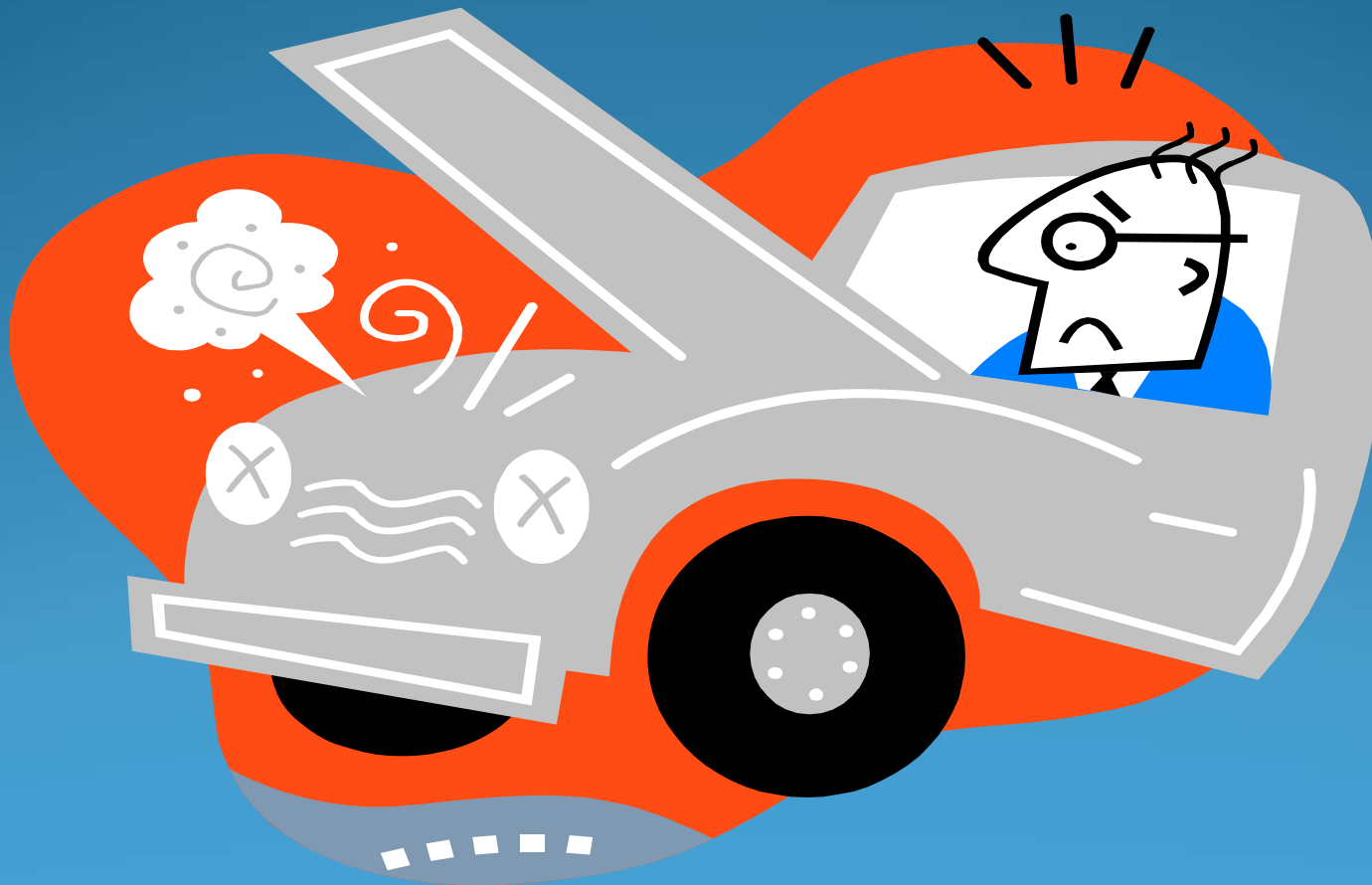
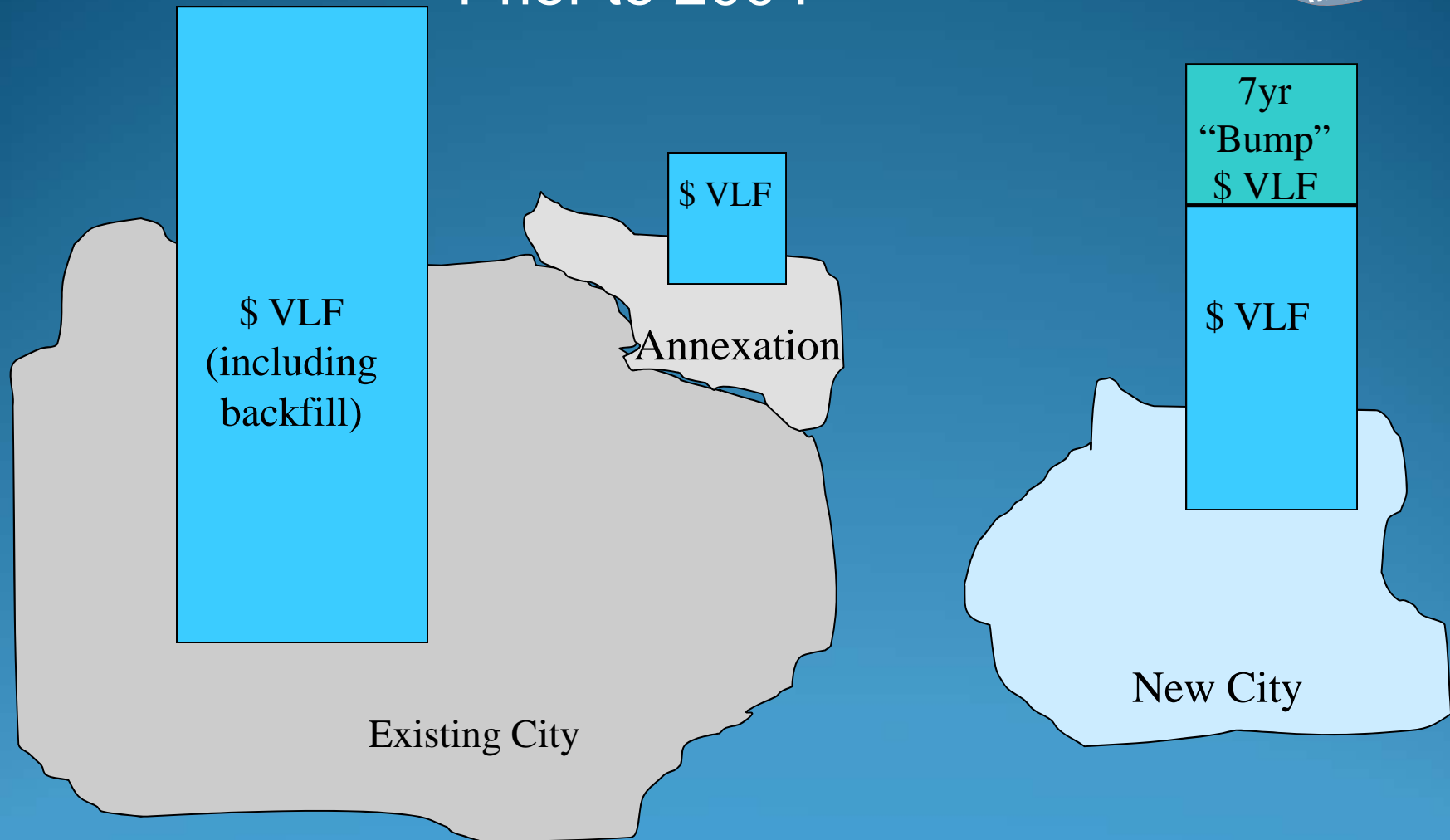
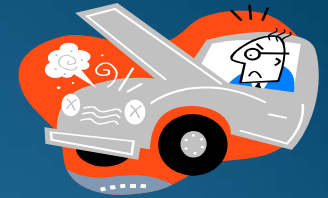


