



Orange County Taxpayers Association

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To: The Honorable Christine Kehoe, Chair, Senate Committee on Appropriations

From: Reed Royalty, President, Orange County Taxpayers Association (OCTax)

Date: September 6, 2011

AB 41 (Solorio): Vehicle License Fees

OCTax Position: OPPOSE

Existing Vehicle License Fee (VLF) law imposes an annual fee of 0.65% of the market value of a vehicle. (For example, the fee for a \$20,000 car is \$130.)

AB 41 would impose an additional fee of 0.15%. During 2011-12, the extra money would go to local law enforcement. During 2012-13 and thereafter, the money would continue to go to local law enforcement, except that \$35 million per year would be diverted to the Bureau of Narcotics Enforcement and the Bureau of Investigation and Intelligence.

AB 41 also would allocate money “to the County of Orange and other cities and counties meeting specified criteria.” It would restore \$48 million in VLF revenue taken from Orange County that had been slated to help pay the debt remaining from the County’s 1994 bankruptcy.

OCTax Analysis

September 9 is the last day on which either house of the Legislature may pass a bill. This may trigger an avalanche of hastily-amended bills that no one understands. AB 41 is especially fraught with confusion (and perhaps unintended consequences) because it is entangled with other factors, including AB 36 (another bill on the same subject by Assemblyman Solorio), SB 89 (the already-chaptered budget bill) and the effort to return \$48 million annually to Orange County.

AB 41’s re-allocation of \$48 million to Orange County, however tempting, has the appearance of a sop to convince the Orange County delegation to break with its allies and vote for the general 0.15% fee increase. (The “fee” actually may be a tax increase; it would support general law enforcement services rather than specific vehicle-related programs.) Whatever solidarity that exists among cost-conscious legislators should not be jeopardized by such shenanigans.

cc: Orange County Legislative Delegation