

## RESOLUTION NO. 2003-23

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE URGING THE CALIFORNIA LEGISLATURE TO REJECT THE GOVERNOR'S PROPOSED SHIFT OF LOCAL VEHICLE LICENSE FEE REVENUES AND TO HONOR THE 1998 COMMITMENT TO RESTORE THE VEHICLE LICENSE FEE

**WHEREAS**, prior to 1935, cities and counties collected property taxes on motor vehicles to fund essential local public health and safety services; and

**WHEREAS**, in 1935, the Legislature first enacted the Vehicle License Fee (VLF) Act, replacing the property tax on vehicles with a 1.75 percent fee charged against the value of the motor vehicle; and

**WHEREAS**, in 1948, the rate of the VLF was increased to 2 percent of the value of the vehicle; and

**WHEREAS**, in 1986, the voters voted overwhelmingly to constitutionally dedicate the proceeds of the VLF to fund city and county services; and

**WHEREAS**, in 1998, in a period of strong economic growth, the Legislature approved the use of a portion of the rapidly growing state General Fund to reduce the VLF payments of vehicle owners. This amount, known as the "offset", grew in future years to a 67.5 percent offset against the amount owed. The amount paid to local governments in lieu of the reduced VLF payment is known as the "VLF backfill"; and

**WHEREAS**, the 1998 legislation and subsequent enactments contain clear provisions that when insufficient funds are available to be transferred from the General Fund to fully fund the offsets and backfill amount that the VLF offset shall be reduced and VLF payments increased; and

**WHEREAS**, VLF and backfill revenues constitute 15 to 25 percent of typical city and county general purpose revenues. On average, more than 60 percent of city general fund spending and more than half of county general funds go to front line law enforcement, fire, emergency medical services, and health care programs.

**WHEREAS**, revenues derived from the VLF and backfill are of critical importance in funding vital local public health and safety services; and

**WHEREAS**, any failure by the Legislature to maintain the VLF backfill or restore the VLF will cause widespread disruption in local government services essential to the well-being of California citizens and their cities and counties; and

**WHEREAS**, Governor Davis' proposal to divert \$4 billion in local VLF backfill payments over the next 17 months fails to honor the 1998 commitment and is a direct assault on local services that will be felt by every California resident; and

**WHEREAS**, shifting \$4.2 billion in locally controlled revenues for local services is neither equitable nor fair. No state program or department has been asked to shoulder such a disproportionate share of the budget pain. These cuts come on top of the nearly \$5 billion each year that is transferred from local services to fund state obligations.

**NOW, THEREFORE, BE IT RESOLVED**, that the City Council of the City of Elk Grove hereby states that if the state General Fund can no longer afford the expense of part or all of the VLF "backfill" that the Legislature and Governor of California are hereby respectfully urged to implement the provisions of current law providing for the reduction of the VLF offset in bad economic times and to restore the VLF in an amount necessary to reduce the VLF backfill; and

**NOW, THEREFORE, BE IT FURTHER RESOLVED**, that the City of Elk Grove hereby expresses its profound appreciation to the legislators who support such VLF restoration legislation.

**PASSED AND ADOPTED** by the City Council of the City of Elk Grove this 5<sup>th</sup> day of February 2003.



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RICK SOARES, MAYOR of the  
CITY OF ELK GROVE

ATTEST:



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PEGGY E. JACKSON, CITY CLERK

APPROVED AS TO FORM:



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ANTHONY B. MANZANETTI,  
CITY ATTORNEY

**AYES:** Soares, Briggs, Cooper  
Scherman, Leary  
**NOES:** None  
**ABSTAIN:** None  
**ABSENT:** None