



# REPORT TO LAW & LEGISLATION COMMITTEE City of Sacramento

915 I Street, Sacramento, CA 95814-2671

STAFF  
September 6, 2005

Honorable Members of the  
Law and Legislation Committee

**Subject:** Endorsement of AB 1623

**Location/Council District:** All Districts

**Recommendation:**

Endorse Assembly Bill 1623

**Contact:** Azadeh Doherty, Staff Aide, 808-3137

**Presenters:** Azadeh Doherty, Staff Aide

Brian Williams, Executive Director, Sacramento Transportation Authority

**Department:** Department of Transportation

**Division:** Planning and Policy

**Organization No:** 3416

**Summary:**

Existing law authorizes air districts and local agencies to impose motor vehicle registration fees in certain areas of the state that supplement the basic vehicle registration fee collected by the Department of Motor Vehicles. AB 1623 would allow specified counties, including Sacramento, to establish a fee and program to manage traffic congestion and mitigate environmental impacts produced by motor vehicles.

**Committee/Commission Action:** None.

**Background Information:**

In February 2005, Assemblyman Klehs introduced AB 1623 which would authorize transportation agencies from several San Francisco area counties to impose a congestion management and environmental mitigation fee of up to \$5 a year on motor vehicle registration. At the request of Assemblyman Dave Jones, the bill was amended to include Sacramento County with the Sacramento Transportation Authority (STA) as an eligible agency. This bill will allow these specific counties to utilize the annual fee to establish a program that will manage traffic congestion and mitigate the environmental impacts produced by motor vehicles within these counties.

In order to impose this fee In Sacramento County, the STA Board must approve the following by a two-thirds majority:

- A resolution imposing the fee;
- An expenditure plan that sets forth how the funds will be appropriated; and
- A finding that the proposed expenditures will benefit the motor vehicle owners on whom the fee is imposed.

This bill will require transportation agencies to perform an independent audit on their programs and to provide their findings to the Legislature. In addition, the bill will require a program with performance measures and a budget before a fee is imposed. Finally, the bill will require the Department of Motor Vehicles, if requested, to collect the fee and distribute the proceeds after specified administrative costs are deducted. Not more than five (5) percent of the fees distributed to a county transportation agency shall be used for administrative costs associated with the program.

AB 1623 has been approved by the State Assembly and is now being considered by the Senate Appropriations Committee. The authority to impose the fee will terminate 10 years and 6 months after the effective date of the bill, if it is approved.

**Financial Considerations:** AB 1623 does not impose a vehicle registration fee but merely authorizes the Sacramento Transportation Authority to implement such a fee at its discretion. If approved at \$5 per vehicle, the fee is estimated to generate \$6 million annually in Sacramento County.

Environmental mitigation programs that directly address the negative impact of motor vehicle usage such as air pollution and stormwater runoff pollution are eligible for funding.

**Environmental Considerations:**

The subject of this report is not considered a project as defined by Section 15378 of the California Environmental Quality Act (CEQA) guidelines. The activity involves no physical construction and has no potential to cause a significant impact on the environment (CEQA Section 15061 (b)(3)).

**Policy Considerations:**

At the July 28, 2005 STA Board meeting, this item was discussed but the Board was not able to reach a decision. Therefore, the STA Board of Directors is scheduled to hear this issue again at its September 8, 2005 meeting.

**Emerging Small Business Development (ESBD):**

No goods or services are being procured.

