

**A RESOLUTION OF THE CITY OF BELMONT URGING THE CALIFORNIA
LEGISLATURE TO HONOR THE 1998 COMMITMENT TO RESTORE THE
VEHICLE LICENCE 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, during 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, in December 2001 Governor Davis told city officials “I will not balance this budget on the backs of local government. I will fight to see you receive funds from the vehicle license fee to provide important services”; and

WHEREAS, on average, more than 60 percent of city general fund spending goes to front line law enforcement, fire, and emergency medical services; and

WHEREAS, the City of Belmont is entitled to approximately \$1 million in “VLF backfill” which is 7% of the City’s General Fund; and

WHEREAS, the City of Belmont has already cut \$500,000 from the General Fund and expects to cut another \$1.3 million due to the economic downturn; and

WHEREAS, any failure by the Legislature to maintain the VLF backfill or restore the VLF will cause significant disruption in services essential to the well-being of Belmont residents and those in other 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, local governments have already contributed more than \$4 billion to the state budget due to the property tax shifts of the early 1990's; and

WHEREAS, shifting an additional \$4.2 billion in locally controlled revenues to the state is neither equitable nor fair.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Belmont 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 respectfully urged to implement the provisions of current law providing for the reduction of the VLF offset and to restore the VLF in an amount necessary to reduce the VLF backfill; and

BE IT FURTHER RESOLVED, that the City of Belmont urges all legislators to support such VLF restoration legislation and hereby expresses its profound appreciation to those legislators who do.

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of Belmont at a regular meeting thereof held on January 28, 2003 by the following vote:

AYES, COUNCILMEMBERS: _____

NOES, COUNCILMEMBERS: _____

ABSTAIN, COUNCILMEMBERS: _____

ABSENT, COUNCILMEMBERS: _____

CLERK of the City of Belmont

APPROVED:

MAYOR of the City of Belmont