Annexations and Incorporations: Lingering Impacts of the VLF Swap / State Shifts



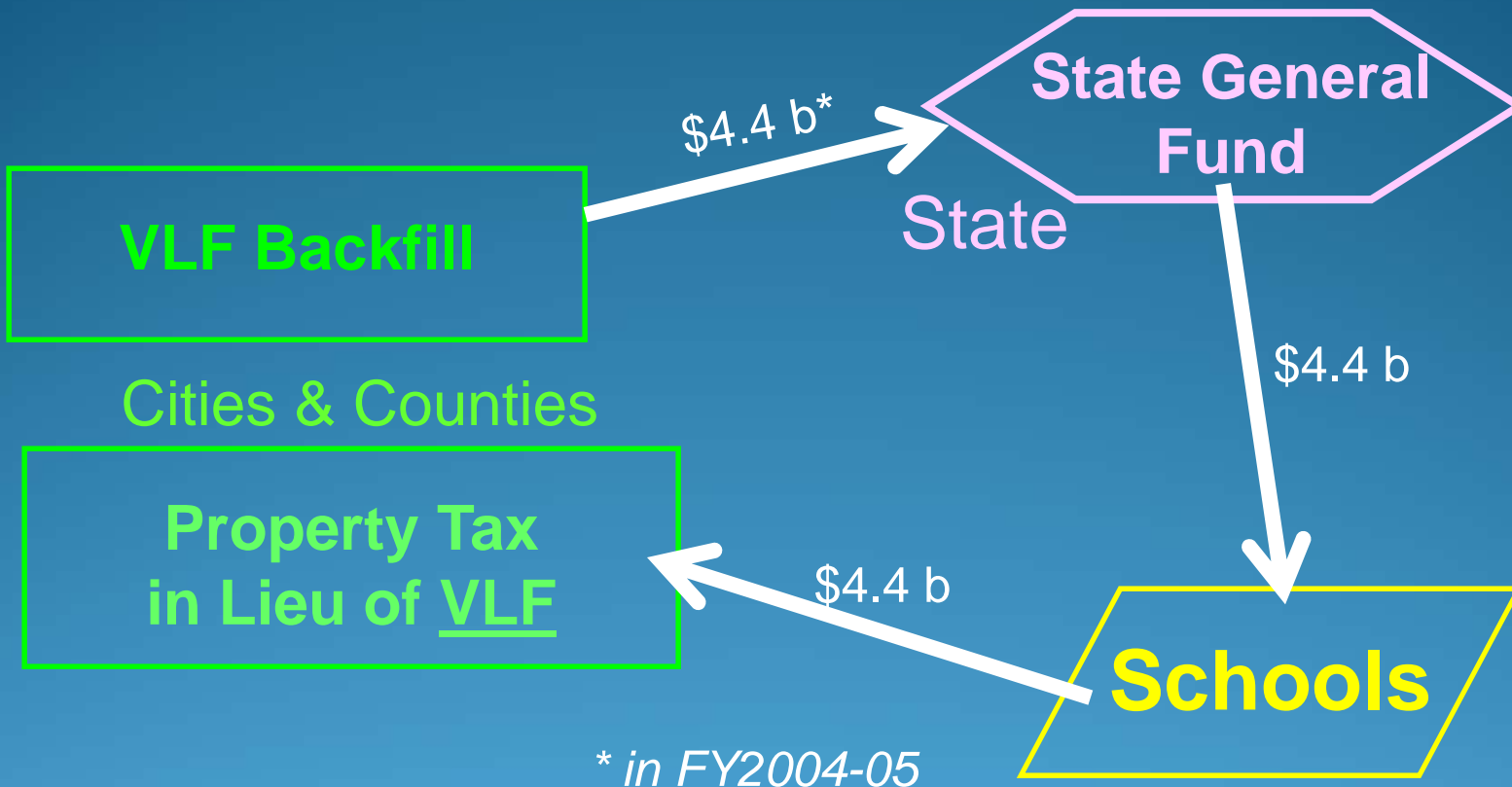
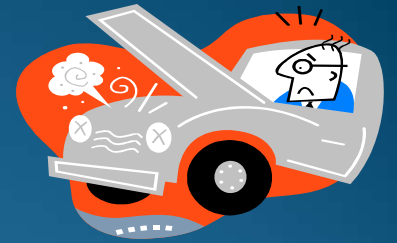
Vehicle Lic Fee \$ Allocation

Prior to 2004



The city VLF was allocated by the Controller from a statewide pool according to statute essentially on a population basis.