Respectfully Submitted by: *Francisca Le Halbakken*  
Fran Halbakken  
Planning and Policy Manager

Approved by: *Marty Hanneman*  
Marty Hanneman  
Director of Department of Transportation

Recommendation Approved:

*Ken Nishimoto*  
KEN NISHIMOTO  
Assistant City Manager

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September 6, 2005

Honorable Dave Jones  
California State Assembly  
State Capitol, Room 3126  
Sacramento, CA 95814

Subject: Support: Assembly Bill 1623: Authority to Impose a Surcharge on Vehicle Registration in Sacramento County and Other Specified Counties to Fund Projects to Manage Traffic Congestion and to Mitigate the Environmental Impacts of Motor Vehicles

Dear Assembly Member Jones:

On behalf of the City of Sacramento, I am pleased to express the City's support of Assembly Bill 1623 which will allow Sacramento Transportation Authority to impose a congestion management and environmental mitigation fee of up to \$5 on motor vehicle registration in Sacramento County. This annual fee will be utilized to establish a program that will manage traffic congestion and mitigate the environmental impacts produced by motor vehicles in Sacramento County.

Thank you for co-authoring this important legislation.

Sincerely,

LAUREN HAMMOND, Chair  
Law and Legislation Committee

CC: Senator Deborah Ortiz  
Senator Dave Cox  
Assembly Member Alan Nakanishi  
Assembly Member Roger Niello  
Mayor Fargo and Members of the City Council

AMENDED IN SENATE JUNE 28, 2005

AMENDED IN SENATE JUNE 13, 2005

AMENDED IN ASSEMBLY MAY 2, 2005

AMENDED IN ASSEMBLY APRIL 12, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1623**

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**Introduced by Assembly Member Klehs**  
*(Principal coauthor: Assembly Member Nation)*  
**(Coauthors: Assembly Members Evans, Hancock, Jones, Nation,**  
**and Torrico)**  
(Coauthor: Senator Figueroa)

February 22, 2005

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An act to add Chapter 2.66 (commencing with Section 65089.20) to Division 1 of Title 7 of the Government Code, and to add Section 9250.4 to the Vehicle Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1623, as amended, Klehs. County transportation agencies: congestion management and environmental mitigation fee.

Existing law provides for the imposition by air districts and other local agencies of fees on the registration of motor vehicles in certain areas of the state that are in addition to the basic vehicle registration fee collected by the Department of Motor Vehicles.

This bill would authorize the Alameda County Congestion Management Agency, the Contra Costa Transportation Authority, the Transportation Authority of Marin, the Napa County Transportation Planning Agency, and the Sacramento Transportation Authority to impose an annual fee of up to \$5 on motor vehicles registered within

**AB 1623**

those counties for a program for the management of traffic congestion and the mitigation of environmental impacts of motor vehicles within that county. The bill would require the agency to have an independent audit performed on the program and to provide its findings to the Legislature. The bill would require a program with performance measures and a budget before the fee may be imposed. The bill would require the Department of Motor Vehicles, if requested, to collect the fee and distribute the proceeds, after deduction of specified administrative costs, to the agency. The bill would require that the fees collected may only be used to pay for programs bearing a relationship or benefit to the *owners of* motor vehicles paying the fee, and would require the agency to make a specified finding of fact by a  $\frac{2}{3}$  vote. The *authority to impose the fee* would terminate ~~on~~ 10 years and 6 months after the effective date of the bill.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Chapter 2.66 (commencing with Section  
2 65089.20) is added to Division 1 of Title 7 of the Government  
3 Code, to read:

4  
5 CHAPTER 2.66. MANAGEMENT OF TRAFFIC CONGESTION AND  
6 ENVIRONMENTAL MITIGATION OF TRANSPORTATION IN  
7 ALAMEDA, CONTRA COSTA, MARIN, NAPA, AND SACRAMENTO  
8 COUNTIES  
9

10 65089.20. (a) As used in this chapter, "county transportation  
11 agency" means the Alameda County Congestion Management  
12 Agency, the Contra Costa Transportation Authority, the  
13 Transportation Authority of Marin, the Napa County  
14 Transportation Planning Agency, and the Sacramento  
15 Transportation Authority.

16 (b) A county transportation agency may impose a fee of up to  
17 five dollars (\$5) on motor vehicles registered within the county if  
18 the board of the county transportation agency adopts a resolution  
19 providing for both the fee and a corresponding program for the  
20 management of traffic congestion and the mitigation of the  
21 impacts of motor vehicles on the environment as set forth in

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1 Sections 65089.21 to 65089.24, inclusive. Adoption by the board  
2 requires a vote of approval by board members representing  
3 two-thirds of the population of the county.

