

CITY OF OAKLAND

AGENDA REPORT

OFFICE OF THE CITY CLERK  
2007 APR 19 PM 12:42

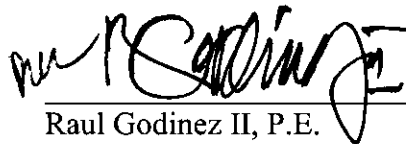
TO: Office of the City Administrator  
ATTN: Deborah Edgerly  
FROM: Public Works Agency  
DATE: April 19, 2007

RE: **Supplemental Analysis of AB 444(Hancock) by Assembly  
Transportation Committee Consultant**

Please see the attached Assembly Transportation Committee consultant's analysis of AB 444 (Hancock) – Vehicle Registration Fee for Congestion Management and Transportation Improvements. This analysis was not available for inclusion with the Bill Analysis submitted by Public Works Agency staff.

The committee analysis identifies groups that have registered support or opposition to AB 444 since the staff Bill Analysis was submitted. One additional group registered its support – the American Federation of State, County and Municipal Employees (AFSCME). Four groups registered their opposition: Automobile Club of Southern California, California State Automobile Association, Howard Jarvis Taxpayers Association, and Stop Hidden Taxes Coalition.

Respectfully submitted,



Raul Godinez II, P.E.  
Director, Public Works Agency

Prepared by:  
Shanna O'Hare, Senior Transportation Planner  
Transportation Services Division

APPROVED AND FORWARDED  
TO THE CITY COUNCIL:

  
Office of the City Administrator

Date of Hearing: April 9, 2007

ASSEMBLY COMMITTEE ON TRANSPORTATION  
Pedro Nava, Chair  
AB 444 (Hancock) - As Amended: March 26, 2007

**SUBJECT : Vehicle registration fees: Alameda and Contra Costa Counties**

**SUMMARY** : Allows the congestion management agencies (CMAs) of Alameda and Contra Costa Counties to seek voter approval of vehicle registration fee surcharges. Specifically, this bill :

- 1) Makes legislative findings and declarations regarding the impact of traffic congestion on the movement of goods and persons and on air quality.
- 2) Allows CMAs of Alameda and Contra Costa to place a majority vote ballot measure before their respective electorates to authorize an increase in the fees of motor vehicle registration in the county for transportation-related projects and programs.
- 3) Allows the additional fee to be up to \$10 for each motor vehicle registered within the county.
- 4) Requires the ballot measure resolution to be adopted by a majority vote of CMA's governing board at a noticed public hearing and to contain a finding of fact, also adopted at a public hearing by a majority vote of the board, that the projects and programs to be funded by the fee increase have a relationship or benefit to the persons who will be paying the fee.
- 5) Requires the ballot measure to be submitted to the voters of the county and, if approved, the increased fee to apply to the original vehicle registration occurring on or after the January 1 following the adoption of the measure and to any renewal of registration with an expiration date on or after that January 1.
- 6) Requires CMA governing board to adopt a plan for the expenditure of fee revenues that finances projects and programs benefiting the persons paying the fee. These programs and projects would include, but would not be limited

to, providing matching funds for bond-funded transportation projects and creating or sustaining congestion or pollution mitigation programs and projects.

- 7) Provides definitions for those types of mitigation programs and projects.
- 8) Requires the Department of Motor Vehicles (DMV), if requested by a CMA, to collect the fee upon the registration or renewal of registration of a motor vehicle registered in the county, except those vehicles that are expressly exempted from the payment of registration fees.
- 9) Requires CMA to pay for the initial setup and programming costs identified by DMV through a direct contract with the department and for any direct contract payment by the board to be repaid, with no restriction on the funds, to CMA as part of the initial revenues available for distribution.
- 10) Requires DMV, after deducting all its costs, to distribute the net revenues for purposes of congestion management and stormwater pollution prevention as specified in CMA's adopted congestion management program and its approved National Pollutant Discharge Elimination System permit.

EXISTING LAW :

- 1) Requires counties within urbanized areas to prepare and adopt congestion management programs and update them every two years. This function is carried out by each urbanized county's CMA.
- 2) Establishes a basic vehicle registration fee of \$31, plus a \$9 surcharge for additional personnel for the California Highway Patrol, and authorizes local agencies to impose separate vehicle registration fee surcharges in their respective jurisdictions for a variety of special programs, including: \$1 for service authorities for freeway emergencies; \$1 for deterring and prosecuting vehicle theft; up to \$7 for air quality programs; \$1 for removing abandoned vehicles, and \$1 for fingerprint identification programs.
- 3) Distinguishes a fee from a tax in that a fee cannot exceed the reasonable costs of providing the projects or programs that it funds.

4) Allows a fee to be imposed upon a majority vote of an agency's governing board.

