



CITY OF HAYWARD AGENDA REPORT

AGENDA DATE 4/21/98

AGENDA ITEM 5

WORK SESSION ITEM _____

TO: Mayor and City Council

FROM: City Manager

SUBJECT: RESOLUTION OPPOSING STATE LEGISLATION REPEALING VEHICLE LICENSE FEES

Recommendation:

It is recommended that the City Council adopt the attached Resolution and authorize the Mayor to forward it to appropriate State officials.

Background/Discussion:

The State Legislature is considering various pieces of legislation which, if approved, will have a dramatic and negative impact on local sources of revenue. The proposed legislation, summarized in the attachment, would reduce or repeal the vehicle license fee (VLF). Presently, the fee is paid by the owner of a vehicle in lieu of a property tax. For ease of administration, the VLF is collected by the State and then remitted to local governments.

Statewide, total VLF revenue is estimated to be \$4 billion per year. For Hayward, in recent years this has equaled about \$4.4 million to \$4.7 million annually, and is projected to equal slightly more than \$5 million in 1998-99. Obviously, this amount represents a significant portion of the general fund, and its loss would have serious repercussions on our ability to maintain current City services.

Of the three bills, two (SB 1723 and AB 1776) suggest that the lost revenue would be replaced by other State funds. It is hard to believe that this would be the case in light of recent history. Indeed, the City Council is well aware that during the past four years, the State has taken more than \$12 million from the local treasury when it shifted in excess of \$3 million annually in local property tax revenue from Hayward to Sacramento. Even though the improved economy has bolstered State reserves, Sacramento has yet to restore the reduced revenue to local agencies. (This is in spite of legislation authored by our own representative, Assemblymember Michael Sweeney, to begin to restore local property tax revenue to cities, counties and special districts.) It seems therefore disingenuous for this legislation to suggest that the State will keep local agencies whole by replacing any reduction in revenue. Clearly, the record suggests otherwise.

For all of the above reasons, it is recommended that the Council adopt the attached resolution opposing SB 2001, SB 1723 and AB 1776, and authorize the Mayor to forward this resolution to appropriate State officials.



Jesús Armas

Attachments

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CA SB 2001 AUTHOR: Hurtt
 TITLE: Vehicle License Fee
 INTRODUCED: 02/20/1998
 LOCATION: Senate Revenue and Taxation Committee

SUMMARY:
Abolishes the vehicle license fee.

STATUS:
04/15/1998 In SENATE Committee on REVENUE AND TAXATION: Not heard.

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CA SB 1723 AUTHOR: Haynes
 TITLE: Taxation: Vehicle License Fee
 INTRODUCED: 02/17/1998
 LAST AMEND: 04/13/1998
 LOCATION: Senate Revenue and Taxation Committee

SUMMARY:
Abolishes the vehicle license fee on noncommercial vehicles. Reimburses local governments from sales and use tax revenues transferred to the Sales and Use Tax Account of the Motor Vehicle License Fee Fund.

STATUS:
04/13/1998 From SENATE Committee on REVENUE AND TAXATION with author's amendments.
 04/13/1998 In SENATE. Read second time and amended.
 Re-referred to Committee on REVENUE AND TAXATION.

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CA AB 1776 AUTHOR: McClintock
 TITLE: Taxation: Vehicle License Fee
 INTRODUCED: 02/05/1998
 LAST AMEND: 04/13/1998
 LOCATION: Assembly Revenue and Taxation Committee

SUMMARY:
Abolishes the vehicle license fee on noncommercial vehicles over a 5-year period. Reimburses local governments from sales and use tax revenues transferred to the Sales and use Tax Account of the Motor Vehicle License Fee fund, which this bill

would create, for any loss of money by local governments from the reduction or abolishment of the vehicle license fee on noncommercial vehicles.

STATUS:

04/13/1998 From ASSEMBLY Committee on REVENUE AND TAXATION with author's amendments.
04/13/1998 In ASSEMBLY. Read second time and amended. Re-referred to Committee on REVENUE AND TAXATION.

END OF REPORT

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HAYWARD CITY COUNCIL 

RESOLUTION NO. _____

Introduced by Council Member _____

RESOLUTION OPPOSING CALIFORNIA LEGISLATION CALLING FOR REPEAL OF VEHICLE LICENSE FEES

WHEREAS, there is currently proposed legislation to repeal Vehicle License Fees in the State of California, known as Senate Bill 2001 (Hurt), Senate Bill 1723 (Haynes), and Assembly Bill 1776 (McClintock); and

WHEREAS, Senate Bill 2001 would immediately repeal the state's Vehicle License Fee, resulting in a loss of approximately \$4 billion per year in discretionary funding to cities; and

WHEREAS, Senate Bill 1723 and Assembly Bill 1776 allege that alternate funding will be made available; and

WHEREAS, currently Vehicle License Fees represent in excess of \$4.5 million per year to the City of Hayward's General Fund; and

WHEREAS, the Vehicle License Fee accounts for a significant portion of the City of Hayward's General Fund operating revenues; and

WHEREAS, general revenue may be used for any General Fund purposes, including fire, police, public works, and general government activities; and

WHEREAS, if the Vehicle License Fee were lost, the impact to the General Fund would be significant and could ultimately result in a reduction in essential City services.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Hayward opposes Senate Bill 2001, Senate Bill 1723, and Assembly Bill 1776.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 1998

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward