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Allocation Of Vehicle License Fee Taxes To Counties And Cities.

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Allocation of Vehicle License Fee Taxes to Counties and Cities

Official Title and Summary Prepared by the Attorney General

ALLOCATION OF VEHICLE LICENSE FEE TAXES TO COUNTIES AND CITIES. LEGISLATIVE CONSTITUTIONAL AMENDMENT. At present the state is not required by the Constitution to allocate revenue from taxes imposed pursuant to the Vehicle License Fee Law to local governments. However, specified portions of these revenues are statutorily required to be allocated to counties and cities. This measure would require all revenues from taxes imposed pursuant to the Vehicle License Fee Law to be allocated to counties and cities on and after July 1 following its adoption except fees on trailer coaches and mobilehomes and the costs of collection and refunds. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: This measure would have no direct fiscal effect. It would prevent Legislature from changing the law to take any portion of vehicle license fees away from counties and cities. However, measure would not necessarily affect either the level of state expenditures and revenues or the amount of vehicle license fees received by individual counties and cities as state still could reduce other forms of aid to local government or change existing formula for dividing vehicle license fee revenues between counties and cities.

Final Vote Cast by the Legislature on SCA 23 (Proposition 47)

Assembly: Ayes 62
Noes 11

Senate: Ayes 27
Noes 2

Analysis by the Legislative Analyst

Background

Motor vehicles in California are subject to an annual vehicle license fee. This fee takes the place of any local personal property taxes on motor vehicles.

The state collects the vehicle license fee and distributes the funds (less collection costs and refunds) to counties and cities. Counties receive about 60 percent of the money (\$750 million in fiscal year 1985-86) and cities receive the remaining 40 percent (\$510 million in fiscal year 1985-86). This money may be spent for any public purpose.

The formula by which this money is allocated was changed temporarily in past years so that the state could spend a portion of the revenue.

Proposal

This constitutional amendment would require the state to allocate to counties and cities all vehicle license fee revenue (less collection costs and authorized refunds).

However, the measure would permit the Legislature to change the allocation of these moneys between counties and cities. This measure does not affect the allocation of fees on trailer coaches and mobilehomes.

If approved by the voters, this measure would apply to the revenues from the fees imposed on and after July 1, 1986.

Fiscal Effect

This measure would have no direct fiscal effect. It would prevent the Legislature in the future from changing the law to take any portion of the vehicle license fees away from counties and cities. However, the measure would not necessarily affect either the level of state expenditures and revenues or the amount of vehicle license fees received by individual counties and cities. The state still could reduce other forms of aid to local government or change the existing formula for dividing vehicle license fee revenues between counties and cities.

Please dispense your common sense. Vote.
Roger Galatoire, San Francisco

Allocation of Vehicle License Fee Taxes to Counties and Cities

47

Argument in Favor of Proposition 47

Proposition 47 protects your local funds from raids by the Legislature.

PROPOSITION 47 MAKES SURE YOUR VEHICLE LICENSE FEE GOES HOME TO YOUR CITY AND COUNTY—WHERE YOU HAVE THE MOST CONTROL OVER HOW IT IS SPENT.

Proposition 47 does NOT raise your vehicle license fee one penny.

For nearly 50 years, the state government collected these fees, kept enough to cover its costs, and sent the rest back to the cities and counties.

Over the years, *these funds have been an important source of money to pay for police and fire services*, build streets and roads, maintain parks and playgrounds, and provide other local services.

BUT, IN 1979, THE LEGISLATURE GAVE ITSELF THE POWER TO DIP INTO LOCAL GOVERNMENT REVENUES TO PAY ITS OWN BILLS.

IN 1981, THE LEGISLATURE KEPT 131 MILLION DOLLARS OF YOUR COUNTY AND CITY FUNDS.

IN 1982, THE LEGISLATURE HELD ON TO 277 MILLION DOLLARS TO BALANCE ITS OWN BUDGET.

IN 1983, THE LEGISLATURE DIPPED INTO YOUR LOCAL GOVERNMENT'S POCKETBOOK ONCE AGAIN. THIS TIME, THE STATE WALKED AWAY WITH 319 MILLION DOLLARS TO PAY ITS OWN BILLS.

At the same time, cities and counties reduced paramedic services, trimmed their staffs, cut back library hours, raised fees for park and recreation facilities, and delayed repairing streets, roads and public buildings—all in an effort to avoid reducing police, sheriff and fire protection.

But while your local officials were forced to cut costs, **THE STATE LEGISLATURE TOOK A TOTAL OF 727 MILLION DOLLARS FROM TRADITIONALLY LOCAL FUNDS TO BALANCE THE STATE BUDGET.**

Besides reducing local services, the Legislature also threw local government budgets into confusion.

Year after year, local officials had to plan city and county budgets without knowing how much of your vehicle license fees eventually would make its way back home.

THREE YEARS IN A ROW, THE LEGISLATURE COULDN'T DECIDE HOW MUCH OF THE LOCAL TAXPAYERS' MONEY TO KEEP FOR ITSELF UNTIL AFTER JULY 1, THE DEADLINE FOR MOST LOCAL BUDGETS IN CALIFORNIA.

One year—1983—the Legislature failed to act until mid-September—two and a half months late!

Finally, in 1984, the Legislature gave up the power to raid local budgets to pay its own bills. Since then counties and cities have received the full amount of your vehicle license fees. And they've been able to predict how much money would be available for local services.

But, the Legislature could—at any time—pass another law giving itself the power to use local funds to balance its own budget.

Proposition 47 requires the Legislature to send your money back to your county and city. Proposition 47 will **MAKE SURE YOUR MONEY GOES FOR LOCAL NEEDS**, like better streets and roads, paramedic and health services, fire services and police protection.

LET'S GET THE STATE LEGISLATURE'S HAND OUT OF LOCAL GOVERNMENT'S POCKET. VOTE YES ON PROPOSITION 47.

RUBEN AYALA
State Senator, 34th District

RICHARD P. SIMPSON
*Executive Vice President
California Taxpayers' Association*

ROBERT E. WINTER
*Sheriff, Santa Clara County
President, California State Sheriffs' Association*

No argument against Proposition 47 was filed

Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment 23 (Statutes of 1984, Resolution Chapter 162) expressly amends the Constitution by adding a section thereto; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XI

SEC. 15. (a) All revenues from taxes imposed pursu-

ant to the Vehicle License Fee Law, or its successor, other than fees on trailer coaches and mobilehomes, over and above the costs of collection and any refunds authorized by law, shall be allocated to counties and cities according to statute.

(b) This section shall apply to those taxes imposed pursuant to that law on and after July 1 following the approval of this section by the voters.