

# REPORT

**DATE:** July 1, 2010

**TO:** Regional Council  
Executive/Administration Committee

**FROM:** Sharon Neely, Interim Deputy Executive Director, Planning and Policy, [neely@scag.ca.gov](mailto:neely@scag.ca.gov), (213) 236-1992

**SUBJECT:** SB 1445 – (DeSaulnier) - Vehicle License Fee Increase Legislation

**EXECUTIVE DIRECTOR'S APPROVAL:** *Hasan Khata (sm)*

**RECOMMENDED ACTION:**

Monitor

**EXECUTIVE SUMMARY:**

*The Legislative Committee met on June 15<sup>th</sup> and received recently released information on the draft League of California Cities proposed amendments to the bill that directly affect the SCAG region. The Legislative Committee discussed no change to current SCAG adopted monitor position while staff works with League to clarify their proposal to add an additional \$2 assessment on the motor vehicle licensing fee (VLF) for cities and counties to Senate Bill 1445 (DeSaulnier). This bill sponsored by the California Association of Councils of Governments (CALCOG) currently provides for a \$1 VLF to designated transportation planning agencies to develop and implement a sustainable communities strategy (SCS) or regional blueprint plan to identify land-use strategies to reduce the use of motor vehicles, and to provide grants to cities, counties and congestion management agencies for implementation of the plan. Subsequent to the SCAG Legislative Committee meeting, the CALCOG Executive Committee voted to not accept the amendments. The Legislative Committee will review the amendments and status of the bill at their July 20<sup>th</sup> meeting.*

**BACKGROUND:**

As reported to the Legislative/Membership and Communications Committee in April, SB 1445 is the successor to SB 406, last year's Calcog-sponsored bill that would have added a \$1 surcharge to the VLF locally if authorized by resolution of the local MPO, COG, or combination of subregional council of government and county transportation commission. The Regional Council opposed SB 406 and it was vetoed by Governor Schwarzenegger who objected to the imposition of the fee by a local authority and specifically stating his belief that such fee increases should be subject to voter approval.

This bill imposes the \$1 VLF surcharge statewide and, as amended, provides that funds from the surcharge would go to MPOs, Councils of Governments (COGs) outside of MPOs, or transportation planning agencies in areas outside of MPOs or COGs – based upon the amount of fees collected from vehicles registered within each jurisdiction, after funds are deducted to reimburse the Department of Motor Vehicles for administrative costs and the Planning Advisory and Assistance Council (PAAC), created by the bill, upon which SCAG has membership, to provide advisory assistance to the Strategic Growth Council to make funding decisions to develop regional and local sustainable communities' strategies.

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SB 1445 specifies how regional agencies spend these revenues. Metropolitan planning organizations, councils of governments, and county transportation commissions must spend the revenues received from the vehicle registration fees to develop and implement, as appropriate, a sustainable communities' strategy, a regional blueprint plan (meaning both a sustainable communities strategy and an alternative planning strategy), or, as amended, a rural transportation plan element consistent with the State Department of Transportation's regional blueprint guidelines.

When a metropolitan planning organization and a council of governments jointly prepare a sustainable communities strategy, they must share these revenues. In the Southern California region, after the Southern California Association of Governments (SCAG) spends the necessary revenues to prepare its regional sustainable communities strategy, SCAG must distribute the rest of its revenues to a county transportation commission or a subregional council of governments that elects to prepare a subregional sustainable communities strategy. SCAG must distribute these remaining revenues to the county transportation commissions and subregional councils of governments in proportion to the percentage of total regional revenues attributable to each commission or council's jurisdiction.

The pertinent section of the bill addressing distribution of revenues is found on page 7 of the bill, adding Government Code § 65080.6(C), which reads:

“(c) The Southern California Association of Governments (SCAG) shall distribute a share of revenues received pursuant to Section 9250.20 of the Vehicle Code to a county transportation commission or subregional council of governments that has elected to prepare a subregional sustainable communities strategy pursuant to Section 65080. The share of each eligible agency shall be computed after deducting from total revenues available to SCAG pursuant to Section 9250.20 of the Vehicle Code the costs incurred by SCAG for preparing the regionwide sustainable communities strategy pursuant to Section 65080, and then, with respect to those remaining revenues, computing the proportionate share for an eligible agency based on the percentage of total revenues collected for the region that are attributable to fees collected in the jurisdiction of the eligible agency.”

