



NEWS RELEASE

CALIFORNIA SECRETARY OF STATE **KEVIN SHELLEY**

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FOR IMMEDIATE RELEASE

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Two Proposed Initiatives Enter Circulation

- 1. Elimination of Vehicle License Fees. Local Fiscal Fund. Definition of Taxes. Initiative Constitutional Amendment.*
- 2. Annual Vehicle License Fee. Initiative Statute.*

SAN FRANCISCO --- Secretary of State Kevin Shelley announced today that the proponent of two new initiatives have received clearance to begin collecting petition signatures for their measures.

The Attorney General's official titles and summaries are as follows:

ELIMINATION OF VEHICLE LICENSE FEES. LOCAL FISCAL FUND.

DEFINITION OF TAXES. INITIATIVE CONSTITUTIONAL AMENDMENT.

Amends California Constitution to: ban vehicle license fees; exempt registered vehicles from property taxation. Establishes "Local Government Independence Fund" to allocate specified funds to cities and counties. Beginning in March 2004, amount equal to collections under prior applicable vehicle license fee law must be transferred from state's Retail Sales Tax Fund to Local Government Independence Fund. Defines "tax" to mean, with certain exceptions, any monetary exaction imposed by a government entity. Authorizes persons and entities to bring class actions and other suits to challenge taxes. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local governments: Net state loss annually of \$1.8 billion under normal budgetary conditions, ranging up to \$6.3 billion under difficult budgetary conditions. Decrease in certain state and local regulatory fees, potentially in the hundreds of millions of dollars annually, depending upon future actions by Legislature and local governing bodies.

ANNUAL VEHICLE LICENSE FEE. INITIATIVE STATUTE. Amends the state Revenue and Taxation Code to set the annual license fee for owning a vehicle, except for a trailer, semi-trailer or trailer coach, at \$1.00 (one dollar), instead of the current rate of 2% of the vehicle's market value. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local governments: Annual state savings of up to \$4.5 billion and additional income tax revenues of roughly \$200 million annually. Local government revenue losses of approximately \$6.5 billion annually.

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The proponent, Thomas McClintock, must collect 598,105 signatures of registered voters for the constitutional amendment and 373,816 signatures for the initiative statute. The 150-day deadline to circulate petitions is January 12, 2004. The proponent can be reached at (916) 448-9321.

For a copy of the complete texts, titles & summaries, and circulation calendars, please contact the Secretary of State's Press Office at (916) 653-6575.