

RESOLUTION NUMBER R- 297733

ADOPTED ON MAR 17 2003

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO URGING THE CALIFORNIA LEGISLATURE TO
REJECT A SHIFT OF LOCAL VEHICLE LICENSE FEE [VLF]
REVENUES AND TO HONOR THE 1998 COMMITMENT TO
RESTORE THE VLF

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

WHEREAS, in 1935, the California Legislature [Legislature] first enacted the Vehicle License Fee [VLF] Act, replacing the property tax on vehicles with a 1.75 percent fee charged against the value of the motor vehicle; and

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

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

WHEREAS, in 1998, a period of strong economic growth, the Legislature approved the use of a portion of the rapidly growing State General Fund to reduce the VLF payments of

vehicle owners. This amount, known as the "offset," grew in future years to a 67.5 percent offset against the amount owed. The amount paid to local governments in lieu of the reduced VLF payment is known as the "VLF backfill;" and

WHEREAS, the 1998 legislation and subsequent enactments contain clear provisions that when insufficient funds are available to be transferred from the General Fund to fully fund the offsets and backfill amount that the VLF offset shall be reduced and VLF payments increased; and

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

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


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

WHEREAS, any proposal to divert local VLF backfill payments fails to honor the 1998 commitment and is a direct assault on local services that will be felt by every California resident; and

WHEREAS, on February 14, 2003, the Executive Committee of the San Diego Association of Governments [SANDAG], acting on behalf of the Board of Directors, approved this same resolution; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that it supports full payment of the VLF to local governments by whatever means the State feels necessary to fulfill their commitment, whether that be through continued backfill of the VLF or implementation of the provision of the current law providing for reinstatement of the VLF.

APPROVED: CASEY GWINN, City Attorney

By 
Lisa A. Foster
Deputy City Attorney

LAF:jab
3/10/03
Or.Dept:RulesCommittee
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