As amended, provisions of the bill adding the \$1 VLF to fund SCS development and specifying the distribution thereof shall sunset on January 1, 2016 unless a later enacted statute that becomes operative on or before January 1, 2017 deletes or extends the date on which it becomes inoperative or is repealed.

## **Proposed League of California Amendments**

On June 15, the League of California Cities' shared with CALCOG proposed language developed to address concerns which precipitated taking an “Oppose Unless Amended” position at its April meeting. SCAG did not have opportunity to review this language until it was released on June 15; a copy of the proposed language is attached to this report.

The proposed League amendments would provide for an additional \$2 VLF which would go to cities and counties on a formula basis with no provision for focusing implementation support for incentive programs to those municipalities that voluntarily desire to implement programs focusing on regional GHG projects that will have significant benefits to achieving GHG reductions targets yet to be established by the Air Resources Board (ARB).

SCAG legislative and legal staff has reviewed the language and has addressed the following specific concerns:

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- GC §65080.6 (b)(1) (Page 4 of document) requiring an agreement to share revenue between MPO and COG jointly preparing SCS – was this intended only for MTC & ABAG? As proposed, the language could be interpreted to apply to SCAG and other Councils of Governments (COGs) that have agreed to prepare a subregional SCS. We question why a separate agreement between SCAG & other COG(s) be necessary when the provisions in GC §65080.6 (b)(2) addresses how SCAG is to share revenues with County Transportation Commissions (CTCs) and COGs electing to propose a SCS. As proposed, this provision could create some ambiguity and suggest clarification to avoid confusion.
- GC § 65080.6(b)(3) (Pg 4) – Is the MPO obligated to negotiate or play a role in negotiations with air districts to share revenues when a subregional COG and CTC decide to share revenues with an air districts – or can they do so individually without MPO participation. Suggest clarification.
- GC § 65080.6(c)(1), (2), and (3) – pages 4 and 5 – Subsection (1) provides for MPO to distribute the revenues (resulting from \$2 VLF fee) by way of grants to cities, counties and cities and counties to do GHG reduction planning/programs – implying a grant process w/ application, criteria, selection, approval, etc. and some discretion on the part of the MPOs as to which local jurisdictions receive the grants. However, subsections (2) & (3) provide for a ‘methodology’ approach which suggests an automatic distribution of the revenues (i.e. formula funding) that is not consistent with a grant process or grant approach. There is first a policy question (should MPOs be the ones to distribute these revenues) of which SCAG would support (or oppose), and second, a regardless of our action, a need to clarify the grant and methodology approach. It is suggested the amendment clarify for one or the other, but not both.

SB 1445 passed the Senate 21-16 on June 3. The bill is referred to the Assembly Local Government Committee and Assembly Transportation Committee; hearing is scheduled before Assembly Local Government Committee on June 28. The bill is supported by CALCOG (Sponsor), Bay Area Council of Governments, Metropolitan Transportation Commission, the American Planning Associations – California Chapter, Natural Resources Defense Council, and Housing California. Opposition to the bill is maintained by three of the Governor’s cabinet level departments, Finance, Housing & Community Development, and Transportation. The League of California Cities’ has an Oppose Unless Amended position on the bill. Staff understands that the Administration continues to raise issues about the current legislation and revenue collection method impacts to the state. Consequently, there continues to be potential of a Governor veto of the current version of the legislation.

## Conclusion

Staff does not recommend a change in position at this time. However, given the potential that the above amendment language could find its way into the state budget or budget trailer bill should the legislature decide to provide funding for SB 375 implementation, it is in SCAG’s best interest to clarify the above suggested amendments if funding distribution options are going to be included. Staff will review the bill with the Legislative Committee meeting at their July 20<sup>th</sup> meeting.

