



Napa County

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Title: County Executive Officer requests discussion and possible direction on the Vehicle License Fee issue, as specified in the 2022 State Legislative Platform.

Sponsors: Board of Supervisors

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
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TO: Napa County Legislative Subcommittee

FROM: Minh C. Tran, County Executive Officer

REPORT BY: Nelson Cortez, Staff Assistant-BOS

SUBJECT: Vehicle License Fee

RECOMMENDATION

County Executive Officer requests discussion and possible direction on the Vehicle License Fee issue, as specified in the 2022 State Legislative Platform.

EXECUTIVE SUMMARY

Staff will provide an update on the Vehicle License Fee and the Legislative Subcommittee may provide direction.

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

2022 State Platform:

Napa County, including its cities and town, are threatened to lose millions in revenues due to the implications of becoming a complete basic aid county for school funding purposes with no mechanism to pay for the Vehicle License Fee (VLF) swap. Napa County's school districts, with the exception of Napa Valley Unified School District (NVUSD), have historically been basic aid districts - property taxes exceed the district's Local Control Funding Formula (LCFF) limit and thus do not receive State General Funds to meet the minimum revenue limit established by the State. If Educational Revenue Augmentation Fund (ERAF) monies do not cover the "payment" of the VLF Swap to local governments, local governments are required to pull property taxes allocated to non-basic aid schools back to fund the Swap and the State General fund backfills the ERAF and property tax owed to the school district - in our case, NVUSD. The NVUSD is projected to become a basic aid district no later than fiscal year 2022-2023. When it occurs it effectively will remove the ability to use property taxes from school districts that are non-basic aid to pay for the VLF swap, which will result in a potential \$40 million revenue loss for the County and its cities/town, collectively.