FISCAL EFFECT : Unknown

COMMENTS : This bill is the latest in a long line of recent attempts, most of which have been unsuccessful, to allow county-based vehicle registration surcharges in order to fund transportation and/or environmental projects related to the operation of motor vehicles. In each instance, the issue of voter approval, and whether such approval could be obtained through a majority as opposed to a 2/3 vote, has been critical.

The author contends that vehicle registration fees are an affective means of aligning the cost of operating and maintaining the transportation system with those who use it. While portions of the capital costs to implement intelligent transportation systems can utilize both bond and gas tax funds, the long term operational and maintenance costs are ineligible for bond funding. In the instance of transit projects, they are ineligible for gas tax funding as well. Vehicle registration fees are thought by the author to be an appropriate source for these long term costs.

The East Bay SMART Corridors program is cited as a prime example of the type of project this bill could fund. This program operates the intelligent transportation components that support bus rapid transit (BRT) service on the San Pablo Corridor and BRT service along Telegraph-International Boulevard. This system also provides police and fire departments congestion information on the quickest route to emergency calls. If a stable funding source is not developed it will be difficult for the Alameda County CMA to continue to operate this system.

Supporters further suggest that "traffic congestion and air pollution from traffic continues to be a major quality of life problem to the residents and employees working in Alameda and Contra Costa Counties. These additional funds will be used for measures that have been proven successful in reducing traffic congestion and pollution."

The Howard Jarvis Taxpayers Association contends that this bill violates the California Constitution, as amended by Propositions 13 and 218, by not including a 2/3 popular vote on what they

term "a tax for a special purpose." They believe it to be "contrary to the letter and spirit" of the Constitution to use "the Legislature to circumvent citizen's right to vote on tax increases." The auto clubs and the Stop Hidden Taxes Coalition also oppose the bill on the basis that it imposes a tax, not a fee, and must therefore obtain approval by a 2/3 popular vote.

Legislative history : This bill is similar to SB 1611 (Simitian) 2006, which passed the Senate but was held on Suspense in the Assembly Appropriations Committee. SB 1611 would have allowed CMAs to seek voter approval for vehicle registration fee surcharges of up to \$25. SB 1611 was a followup to SB 680 (Simitian) 2005, which would have authorized the Santa Clara Valley Transportation Authority (VTA) to adopt an annual vehicle registration fee of up to \$5 per vehicle, without voter authorization. Governor Schwarzenegger vetoed SB 680, saying, "This bill seeks to impose a new \$5 tax on all cars in Santa Clara County and does so without a two-thirds vote of the people. While the goal of the program to increase funds for transportation infrastructure is laudable and vitally needed, I do not believe these fees should continue to be added without the approval from the people upon whom the fee is imposed."

Also last year, AB 2444 (Klehs) would have allowed Bay Area county congestion management agencies and the Bay Area Air Quality Management District (BAAQMD) each to impose annual vehicle registration fee surcharges of up to \$5 to fund congestion management and environmental mitigation activities. The Governor vetoed that bill as well, stating in part, "I support the goal of increasing funds to mitigate traffic congestion, but cannot support the continued adding of fees such as this without the approval of the people upon whom the fees are imposed. Throughout the year, my administration worked with members of the legislature on a proposal that would have given all counties the authority to adopt, with voter approval, modest license fee add-ons to fund environmental and traffic mitigation programs. Unfortunately, those efforts were ultimately rejected. I encourage the Legislature to reconsider this decision when they return next year."

AB 1623 (Klehs) 2005, would have authorized the designated CMAs in Alameda, Contra Costa, Marin, Napa, and Sacramento counties to impose an annual fee of up to \$5 on motor vehicles registered within their respective jurisdictions for a program to manage traffic congestion and mitigate the environmental impacts of

motor vehicles within the county. That bill was also vetoed by the Governor for the same stated reason as he vetoed SB 680.

AB 1546 (Simitian), Chapter 931, Statutes of 2004, authorizes the City/County Association of Governments of San Mateo County to assess an annual fee of up to \$4 on vehicles registered within San Mateo County for programs to manage traffic congestion and storm water pollution.

AB 3011 (Laird) 2004, would have allowed VTA to impose, from July 1, 2005, to January 1, 2010, a maximum \$4 fee on the initial registration and annual renewal of motor vehicles registered in Santa Clara County, the revenue from which would help fund a program designed to manage traffic congestion and to construct, improve and maintain the county's roadways. That bill was held in the Assembly Appropriations Committee.

Double-referral : This bill is also referred to the Local Government Committee.

REGISTERED SUPPORT / OPPOSITION :

Support

Alameda County Congestion Management Agency (sponsor)  
American Federation of State, County and Municipal Employees  
(AFSCME)

Opposition

Automobile Club of Southern California  
California State Automobile Association  
Howard Jarvis Taxpayers Association  
Stop Hidden Taxes Coalition

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