Reviewed by:

  
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*Interim Deputy Executive*  
*Director, Planning and Policy*

**Proposed Amendment Language of  
The League of California Cities**

**SB 1445 (DeSaulnier)  
June 10, 2010**

SECTION 1. The Legislature finds and declares as follows:

~~(a) Uncoordinated and unplanned growth together with a lack of common goals to effect the public's interest in the conservation and wise use of our lands pose a threat to the environment, sustainable economic development, and the health, safety, and high quality of life enjoyed by residents of this state.~~

~~(b) The enactment of Senate Bill 375 of the 2007-08 Regular Session (Chapter 728 of the Statutes of 2008) and the establishment of requirements for~~ requires regional transportation plans to include a sustainable communities strategy or alternative planning strategy which achieves regional goals for the reduction of greenhouse gas emissions. ~~address~~

~~greenhouse gases~~ These strategies can only be successfully developed and implemented if regional and local governments have the ***funding and*** tools they need to collaboratively plan for the type of growth that can achieve these goals. ~~and if that~~ (c) is ~~coordinated with~~ The efforts of the Governor's Strategic Growth Council and other state agencies should ***use the the plans that result from the collaborative local and regional effort as a basis for the implementation of state policy and goals*** as equired *contemplated* by the enactment of Senate Bill 732 of the 2007-08 Regular Session (Chapter 729 of the Statutes of 2008).

~~(c) The successful development and implementation of sustainable communities strategies as part of regional transportation plans that achieve the regional goals for reduction in greenhouse gas emissions from vehicles and light trucks and implementation of those strategies by the amendment of city and county general and specific plans will result in significantly reduced vehicle travel ***emissions***. The reduced ravel will reduce greenhouse gas emissions and air pollution and provide environmental benefits that mitigate the adverse impacts associated with vehicle use. The resulting reduction in traffic congestion provides a user benefit to all vehicle owners which is at least equal in value to a fee of two dollars (\$2 ~~3~~) per vehicle annually.~~

~~(d) Cooperation between regional and local governments and air districts is essential to the achievement of the greenhouse gas emission reductions envisioned in regional transportation plans.~~

(e) There is a fair and reasonable relationship between the owners of passenger vehicles and light trucks which produce greenhouse gas emissions, and the need to adopt strategies to reduce greenhouse gas emissions to achieve the goals adopted in AB 32 (Chapter \_\_\_\_\_). Therefore it is reasonable to impose a fee on the owners of passenger vehicles and light trucks to pay for the regulatory program that is required to mitigate the impact of driving those vehicles and light trucks.

~~(e) Therefore, it is in the public interest that state residents, communities, local governments, air districts, and the private sector cooperate and coordinate with one another in comprehensive, sustainable land use planning.~~

~~(f) It is the intent of the Legislature to update the duties and composition of the Planning Advisory and Assistance Council to assist in the state's land use planning processes by providing funding to support the development and implementation for regional blueprints and related planning and to work with state agencies providing~~

funding for resource protection and local infrastructure to facilitate coordination between state planning and funding decisions and regional blueprints.

SEC. 2. Section 65040.6 of the Government Code is amended to read:

65040.6. (a) The Planning Advisory and Assistance Council is hereby created within the office, the membership of which shall be as follows: three city representatives; three county representatives; ~~one~~*seven* representatives of each district, ~~provided that at least two of the district representatives are representatives of metropolitan areawide planning organizations and that at least one of the district representatives is a representative of a nonmetropolitan planning organization~~*regional planning organizations; one member of the State Air Resources Board; one member of the California Transportation Commission; one member of the State Energy Resources Conservation and Development Commission; one member appointed by the Speaker of the Assembly; one member appointed by the Senate Committee on Rules; and one representative of Indian tribes and bands which have reservations or rancherias within California. The city and county representatives appointed pursuant to this subdivision shall be selected by the director from nominees submitted by the League of California Cities and by the California State Association of Counties. Representatives of areawide*regional* planning organizations appointed pursuant to this subdivision shall be selected by the director from nominees submitted by the ~~several areawide~~*regional* planning organizations ~~set forth in the state. Other district representatives shall be appointed by the director~~*paragraphs (1) to (5), inclusive, of subdivision (b) and from nominees submitted by the California Association of Councils of Governments for the representatives set forth in paragraphs (6) and (7) of subdivision (b).* The representative of Indian tribes and bands shall be a member of one tribe or band, and shall be selected by the director. Appointment to the advisory council shall be for a term of two years, provided that the members of the first council shall classify themselves by lot so that one-half shall serve an initial term of one year and one-half shall serve an initial term of two years. Vacancies shall be filled in the same manner provided for the original appointment.*

~~(b) The council shall provide such advice as may be necessary to assist the office in discharging the requirements of Sections 65040 to 65040.4, inclusive. In particular, the council shall:~~

- ~~(1) Assist the office in the preparation of the state long-range goals and policies, in the manner specified in subdivision (a) of Section 65040.~~
- ~~(2) Evaluate the planning functions of the various state agencies involved in planning, in the manner specified in subdivision (c) of Section 65040.~~
- ~~(3) Make appropriate decisions and provide such advice and assistance as may be required by federal statute or regulation in connection with any federal program administered by the office.~~

~~(c) The council shall meet on call of the director of the office, who shall convene at least two council meetings during each year.~~

~~(d) Seven of the council's members shall be from the governing body of each of the following:~~

- ~~(1) The Southern California Association of Governments.~~

*(2) The Metropolitan Transportation Commission or the Association of Bay Area Governments. The person appointed to the council pursuant to this paragraph shall be a member of the governing body for both the Metropolitan Transportation Commission and the Association of Bay Area Governments.*

*(3) The San Diego Association of Governments.*

*(4) The Sacramento Area Council of Governments.*

*(5) The San Joaquin Valley Regional Policy Council.*

*(6) A metropolitan planning organization or council of governments that is not identified in paragraphs (1) to (5), inclusive.*

*(7) A regional transportation planning agency, as defined in Section 65080, that is neither a metropolitan planning organization nor a council of governments.*

*(c) The council shall provide such advice as may be necessary to assist the office in discharging the requirements of Sections 65040 to 65040.4, inclusive. In particular, the council shall:*

*(1) Assist the office in the preparation of the state long-range goals and policies, in the manner specified in subdivision (a) of Section 65040.*

*(2) Evaluate the planning functions of the various state agencies involved in planning, in the manner specified in subdivision (c) of Section 65040.*

*(3) Make appropriate decisions and provide such advice and assistance as may be required by federal statute or regulation in connection with any federal program administered by the office.*

*(4) Work with the Strategic Growth Council, created pursuant to Section 75121 of the Public Resources Code, regional agencies, such as metropolitan planning organizations or councils of governments, and with cities and counties to facilitate the implementation of regional blueprint plans.*

*(5) Develop and propose recommendations to the Strategic Growth Council, created pursuant to Section 75121 of the Public Resources Code, the Department of General Services, the State Allocation Board, the Department of Housing and Community Development, the Department of Transportation, the California Transportation Commission, and any other state agencies that affect land use, housing, or transportation in order to facilitate coordination between regional blueprint plans, state growth and infrastructure funding plans, and programs that facilitate the implementation of regional blueprint plans.*

*(6) Receive reports, including, but not limited to, a copy of the five-year infrastructure plan described in Section 13102.*

*(7) Report to the Legislature, in consultation and coordination with the Strategic Growth Council, created pursuant to Section 75121 of the Public Resources Code, on the manner in which state agencies are implementing the requirements of Chapter 1016 of the Statutes of 2002.*

*(8) Report to the Legislature on regional performance measures, evaluating the progress of each region of the state in improving results for its residents in employment, environmental protection, education, housing, mobility, and other criteria as determined by the council. The council shall provide the Legislature with updates to the report periodically, as the council determines is required.*

*(d) The council shall meet on call of the director of the office, who shall*

convene at least two council meetings during each year.

