



SOURCE: County-Assessed Properties Division (Lumsden)

SUMMARY

Amends Revenue and Taxation Code section 97.68, to change the specific references from the State Board of Equalization to the California Department of Tax and Fee Administration, to reflect the July 2017 transfer of duties.

EXISTING LAW

Effective July 1, 2017, general provisions contained in Revenue and Taxation Code section [20](#) provides that "board" means the California Department of Tax and Fee Administration, unless the context requires otherwise (where the State Board of Equalization has retained authority pursuant to Government Code section 15600(b) or (c)).

Revenue and Taxation Code section [97.68](#) relates to sales and use tax and the Educational Revenue Augmentation Fund. This section requires the total amount of ad valorem property tax revenue otherwise required to be allocated to a county's Educational Revenue Augmentation Fund to be reduced by the countywide adjustment amount. The countywide adjustment amount is to be deposited in a Sales and Use Tax Compensation Fund that is to be established in each county treasury.

CODE SECTIONS TO AMEND

Revenue and Taxation Code section 97.68.

IDENTIFICATION OF PROBLEM

Prior to July 1, 2017, the State Board of Equalization (BOE) administered the Sales and Use Tax Law in addition to other taxes and fees. The Legislature enacted the Taxpayer Transparency and Fairness Act of 2017, which created the California Department of Tax and Fee Administration (CDTFA), and shifted all of the BOE's statutory tax administration functions to the newly formed Department (AB 102, stats. 2017, ch. 16). As a result, CDTFA now operates almost all tax and fee programs previously administered by BOE. BOE continues to administer its core property tax functions, the alcoholic beverage tax and the tax on insurers as provided in the California Constitution.

Section 97.68 specifically identifies the BOE, rather than a general reference to "board." However, the responsibilities itemized under this section have been handled by CDTFA since July 1, 2017.

PROPOSED SOLUTION

This proposal suggests changes to one statute to assist in the administration of the respective program, as responsibilities related to sales and use tax were transferred to CDTFA, effective July 1, 2017.

JUSTIFICATION

A. Briefly describe the ramifications of not acting.

This proposal changes the statute to reflect current practice.

B. State the reasons why the BOE should have the responsibility for this program and why it should not be placed at another level of government (if applicable).

BOE is not responsible for the sales and use tax program.

C. Note whether a similar proposal has been submitted in the past and the outcome.

A similar proposal has not been submitted in the past. This code section was not included in SB 824 (stats. 2021, ch. 432), the CDTFA omnibus bill.

PROGRAM BACKGROUND/LEGISLATIVE HISTORY

Prior to July 1, 2017, the BOE administered the Sales and Use Tax Law, in addition to other taxes and fees. The Legislature enacted the Taxpayer Transparency and Fairness Act of 2017, which created the California Department of Tax and Fee Administration (CDTFA), and shifted all of the State Board of Equalization's (BOE's) statutory tax administration functions to the newly formed Department (AB 102, stats. 2017, ch. 16). As a result, CDTFA now operates almost all tax and fee programs previously administered by BOE. BOE continues to administer its core property tax functions, the alcoholic beverage tax and the tax on insurers as provided in the California Constitution.

ARGUMENTS PRO AND CON

Briefly include the significant effects and consequences of implementing legislation.

Pros

- Reflects current practice

Cons

- None

PROBABLE SUPPORT AND OPPOSITION

Unknown

OTHER EXTERNAL PARTIES THAT MAY BE AFFECTED

No impact as this change reflects current practice.

FISCAL IMPACT (If known)

A. Identify any computer or desktop programs that would be affected by this proposal.

None

B. Identify additional staffing and workload required to carry out the proposal.

None

PERFORMANCE INDICATORS

Not applicable

DRAFT LANGUAGE

Section 97.68 of the Revenue and Taxation Code is amended to read:

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 later of either of the following:

(A) The fiscal year in which the Director of Finance notifies the ~~State Board of Equalization~~ [California Department of Tax and Fee Administration](#) pursuant to subdivision (b) of Section 99006 of the Government Code.

(B) The fiscal year in which an additional countywide adjustment amount, as described in subparagraph (B) of paragraph (3) of subdivision (d), is determined.

(2) Except as otherwise provided in subdivision (d), the "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 upon the actual amount of sales and use tax revenues transmitted under Section 7204 in that county in the prior fiscal year and any projected growth on that amount for the current fiscal year as determined by the ~~State Board of Equalization~~ [California Department of Tax and Fee Administration](#) 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. The director shall adjust the estimates described in this paragraph if the board reports to him or her any changes in the projected growth in local sales and use tax revenues for the current fiscal year.