



**CITY OF SANTA CLARITA
AGENDA REPORT**

CONSENT CALENDAR

CITY MANAGER APPROVAL:

Ken Stripling

DATE: February 26, 2019

SUBJECT: STATE LEGISLATION: ASSEMBLY BILL 213

DEPARTMENT: City Manager's Office

PRESENTER: Masis Hagobian

RECOMMENDED ACTION

City Council support Assembly Bill 213 (Reyes) and transmit position statements to Assembly Member Eloise Reyes, Santa Clarita's state legislative delegation, appropriate legislative committees, Governor Newsom, and the League of California Cities.

BACKGROUND

Authored by Assembly Member Eloise Reyes (D-47-San Bernardino), Assembly Bill 213 revises the formula for allocating vehicle license fee adjustment amounts to restore revenues to cities that annexed developed areas since the implementation of Senate Bill 89 (2011). Assembly Bill 213 also restores generated revenue for future city annexations.

The Vehicle License Fee (VLF) is a tax on the ownership of a registered vehicle in place of taxing vehicles as personal property. The taxable value of a vehicle is established by the purchase price of the vehicle, depreciated annually according to a statutory schedule. The State collects and allocates VLF revenues to cities and counties, allocated by each jurisdiction's annual change in gross assessed valuation (property tax revenues).

In 2011, Senate Bill 89, Chapter 35, Statutes of 2011, redirected VLF revenues away from newly incorporated cities and annexations of inhabited areas and diverted funds to the Local Law Enforcement Account to help fund Assembly Bill 109, Chapter 15, Statutes of 2011, also known as the Public Safety Realignment Act.

Senate Bill 89 had the effect of diverting over \$4 million in VLF revenues in Fiscal Year 2011-12 from cities that annexed inhabited areas. The City of Santa Clarita lost an estimated \$390,000 annually in VLF revenues following the passage of Senate Bill 89.

Assembly Bill 213 would restore the estimated \$390,000 in annual lost revenue for the fiscal year in which the bill is signed and every year thereafter.

The City Council supported a similar bill that was introduced during the 2017-18 Legislative Session, Assembly Bill 2268 (Reyes) at the May 22, 2018, Regular City Council Meeting.

Additionally, the City of Santa Clarita 2019 Legislative Platform (Legislative Platform) includes a component related to vehicle license fees. Specifically, component 7 under the “State” section of the Legislative Platform advises that the City Council, “Support legislation that seeks to revise the formula for allocating vehicle license fee adjustment amounts to restore revenues to cities that have annexed developed areas.”

Assembly Bill 213 was introduced on January 15, 2019, and referred to the Assembly Committee on Local Government on February 4, 2019. No hearing date was scheduled at the time of the draft of this report.

ALTERNATIVE ACTION

1. Adopt a “neutral” position on Assembly Bill 213
2. Adopt an “oppose” position on Assembly Bill 213
3. Take no action on Assembly Bill 213
4. Refer Assembly Bill 213 to the Legislative Committee
5. Other action, as determined by the City Council

FISCAL IMPACT

The resources required to implement the recommended action are contained within the City of Santa Clarita's adopted Fiscal Year 2018-19 budget.

ATTACHMENTS

Assembly Bill 213 - Bill Text