(e) Council members shall serve without compensation, but they may be reimbursed for actual expenses incurred in connection with their duties.

SEC. 3. Section 65080.6 is added to the Government Code, to read:

65080.6. (a) ~~(1) **The first dollar (\$1) in fee revenue charged on an motor vehicles**~~ pursuant to Section 9250.20 of the Vehicle Code Revenue from one dollar (\$1) of the fee imposed on motor vehicles pursuant to Section 9250.20 of the Vehicle Code shall be used solely to identify and implement land-use and transportation-related strategies to achieve the greenhouse gas emission reduction targets specified in Section 65080 by metropolitan planning organizations, councils of governments, and county transportation planning agencies through a sustainable communities strategy, a regional blueprint plan, or a rural transportation plan element.

(2) Revenue from two dollars (\$2) of the fee imposed on motor vehicles pursuant to Section 9250.20 of the Vehicle Code shall be used solely by cities, counties, and cities and counties for planning and projects related to achieving the greenhouse gas emission reduction targets specified in Section 65080.

(b) Each of the following shall apply to the revenue described in paragraph (1) of subdivision (a):

(1) A metropolitan planning organization and council of governments that are jointly preparing a sustainable communities strategy shall enter into an agreement to share the revenue.

(2) The Southern California Association of Governments shall distribute a portion of the revenues to a county transportation commission and subregional council of governments that have elected to work together to propose the sustainable communities strategy pursuant to sub-section (D) of paragraph (2) of subdivision (b) of Section 65080. The amount shall be equal to the amount of fees collected from motor vehicles registered within the jurisdiction of the county transportation commission and subregional council of governments. The amount shall be computed after deducting the costs incurred by SCAG for preparing the regionwide sustainable communities strategy pursuant to Section 65080.

(3) The metropolitan planning organization, the council of governments, or a county transportation commission and a subregional council of governments jointly preparing a subregional sustainable communities strategy, may, pursuant to an agreement with the local air quality management district that has responsibility over the jurisdiction, share the revenues with the air quality management district with jurisdiction in the region. All revenue received by the local air quality management district shall be used to assist local and regional governments in reducing greenhouse gas emissions. Appropriate assistance includes, but is not limited to, all of the following:

(1 i) Assistance in the development of a subregional sustainable communities strategy.

(2 ii) Assistance in the development of local greenhouse gas emission inventories.

(3 iii) Assistance in the development of greenhouse gas emission reduction strategies in general plans.

(4 iv) Development of and assistance with CEQA guidelines and review of greenhouse gas emissions in CEQA analyses.

(5 **v**) Consultation and development of local climate action plans.

(6 **vi**) Project-specific consultation work to reduce greenhouse gas emissions from local transportation and land use decisions.

(f **vii**) For purposes of this section, a sustainable communities strategy and an alternative planning strategy shall both be considered to be a regional blueprint plan.

**(c)(1) The revenue described in paragraph (2) of subdivision (a) shall be distributed to metropolitan planning organizations for the sole purpose of providing grants to cities, counties, cities and counties for planning and projects related to the planning, ordinances, and projects related to achieving the greenhouse gas emission reduction target as specified in Section 65080.**

**(2) Except as provide in paragraph (3), the methodology for distributing revenues received under this paragraph must be approved by a majority of cities, counties, and city and counties representing a majority of the population within the metropolitan planning organization.**

**(3) Upon notification by a sub-regional council of governments that it has elected to adopt its own methodology for distributing revenues received pursuant to paragraph (2) of subdivision (a), the metropolitan planning organization shall distribute an amount of revenue to the sub-regional council of governments that is based on the amount of fees collected from motor vehicles in the sub-region.**

(g **c**) This section shall become inoperative on January 1, 2016, and, as of January 1, 2017, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2017, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 4. Section 75125 of the Public Resources Code is amended to read:

75125. The council shall do all of the following:

(a) Identify and review activities and funding programs of member state agencies that may be coordinated 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 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code), encourage sustainable land use planning, and revitalize urban and community centers in a sustainable manner. At a minimum, the council shall review and comment on the five-year infrastructure plan developed pursuant to Article 2 (commencing with Section 13100) of Chapter 2 of Part 3 of Division 3 of the Government Code and the State Environmental Goals and Policy Report developed pursuant to Section 65041 of the Government Code.

