two amounts:*

- 1 (i) *The vehicle license fee adjustment amount for the prior fiscal*
2 *year.*
- 3 (ii) *The product of the following two amounts:*
- 4 (I) *The vehicle license fee adjustment amount for the prior fiscal*
5 *year.*
- 6 (II) *The percentage change from the prior fiscal year to the*
7 *current fiscal year in gross taxable assessed valuation within the*
8 *jurisdiction of the entity, as reflected in the equalized assessment*
9 *role for those fiscal years.*
- 10 (2) Notwithstanding paragraph (1), “vehicle license fee
11 adjustment amount,” for a city incorporating after January 1, 2004,
12 and on or before January 1, 2012, means the following:
- 13 (A) For the 2017–18 fiscal year, the quotient derived from the
14 following fraction:
- 15 (i) The numerator is the product of the following two amounts:
- 16 (I) The sum of the most recent vehicle license fee adjustment
17 amounts determined for all cities in the county.
- 18 (II) The population of the incorporating city.
- 19 (ii) The denominator is the sum of the populations of all cities
20 in the county.
- 21 (B) For the 2018–19 fiscal year, and for each fiscal year
22 thereafter, the sum of the following two amounts:
- 23 (i) The vehicle license fee adjustment amount for the prior fiscal
24 year.
- 25 (ii) The product of the following two amounts:
- 26 (I) The amount described in clause (i).
- 27 (II) The percentage change from the prior fiscal year to the
28 current fiscal year in gross taxable assessed valuation within the
29 jurisdiction of the entity, as reflected in the equalized assessment
30 roll for those fiscal years.
- 31 (3) For the 2013–14 fiscal year, the vehicle license fee
32 adjustment amount that is determined under subparagraph (C) of
33 paragraph (1) for the County of Orange shall be increased by
34 fifty-three million dollars (\$53,000,000). For the 2014–15 fiscal
35 year and each fiscal year thereafter, the calculation of the vehicle
36 license fee adjustment amount for the County of Orange under
37 ~~subparagraph (C)~~ *subparagraphs (C), (D), and (E)* of paragraph
38 (1) shall be based on a prior fiscal year amount that reflects the
39 full amount of this one-time increase of fifty-three million dollars
40 (\$53,000,000).

1 (4) “Countywide vehicle license fee adjustment amount” means,
2 for any fiscal year, the total sum of the amounts described in
3 paragraphs (1), (2), and (3) for a county or city and county, and
4 each city in the county.

5 (5) On or before June 30 of each fiscal year, the auditor shall
6 report to the Controller the vehicle license fee adjustment amount
7 for the county and each city in the county for that fiscal year.

8 (d) For the 2005–06 fiscal year and each fiscal year thereafter,
9 the amounts determined under subdivision (a) of Section 96.1, or
10 any successor to that provision, shall not reflect, for a preceding
11 fiscal year, any portion of any allocation required by this section.

12 (e) For purposes of Section 15 of Article XI of the California
13 Constitution, the allocations from a Vehicle License Fee Property
14 Tax Compensation Fund constitute successor taxes that are
15 otherwise required to be allocated to counties and cities, and as
16 successor taxes, the obligation to make those transfers as required
17 by this section shall not be extinguished nor disregarded in any
18 manner that adversely affects the security of, or the ability of, a
19 county or city to pay the principal and interest on any debts or
20 obligations that were funded or secured by that city’s or county’s
21 allocated share of motor vehicle license fee revenues.

22 (f) This section shall not be construed to do any of the following:

23 (1) Reduce any allocations of excess, additional, or remaining
24 funds that would otherwise have been allocated to county
25 superintendents of schools, cities, counties, and cities and counties
26 pursuant to clause (i) of subparagraph (B) of paragraph (4) of
27 subdivision (d) of Sections 97.2 and 97.3 or Article 4 (commencing
28 with Section 98) had this section not been enacted. The allocations
29 required by this section shall be adjusted to comply with this
30 paragraph.

31 (2) Require an increased ad valorem property tax revenue
32 allocation or increased tax increment allocation to a community
33 redevelopment agency.

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

37 (4) Reduce ad valorem property tax revenue allocations required
38 under Article 4 (commencing with Section 98).

39 (g) Tax exchange or revenue sharing agreements, entered into
40 prior to the operative date of this section, between local agencies

1 or between local agencies and nonlocal agencies are deemed to be
2 modified to account for the reduced vehicle license fee revenues
3 resulting from the act that added this section. These agreements
4 are modified in that these reduced revenues are, in kind and in lieu
5 thereof, replaced with ad valorem property tax revenue from a
6 Vehicle License Fee Property Tax Compensation Fund or an
7 Educational Revenue Augmentation Fund.

8 SEC. 2. If the Commission on State Mandates determines that
9 this act contains costs mandated by the state, reimbursement to
10 local agencies and school districts for those costs shall be made
11 pursuant to Part 7 (commencing with Section 17500) of Division
12 4 of Title 2 of the Government Code.

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