Statewide Transportation Needs Assessment Revenue Report Template

Please use the headers below for use when writing a narrative for the report:

Vehicle Registration Fees (VRF)

Application State/Local

Introduction

State funding sources generally include motor fuel taxes, special fuel taxes, vehicle registration fees, and driver's license fees. State funding for transit projects are available through the State Transportation Improvement Program and more recently through the state Proposition 1A (Constitutional protections for transportation funding) and 1B (Transportation Bond) approved by the voters in 2006. Vehicle Registration Fee (VRF) money also is available as a potential funding source. Vehicle Code Section 9250 describes vehicle registration fees authorized for collection. Examples of vehicle registration fees used for transportation projects and programs that are currently authorized include:

- AB2766 Fees: Health and Safety Code 44223 (also known as AB 2766-Sher from the 1990 State Legislative Session) and Section 44225 allows an Air Pollution Control District (APCD) to collect a motor vehicle registration fee surcharge of up to $6, of which 40 percent of $4 is diverted to implement projects that reduce mobile source emissions. Any increase beyond the $6 cap would require new state legislation.

- SAFE Fees: Section 2555 of the Streets and Highways Code (Vehicle Codes Section 9250.7) authorizes a service authority for freeway emergencies (SAFE) established under Government Code Section 22710 to impose a service fee of one dollar ($1) on vehicles registered to an owner with an address in the county that established the service authority.

- SB83 Fees: Section 65089.20 of the Government Code (Vehicle Code 9250.4f), as enacted as part of SB 83 (Hancock, 2009), authorizes a countywide transportation planning agency to collect up to $10 for transportation projects, if approved by voters in that county.

Yield Potential

The yield potential of fees currently authorized is low since each dollar from the VRF represents $29.6 million dollars annually within the state (based on total fee paid vehicles as of June 2011 registered in California). However, an additional $50 or $100 VRF (for example) would contribute roughly $1.5 billion and $3 billion, respectively, to transportation related projects or $15-30 billion over 10 years.

Use/Restrictions

VRF fee increases are a reasonable source since it is fee paid by road system users that is directly tied to transportation projects.

Sustainability

Source is sustainable over time since funds are not "one-time" funds, would be assessed annually, and increase in relation to the number of vehicles increase. Cost to implement, with exception of measure that require voter approval, would be minimal since existing VRF structure already in place.

Pros/Cons

Fee directly relates to transportation since it is a fee on vehicle use and revenues would increase with increases in number of vehicles registered. However, fees are not tied to inflation so impact could lessen over time. Fee also not consumption based (on a per mile basis) for example so impact may not be equitably shared amongst drivers.

Implementation

The implementation requirements are low and short-term for counties with VRFs under existing minimums that do not require voter approval. Longer-term implementation for updated state legislation to raise the fees. Additionally, with Proposition 26 (2010) the authority of agencies to implement fees without 2/3 voter approval is questionable.

Conclusion/Recommendation

SB83 Fees: Currently restricted to countywide transportation planning agencies that are also designated as Congestion Management Agencies. Recommend legislation be amended to give authority to both CMAs and all single-county Regional Transportation Planning Agencies. Recommend increase maximum fee to more closely reflect cost to operate and maintain transportation system – e.g. $100 per vehicle.

Recommend APCDs increase existing rate to at least $6 where nexus between air pollution reduction and transportation projects needs exist. Update state legislation to increase allowable fee, possibly as part of implementation of AB32 to specifically address GHG impacts of transportation projects.

SAFE Fee: For smaller regions, the existing $1 per vehicle fee is insufficient to fully cover the cost of motorist aid services. Authorize SAFEs to increase fees to up to $2 and update eligible uses of funds, as had been proposed in SB1418 (Wiggins, proposed 2010; became inactive in Assm).