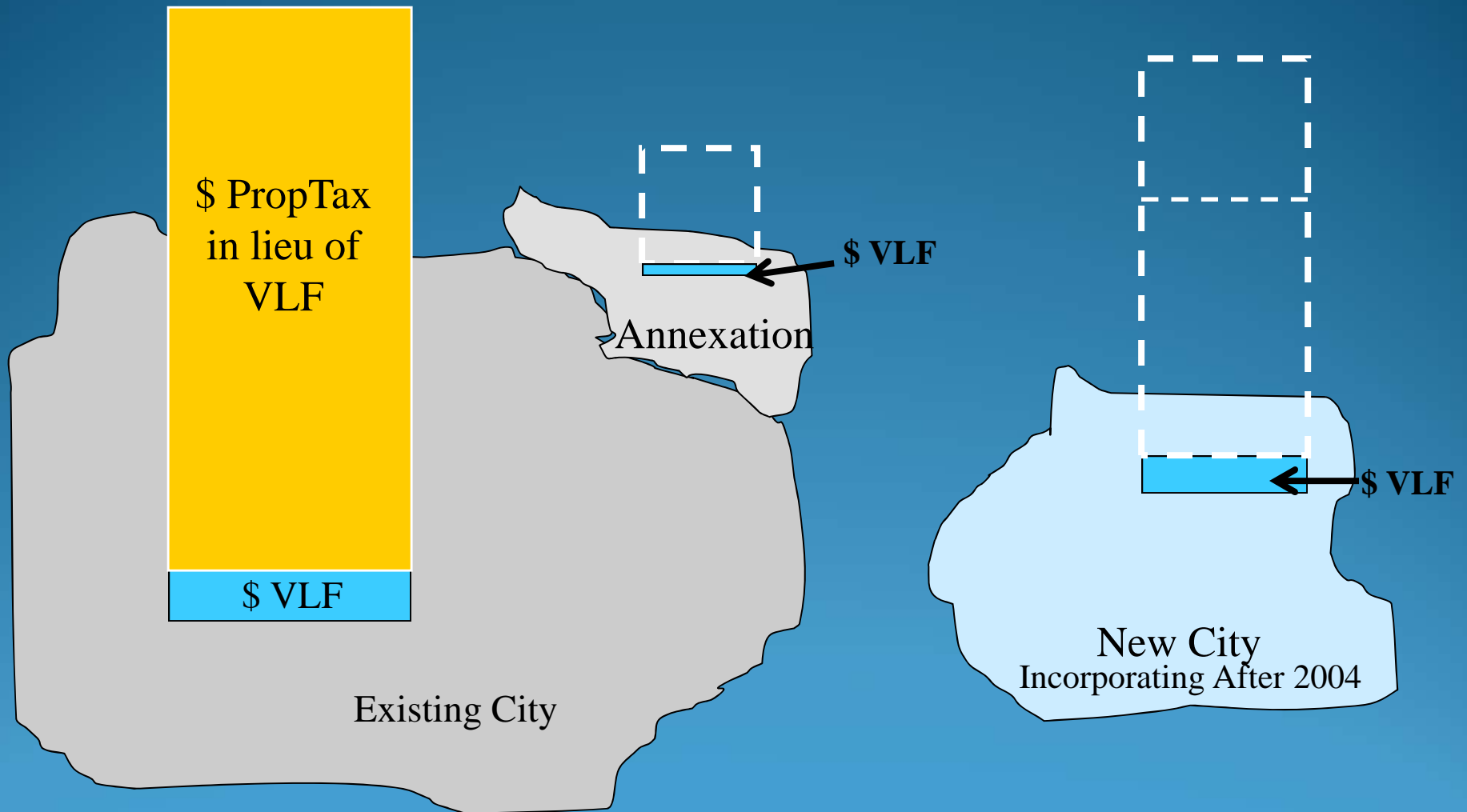
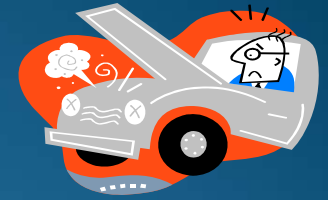
The VLF-Property Tax Swap of 2004



The VLF – Property Tax Swap eliminated the state general fund backfill for the VLF tax cut and replaced that funding with additional property tax share for each city and county. This new property tax in lieu of VLF grows annually in tandem with each jurisdiction’s AV growth. This is true property tax and is completely divorced from VLF collections or revenue trends.