4 (c) A fee imposed pursuant to this section shall not become  
5 operative until six months after the effective date of this section  
6 and pursuant to the resolution adopted by the board in  
7 subdivision (b).

8 (d) The authority to impose the fee shall terminate 10 years  
9 and six months after the effective date of this section.

10 (e) A county transportation agency may adopt a resolution by  
11 a majority vote of the board to cease collection of the fee  
12 commencing on a date determined by the county transportation  
13 agency in consultation with the Department of Motor Vehicles.

14 65089.21. (a) The fees distributed to the county  
15 transportation agency pursuant to Section 9250.4 of the Vehicle  
16 Code shall be used for purposes of congestion management  
17 consistent with the objectives of Section 65089, and for the  
18 purposes of the mitigation of the impacts of motor vehicles on  
19 the environment.

20 (b) (1) The fees collected may be used to pay for programs  
21 with a relationship or benefit to the *owners of* motor vehicles that  
22 are paying the fee.

23 (2) Prior to imposing the fee, the board of the county  
24 transportation agency shall make a finding of fact by two-thirds  
25 of the authorized vote of the board of that county transportation  
26 agency that those programs bear a relationship or benefit to the  
27 motor vehicles that will pay the fee.

28 (c) The purpose of the congestion management program is to  
29 address motor vehicle congestion.

30 (d) Only the environmental mitigation programs that directly  
31 address the negative impact motor vehicle usage has on the  
32 environment, including, but not limited to, air pollution, pollution  
33 of stormwater runoff caused by motor vehicles, or the  
34 infrastructure supporting motor vehicle travel, are eligible for  
35 funding.

36 (e) Not more than 5 percent of the fees distributed to the  
37 county transportation agency shall be used by the association for  
38 its administrative costs associated with the program.

39 65089.22. Prior to the imposition of the fee by the county  
40 transportation agency, a specific program with performance

**AB 1623**

1 measures and a budget shall first be developed and adopted by  
2 the county transportation agency at a noticed public hearing.

3 65089.23. The county transportation agency shall have an  
4 independent audit performed on the specific program adopted  
5 pursuant to Section 65089.22 with the review and report  
6 provided to the board at a noticed public hearing.

7 65089.24. The county transportation agency shall provide a  
8 report to the Legislature on the specific program adopted  
9 pursuant to Section 65089.22 by July 1, 2011.

10 SEC. 2. Section 9250.4 is added to the Vehicle Code, to read:

11 9250.4. (a) The department shall, if requested by a county  
12 transportation agency, collect the fee imposed pursuant to  
13 Section 65089.20 of the Government Code upon the registration  
14 or renewal of registration of any motor vehicle registered in the  
15 county, except those vehicles that are expressly exempted under  
16 this code from the payment of registration fees.

17 (b) A county transportation agency shall pay for the initial  
18 setup and programming costs identified by the Department of  
19 Motor Vehicles through a direct contract with the department.  
20 Any direct contract payment by the county transportation agency  
21 shall be repaid, with no restriction on the funds, to the county  
22 transportation agency as part of the initial revenues distributed.  
23 Regular Department of Motor Vehicles collection costs shall be  
24 in accordance with subdivision (c). These costs shall not be  
25 counted against the 5-percent administration cost limit specified  
26 in subdivision (e) of Section 65089.21.

27 (c) After deducting all costs incurred pursuant to this section,  
28 the department shall distribute the revenues to the county  
29 transportation agency.

30 (d) As used in this section, "county transportation agency"  
31 means the Alameda County Congestion Management Agency,  
32 the Contra Costa Transportation Authority, the Transportation  
33 Authority of Marin, the Napa County Transportation Planning  
34 Agency, and the Sacramento Transportation Authority.