

1 [Urging Local Vehicle License Fee Restoration.]

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Resolution urging the California State Legislature to pass legislation to allow local governments to obtain voter approval to restore the Vehicle License Fee.

WHEREAS, California law currently authorizes the imposition of a uniform statewide in-lieu property tax, known as the Vehicle License Fee, on all vehicles, cars, trucks, trailers, sport-utility vehicles and motorcycles registered in the state; and

WHEREAS, Local governments bear a majority of the costs created by vehicles, including law enforcement, infrastructure maintenance and public health needs; and,

WHEREAS, The revenues collected from the Vehicle License Fee are distributed to local governments to pay for a variety of programs, including public health, human and social services, public safety programs, general administration, law enforcement, planning, infrastructure maintenance and realignment funds; and,

WHEREAS, As a major metropolitan area with approximately 440,000 vehicles, the City and County of San Francisco receives a substantial amount of revenue from the Vehicle License Fee; and,

WHEREAS, The City and County of San Francisco depend on the stable disbursement of Vehicle License Fee funds from the State of California for effective operation; and,

WHEREAS, The Vehicle License Fee has been set at a rate of 2% since 1948; and,

WHEREAS, Since 1998, a series of State actions have changed the rate and complicated the disbursement of the Vehicle License Fee; and,

WHEREAS, These revenue changes have dramatically impacted revenue streams for local governments and threatened the survival of public programs offered by the city; and,

1 WHEREAS, In June of 2003, Governor Davis re-established the full Vehicle License
2 Fee rate to what it had been prior to 1998 and stopped backfill funding to local governments;
3 and,

4 WHEREAS, The General Fund backfill stopped immediately while the Vehicle License
5 Fee was not raised until October; and,

6 WHEREAS, In that four month period, local governments, including San Francisco,
7 lost a total of \$1.3 billion; and,

8 WHEREAS, The full Vehicle License Fee was finally implemented in October and was
9 cut again in November, when Governor Schwarzenegger took office; and,

10 WHEREAS, Local governments lost a significant portion of revenue when the Vehicle
11 License Fee was cut; and,

12 WHEREAS, In December, the Governor restarted the backfill funding by executive
13 order but failed to ensure against any further loss in local government Vehicle License Fee
14 funding; and,

15 WHEREAS, According to the San Francisco Controller, San Francisco is losing \$56
16 million in direct Vehicle License Fee fees due to the reduced statewide rate; and,

17 WHEREAS, The \$56 million that was lost from the Vehicle License Fee funding is
18 currently backfilled by the State General Fund, dollar-for-dollar; and,

19 WHEREAS, The current method of Vehicle License Fee disbursement from local
20 taxpayers through the State to local governments is unstable and unreliable, as demonstrated
21 during the fall of 2003; and,

22 WHEREAS, The instability and unreliability jeopardize the effective operation of a
23 variety of important services and programs at the local level which are essential to the public
24 welfare, including public health and safety programs; and,

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1 WHEREAS, If local governments could control their Vehicle License Fee rates, the City
2 and County could better ensure stability in revenue streams from year to year; and,

3 WHEREAS, Local governments cannot collect fees or taxes on vehicles unless State
4 law is changed to provide that authority; and,

5 WHEREAS, A local option for the Vehicle License Fee set at the previous statewide
6 rate of 2% would bring in an estimated \$64 million to San Francisco in the next fiscal year;
7 and,

8 WHEREAS, A local option for the Vehicle License Fee would first require authorization
9 from the State Legislature followed by a vote at the San Francisco Board of Supervisors and
10 a majority vote of the people in a special election; now, therefore, be it

11 RESOLVED, That that the Board of Supervisors of the City and County of San
12 Francisco urges the State Legislature to adopt legislation which would allow the City and
13 County of San Francisco to create a local Vehicle License Fee up to the previous 2% rate in
14 order to fully fund city services and programs essential to the public welfare; and, be it

15 FURTHER RESOLVED, That a copy of this resolution be forwarded to members of the
16 California State Legislature.

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