

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: July 9, 2009
POSITION: Oppose
SPONSOR: California Association of Councils of Governments

BILL NUMBER: SB 406
AUTHOR: M. DeSaulnier

BILL SUMMARY: Land Use: Environmental Quality

This bill would authorize regions to impose a surcharge on vehicle registrations to pay for regional land use planning activities. This bill would also make changes to the membership and duties of the Office of Planning and Research's (OPR) Planning Advisory and Assistance Council (PAAC).

FISCAL SUMMARY

This bill provides for a continuous revenue stream for local governments and agencies, as well as state agencies and departments, to fund activities associated with regional land use planning. Under this proposal, any costs associated with the implementation of this bill at the state or local level would be covered by revenues from the surcharge. However, it is unclear whether the total revenues from the surcharge would be sufficient to cover all of the local and state costs required by this measure. In addition, any increase in annual registration costs will likely increase the number of unpaid or late registrations.

The projected revenue of this surcharge is unknown at this time, however the DMV estimates that over 31 million vehicles could potentially be assessed the proposed surcharge. In 2008, the DMV analyzed a similar bill (AB 2870) by the same author and determined that the estimated annual implementation costs at over \$200,000.

COMMENTS

Finance is opposed to this bill because it would create a new program and additional workload at a time when the state's revenues and General Fund have been reduced. Any new revenue source and new program should be considered in the overall context of the General Fund and current program funding deficiencies. In addition, Finance is concerned that increasing vehicle registration fees during these tough economic times will result in more unpaid or late registrations.

Existing law permits local agencies to form joint powers agencies (JPAs). Cities and counties in regions have exercised this authority to form JPAs called councils of government (COGs) to implement regional planning activities required under state law, including regional housing needs assessments and regional transportation plans. COGs generally serve as federally recognized metropolitan planning organizations (MPOs) for transportation planning purposes.

Existing law requires the Air Resources Board, by September 30, 2010, to provide each region that has an MPO with a greenhouse gas emission reduction target for automobiles and light trucks for 2020 and 2035, respectively. Each MPO, in turn, is required to include within its regional transportation plan (RTP) a sustainable communities strategy (SCS) designed to achieve the ARB greenhouse emissions targets.

Analyst/Principal Date Program Budget Manager Date
(0212) T. Williams Todd Jerue

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

M. DeSaulnier

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SB 406

This bill would provide for the following:

- Allows an MPO or COG to impose a \$1 or \$2 surcharge on vehicles registered in its jurisdiction to fund the development and implementation of an SCS or a regional blueprint plan to identify land use strategies.
- Requires all revenue received by the local air quality management district to be used to assist local and regional governments in reducing greenhouse gas emissions.
- Directs a regional entity imposing a surcharge to remit five percent of the revenue it derives from the surcharge to the OPR for PAAC related activities.
- Directs the DMV to collect the surcharge, deduct its cost of administering the surcharge, and transmit the remaining revenue quarterly to the MPO or COG that imposed it.

Existing law establishes the PAAC in OPR to assist in land-use related activities, including the State Environmental Goals and Policies Report. The Director of OPR appoints the members of the PAAC.

Existing law establishes the Strategic Growth Council (SGC) within OPR to coordinate the activities and funding programs of its member state agencies to improve air and water quality, improve natural resource protection, increase the availability of affordable housing, improve transportation, meet the goals of the California Global Warming Solutions Act of 2006, encourage sustainable land use planning, and revitalize urban and community centers in a sustainable manner.

This bill would provide for the following:

- Change the PAAC membership, as specified.
- Assign the PAAC with new duties, as specified.
- Directs the PAAC to begin these duties once sufficient funding is received.
- Directs the SCS in performing its duties to consult with the PAAC.

The DMV notes the following:

- The proliferation of current bills, i.e. SB 10 (Leno), SB 205 (Hancock), AB 286 (Salas), ABX3 (Evans), ABX3 2 (Evans), that propose using motor vehicle registration as a source of income.
- In recent years, California vehicle owners have seen their registrations increase significantly.
- The current average annual cost of registering an automobile is \$194, which does not include district or county fees that range from \$1 to \$30.
- Any additional surcharge would adversely affect vehicle owners during this time of financial crisis.
- There is no provision allowing the surcharge increase to be approved by the voters.
- Although this measure provides for reimbursements, the multiple and varied local agencies involved would create significant administrative workload for the DMV.

Code/Department Agency or Revenue Type	SO LA CO RV	PROP 98	(Fiscal Impact by Fiscal Year)				Fund Code
			(Dollars in Thousands)				
			FC	2009-2010 FC	2010-2011 FC	2011-2012	
0650/OPR	SO	No		----- No/Minor Fiscal Impact -----			0001
1141/MV Registra	RV	No		----- See Fiscal Summary -----			0332
<u>Fund Code</u>	<u>Title</u>						
0001	General Fund						
0332	Vehicle License Fee Account						