

MEMO



**To: FISCAL COMMITTEE
ANTHONY A. BATARSE, JR., CHAIR
BISMARCK OBANDO, MEMBER**

Date: May 8, 2015

From: WILLIAM G. BRENNAN

**Subject: ANNUAL DISCUSSION AND CONSIDERATION OF THE METHODS FOR
DETERMINING BOARD FEES**

At the May 26, 2011, General Board meeting, the Board directed staff to modify the semi-annual discussion of the above-referenced topic to an annual one. This topic was originally in response to a request by Member Brooks. Member Brooks asked the staff to create a record of the classification of funds collected by the Board as fees rather than taxes. Member Brooks requested that a memorandum be prepared outlining how the Board fees are calculated every year to ensure the fees are not a tax; that the fees are cost-justified.

To fund its programs, the Board assesses and receives fees from new motor vehicle dealers, manufacturers and distributors (herein distributors), which are then deposited into the New Motor Vehicle Account in the State Transportation Fund. (Veh. Code § 3016) For vehicle manufacturers, the fees are collected annually by the Board and are based on the number of vehicles distributed to a consumer in the preceding calendar year. The current fee is \$0.45 per vehicle with a minimum fee of \$300.00. The Department of Motor Vehicles (DMV) collects fees from new motor vehicle dealers on behalf of the Board. Dealer fees are set at \$300.00 per year of licensure to be consistent with the minimum charged to manufacturers. (13 CCR § 553(a)). These fees were set in March 2012. The Board also collects fees from parties litigating before it for filing initial pleadings and responses thereto. Filing fees were set at \$200.00 per filing more than 20 years ago. (Veh. Code §3050.5, 13 CCR § 553.40)

California Code of Regulations, Title 13, Article 1.5, outlines the administration of the Board's fee collection. Manufacturers are required to notify the Board on or before May 1 of each year of the number of new vehicles sold, leased or otherwise distributed in the state in the preceding calendar year. In March, the Board sends a letter to each manufacturer requesting this information. The information received from the manufacturers is cross checked against the Polk Report and DMV registration numbers to determine its accuracy. The Board then sends an invoice to each manufacturer requesting the total amount assessed. Manufacturers must submit payment within 30 days of receipt of the invoice.

The Board may waive fees for a new motor vehicle manufacturer licensed in California, based on a determination that the manufacturer either does not sell vehicles in California or does not have an independent dealer or dealer branch in California. The Board may also waive filing fees based on a determination of good cause to justify the waiver.

This matter is being agendized for discussion and consideration at the June 17, 2015, General meeting. If there are any questions or comments, please call me at (916) 324-6197.

cc: Glenn Stevens, President