(b) Recommend policies and investment strategies and priorities to the Governor, the Legislature, and to appropriate state agencies to encourage the development of sustainable communities, such as those communities that promote equity, strengthen the economy, protect the environment, and promote public health and safety, consistent with subdivisions (a) and (c) of Section 75065.

(c) Provide, fund, and distribute data and information to local governments and regional agencies that will assist in developing and planning

sustainable communities.

(d) Manage and award grants and loans to support the planning and development of sustainable communities, pursuant to Sections 75127, 75128, and 75129. To implement this subdivision, the council may do all of the following:

- (1) Develop guidelines for awarding financial assistance, including criteria for eligibility and additional consideration.
- (2) Develop criteria for determining the amount of financial assistance to be awarded. The council shall award a revolving loan to an applicant for a planning project, unless the council determines that the applicant lacks the fiscal capacity to carry out the project without a grant. The council may establish criteria that would allow the applicant to illustrate an ongoing commitment of financial resources to ensure the completion of the proposed plan or project.
- (3) Provide for payments of interest on loans made pursuant to this article. The rate of interest shall not exceed the rate earned by the Pooled Money Investment Board.
- (4) Provide for the time period for repaying a loan made pursuant to this article.
- (5) Provide for the recovery of funds from an applicant that fails to complete the project for which financial assistance was awarded. The council shall direct the Controller to recover funds by any available means.
- (6) Provide technical assistance for application preparation.
- (7) Designate a state agency or department to administer technical and financial assistance programs for the disbursing of grants and loans to support the planning and development of sustainable communities, pursuant to Sections 75127, 75128, and 75129.

*(e) In making recommendations pursuant to subdivisions (a) and (b) and in providing data and information pursuant to subdivision (c), the council shall consult with and coordinate its recommendations with the Planning Advisory and Assistance Council created pursuant to Section 65040.6 of the Government Code.*

*(f) No later than July 1, 2010, and every year thereafter, provide a report to the Legislature that shall include, but is not limited to, all of the following:*

- (1) A list of applicants for financial assistance.
- (2) Identification of which applications were approved.
- (3) The amounts awarded for each approved application.
- (4) The remaining balance of available funds.
- (5) A report on the proposed or ongoing management of each funded project.
- (6) Any additional minimum requirements and priorities for a project or plan proposed in a grant or loan application developed and adopted by the council pursuant to subdivision (c) of Section 75126.

SEC. 5. Section 9250.20 is added to the Vehicle Code, to read:

*9250.20. (a) Effective July 1, 2011, the fee imposed by Section 9250 shall be increased by an additional **one three** dollars ~~(\$13)~~.*

*(b) After deducting its administrative costs, **which shall not exceed 2 percent of the total fees collected under this section**, the department shall deposit **4 .05** percent of*

*the net revenues received from the additional fee imposed pursuant to this section into the Planning Advisory and Assistance Council Fund, which is hereby created in the State Treasury, and shall make the funds available to the Planning Advisory and Assistance Council, upon appropriation by the Legislature, to perform the functions specified in subdivision (c) of Section 65040.6 of the Government Code.*

*(c) The department shall distribute the remaining revenues from the fee increase to metropolitan planning organizations, councils of governments outside of metropolitan planning organizations, and transportation planning agencies in areas outside of metropolitan planning organizations or councils of governments in accordance with Section 65080.6 of the Government Code, based upon the amount of fees collected from motor vehicles registered within each jurisdiction.*

*(d) This section shall become inoperative on January 1, 2016, and, as of January 1, 2017, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2017, deletes or extends the dates on which it becomes inoperative and is repealed.*