Vehicle Lic Fee \$ Allocation

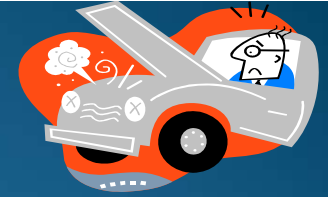
With PropTax – VLF Swap of 2004



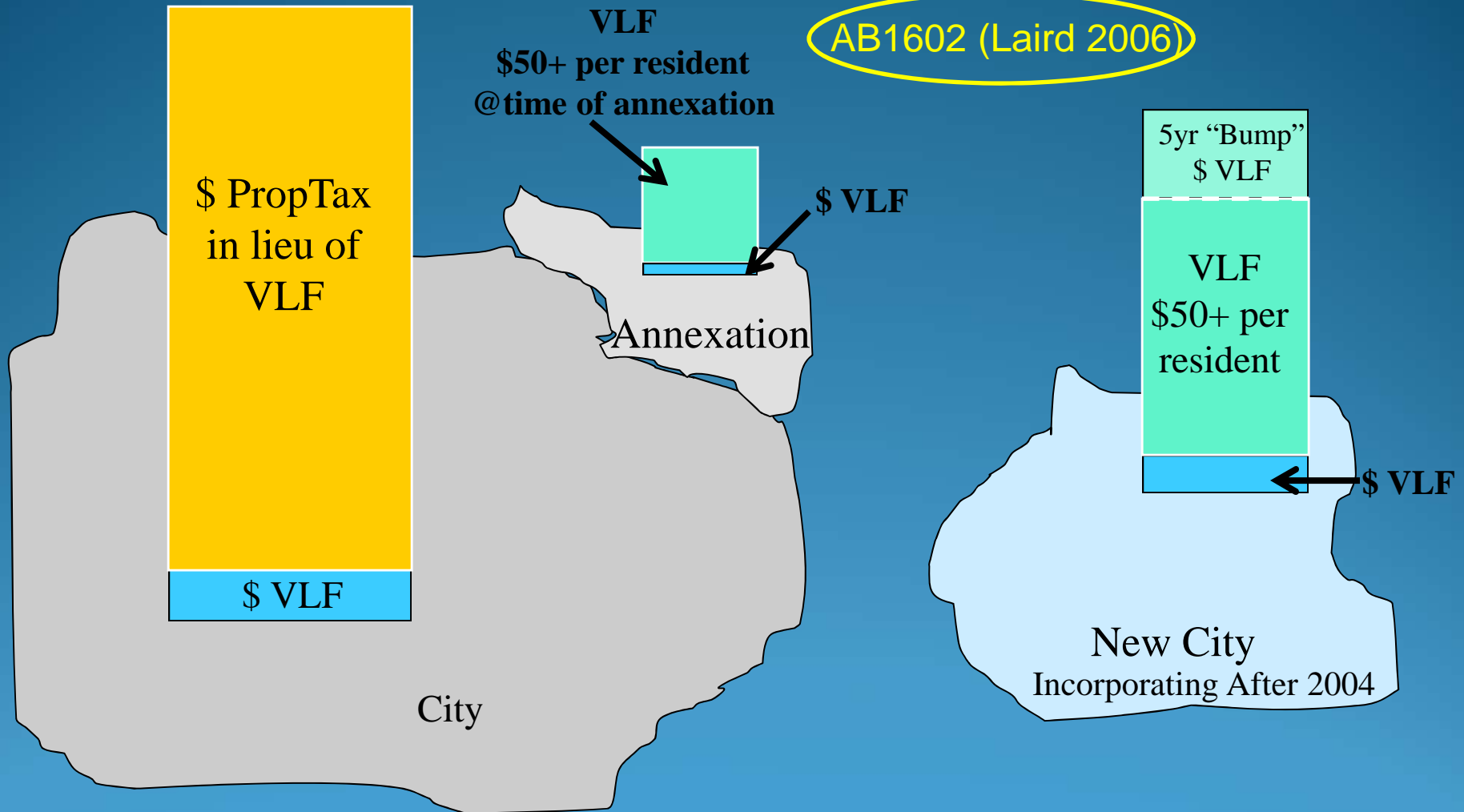
The VLF – Property Tax Swap did not provide a mechanism to provide VLF-PropTax (the successor to VLF) to new cities or inhabited annexations.

Vehicle Lic Fee \$ Allocation

Special Allocations for New Cities & Annexations

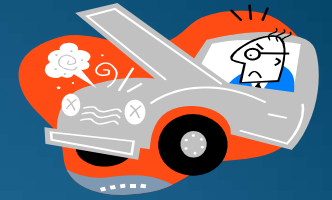


AB1602 (Laird 2006)



AB1602 established special allocations to new cities and annexations, carved from the remaining VLF, to compensate for the lack of VLF-PropTax.

Vehicle Lic Fee \$ Allocation



SB89 Eliminated All City VLF (Diverted to Law Enforcement Grants)

