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GEORGE DEUKMEJIAN
Attorney General

OPINION	:	No. 80-515
	:	
of	:	July 10, 1980
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GEORGE DEUKMEJIAN	:	
Attorney General	:	
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Anthony S. Da Vigo	:	
Deputy Attorney General	:	
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SUBJECT: EXCESS LOCAL REVENUE OVER ESTIMATED REVENUE—
Under the provisions of section 100.1 of the Revenue and Taxation Code, the amount of excess local revenue over estimated revenue, calculated each year by the Superintendent of Public Instruction, is to be transferred from the State General Fund to the State School Building Lease-Purchase Fund for the applicable year only.

The Honorable Mary Ann Graves, Director of Finance, has requested an opinion on the following question:

Under the provisions of section 100.1 of the Revenue and Taxation Code, is the amount of excess local revenue over estimated revenue, calculated each year by the Superintendent of Public Instruction, to be transferred from the State General Fund to the State School Building Lease-Purchase Fund for the applicable fiscal year only, or for such applicable and each subsequent fiscal year?

CONCLUSION

Under the provisions of section 100.1 of the Revenue and Taxation Code, the amount of excess local revenue over estimated revenue, calculated each year by the

Superintendent of Public Instruction, is to be transferred from the State General Fund to the State School Building Lease-Purchase Fund for the applicable year only.

ANALYSIS

The Leroy F. Greene State School Building Lease-Purchase Law of 1976, commencing with section 17700 of the Education Code, was enacted to provide for the reconstruction, remodeling or replacement of existing school buildings which are educationally inadequate or which do not meet present-day structural safety requirements, and for the acquisition of new school sites and buildings for the purpose of making them available to local school districts for the pupils of the public school system. (Ed. Code, § 17701.) Section 17708 of said code provides:

“A fund is hereby created in the State Treasury to be known as the State School Building Lease-Purchase Fund. All money in the State School Building Lease-Purchase Fund including any money deposited in said fund from any source whatsoever is hereby continuously appropriated without regard to fiscal years for expenditure pursuant to the provisions of this chapter.”

Chapter 282 of the Statutes of 1979 established several new state programs to fund the maintenance and construction of school facilities. One of these provisions, section 100.1 of the Revenue and Taxation Code, would transfer to the State School Building Lease-Purchase Fund for purposes of the Leroy F. Greene State School Building Lease-Purchase Law of 1976 any savings in the total aggregate projected state subventions to school districts due to excess assessed value growth above projected target assessed value estimate for revenue needs, commonly referred to as “slippage.” Section 100.1 provides:

“The Superintendent of Public Instruction shall determine in August of each year the total statewide roll of assessed value as reported to the State Board of Equalization. Commencing with the 1979–80 fiscal year, the Superintendent shall determine the percentage increase in assessed value during the current year compared to the previous year. The Superintendent shall further determine the extent to which the actual percentage increase in statewide assessed value exceeds the target assessed value estimate for revenue needs.

“(b) For the purposes of this section, the target assessed value estimate for revenue needs shall be:

For fiscal year 1979–80	10.0 percent
For fiscal year 1980–81	9.0 percent
For fiscal year 1981–82	8.5 percent
For fiscal year 1982–83	8.0 percent

“For fiscal years 1983–84 and thereafter, such estimated percentage increase in assessed value shall be made by the Board of Equalization, with the concurrence of the Department of Finance, and shall be published in the Governor’s budget.

“(c) The superintendent shall perform the following calculations:

“(1) He or she shall calculate the percentage difference between actual assessed value growth and the target assessed value estimate for revenue needs and shall multiply the difference by the actual reported assessed value for the current year.

“(2) He or she shall calculate the percentage of property tax revenues allocated for school districts during the preceding year compared to the total property tax revenues allocated for school districts, cities, counties, and special districts for the preceding fiscal year.

“(3) He or she shall multiply the percentage of school district property tax revenue derived in paragraph (2) by the excess assessed value growth computed in paragraph (1), and this product shall be multiplied by 04. *This amount shall annually be transferred from the State General Fund to the State School Building Lease-Purchase Fund, or its successor.*” (Emphasis added.)

The question presented is whether, under the provisions of this statute, the amount of excess local revenue over estimated revenue is to be transferred to the State School Building Lease-Purchase Fund only for the year in which such excess, if any, is calculated. Specifically, it has been suggested that the words “[t]his amount shall annually be transferred” requires the amount calculated each year to be transferred in that year and in each year thereafter consecutively and cumulatively. While the word “annually” may portend such result, it may also be understood in the alternative to require the transfer each year of the amount calculated for each such specific year in which an excess exists.

Current school finance law is based on the concept of “revenue limits”¹ in which budget levels are established for each school district based on past expenditure levels. The revenue limits represent budget limits and guaranteed budget levels, financed partially from local property taxes with the remainder provided by the state.

We commence with established, fundamental precepts. First, the intent of the Legislature must be ascertained so as to effectuate the, purpose of the law. (Select *Base Materials v. Board of Equalization* (1959) 51 Cal. 2d 640, 645.) Second, statutes must be reconciled, to the extent possible, both internally and externally. (*California Mfgs. Assn. v. Public Util. Com.* (1979) 24 Cal. 3d 836, 844.) Further, a word, clause, or segment of a statute must be construed contextually, in keeping with the nature and obvious purpose of the statutory framework as a whole. (*Moyer v. Workmen’s Comp. App. Bd.* (1973) 10 Cal. 3d 222, 230.)

The apparent intent, design, and purpose of section 100.1 of the Revenue and Taxation Code is to transfer each year for the benefit of the school districts the state’s realized unanticipated savings arising from the unforeseen increase in assessed valuation. In the context of the design and purpose, in conjunction with the concept of revenue limit financing, and in accordance with conventional budgetary practices, it is difficult to attribute to the use of a single word, “annually,” an intent to provide, for specific and limited purposes, an uncontrolled and indefinite cumulative appropriation without limitation. On the contrary, the term “this amount” is a singular, specific reference to the calculation made in and for a certain year, which contains no multiple factor or reference to any prior year or historical base.

The total amount of annual transfer would, in our view, be that amount represented by the newly calculated annual difference between anticipated and actual growth in assessed valuation. This amount represents the savings to the general fund which would otherwise result by virtue of the unanticipated local revenues in a designated year. However, the extent to which actual local revenues exceed projected estimates in a certain year is wholly fortuitous with respect to succeeding years. Hence, it would appear arbitrary to predicate the amount to be transferred in each succeeding year upon such fortuitous historical accidents.

Finally, the statute provides that for fiscal years 1983–1984 and thereafter, the estimated percentage increase in assessed value shall be made by the Board of Equalization with the concurrence of the Department of Finance. An intent of the Legislature to confer

¹ See Education Code sections 2550 *et seq.* and 42237 *et seq.* Chapter 282 of Statutes of 1979 revised the method of computing revenue limits of each school district (from which is derived the maximum in tax rate of the district) and apportion hints to school districts.

upon the Board of Equalization such control over school building finance should not be implied in the absence of express, direct terms. The amount to be transferred each year for the indefinite future ought not, in the absence of unambiguous terms, depend upon past errors of prediction.

It is concluded that under the provisions of section 100.1 of the Revenue and Taxation Code, the amount of excess local revenue over estimated revenue is to be transferred to the State School Building Lease-Purchase Fund only for the year in which such excess, if any, is calculated.
