

1 [Urging the California Legislature to reject the governor’s proposed shift of local VLF  
2 revenues and to honor the 1998 commitment to restore the VLF.]

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4 **Resolution urging the California Legislature to reject the governor’s proposed shift of**  
5 **local VLF revenues and to honor the 1998 commitment to restore the VLF.**

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7 WHEREAS, prior to 1935, cities and counties collected property taxes on motor  
8 vehicles to fund essential local public health and safety services; and

9 WHEREAS, in 1935, the Legislature first enacted the Vehicle License Fee (VLF) Act,  
10 replacing the property tax on vehicles with a 1.75 percent fee charge against the value of the  
11 motor vehicle; and,

12 WHEREAS, in 1948, the rate of the VLF was increased to 2 percent of the value of the  
13 vehicle; and,

14 WHEREAS, in 1986, the voters voted overwhelmingly to constitutionally dedicate the  
15 proceeds of the VLF to fund city and county services; and,

16 WHEREAS, in 1998, a period of strong economic growth, the Legislature approved the  
17 use of a portion of the rapidly growing state General Fund to reduce the VLF payment of  
18 vehicle owners. This amount of, known as the “offset”, grew in future years to a 67.5 percent  
19 offset against the amount owed. The amount paid to local governments in lieu of the reduced  
20 VLF payment is known as the VLF backfill”; and,

21 WHEREAS, VLF and backfill revenues constitute 15 to 25 percent of typical city and  
22 county general-purpose revenues. On average, more than 60 percent of city general fund  
23 spending and more than half of county general fund go to front line law enforcement fire,  
24 emergency medical services, and health care programs; and,

1           WHEREAS, revenues derived from the VLF and backfill are of critical importance in  
2 funding vital local public health and safety services; and,

3           WHEREAS, any failure by the Legislature to maintain the VLF backfill or restore the  
4 VLF will cause widespread disruption in local government services essential to the well-being  
5 of California citizens and their cities and counties; and,

6           WHEREAS, Governor Davis' proposal to divert \$4 billion in local VLF backfill payments  
7 over the next 17 months fail to honor the 1998 commitment and is a direct assault on local  
8 services that will be felt by every California residents; and,

9           WHEREAS, shifting \$4.2 billion in locally controlled revenues for local services is  
10 neither equitable nor fair. No state program or department has been asked to shoulder such  
11 a disproportionate share of the budget pain. These cuts come on top of the nearly \$5 billion  
12 each year that is transferred from local services to fund state obligations; and,

13           WHEREAS, the Speaker of the Assembly, Herb Wesson, will introduce legislation  
14 today to restore the vehicle licensing fees to 1998 levels for the purpose of maintaining  
15 funding to local governments to prevent devastating reductions in and elimination of critical  
16 services; now, therefore, be it

17           RESOLVED, that the San Francisco Board of Supervisors supports such legislation  
18 and urges the Legislature to pass legislation implementing provisions of current law providing  
19 for the reduction of the LVF offset in bad economic times and to restore the VLF in an amount  
20 necessary to reduce the VLF backfill; and, be it

21           FURTHER RESOLVED, that the City and County of San Francisco hereby expresses  
22 its profound appreciation to the legislators who support such VLF restoration legislation.