

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

359



FROM: Executive Office

SUBMITTAL DATE:
March 30, 2012

SUBJECT: Senate Bill 1566 (Negrete-McLeod)

RECOMMENDED MOTION: That the Board of Supervisors support SB 1566, which would restore the lost Vehicle License Fee (VLF) funding to the four newly incorporated cities within Riverside County.

BACKGROUND: Last year Senate Bill 89 (SB 89) was signed into law by the Governor. The bill modified the funding structure for VLF revenue. Prior to SB 89, any city incorporating after 2004 was not entitled to property tax in lieu of VLF.

(Continued on next page.)

Departmental Concurrence

Alex Gann

ALEX GANN
Principal Management Analyst

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2011/12

SOURCE OF FUNDS:	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE
BY: *Christopher M. Hans*
County Executive Office Signature Christopher M. Hans

Policy
 Policy

Consent
 Consent

Department Recommendation.:
Per Executive Office:

Prev. Agn. Ref.: 3.4,3.5 3/27/12 | **District:** ALL | **Agenda Number:**

3.8

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FORM 11: Senate Bill 1566 (Negrete-Mcleod)

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BACKGROUND continued: To compensate new cities after 2004, the cities were to receive a new VLF allocation of approximately \$50 per capita in perpetuity. An initial bump was built into the calculation. A new city was to receive 150% of the actual population in year one, decreasing 10% per year till year six when the standard of 100% is reached. SB 89 eliminated the increased payments as well as the ongoing funding at the \$50 per capita level. Because the cities do not receive property tax in lieu of VLF, the revenue levels of the four recently incorporated cities are significantly reduced. The only cities to incorporate after 2004 were Wildomar, Menifee, Eastvale and Jurupa Valley.

VLF funding for new cities was previously eliminated as part of the 2004/05 budget agreement. This is when the legislature enacted the "VLF – Property Tax Swap." Assembly Bill 1602 (AB 1602) was passed, but had a sunset date of July 1, 2009. Senate Bill 301 (SB301) was passed in 2008, eliminating the sunset date.

The California State Association of Counties (CSAC) has analyzed this bill and has confirmed that as proposed, the bill would not require any additional fees or taxes. Their analysis also shows that the Department of Motor Vehicles (DMV) currently has sufficient administrative funding to offset the legislative fix sought in the bill.