

December 11, 2009

Hon. Edmund G. Brown Jr.  
Attorney General  
1300 I Street, 17<sup>th</sup> Floor  
Sacramento, California 95814

Attention: Ms. Krystal Paris  
Initiative Coordinator

Dear Attorney General Brown:

Pursuant to Elections Code Section 9005, we have reviewed a proposed statutory initiative relating to funding for state parks and wildlife conservation (A.G. File No. 09-0072).

### **Background**

*The State Park System and State Wildland Conservation Agencies.* California has 278 state parks, of which 246 are operated and maintained by the California Department of Parks and Recreation (DPR) and 32 are operated and maintained by local entities. Other state departments, such as the Department of Fish and Game (DFG) and various state conservancies, own and maintain other lands for wildlife conservation purposes. The Wildlife Conservation Board acquires property and provides grants for property acquisition to state and local entities for wildlife conservation purposes. The Ocean Protection Council is a state agency responsible for coordinating state activities to protect ocean resources.

*Current Funding for State Parks and Wildlife Conservation.* Currently, the majority of funding for the operation of state parks comes from the state's General Fund. Additional funding sources are user fees (such as day use, camping, and other use fees) and state gasoline taxes. The development of new state parks and capital improvements to existing parks are largely funded from bond funds. Wildlife conservation programs in other state departments, such as DFG, are funded through a combination of the General Fund, user fees, and bond funds. The DPR also administers grant programs for local parks, funded largely through bond funds.

*The Vehicle License Fee (VLF).* The VLF is an annual levy on the depreciated value of registered vehicles in California levied in lieu of the local property tax. The Department of Motor Vehicles (DMV) collects the VLF on behalf of the state and VLF revenues are

primarily distributed to cities and counties. Revenues from the VLF are also used for grants to law enforcement organizations and some revenues are deposited in the state's General Fund.

## **Proposal**

*Imposition of an \$18 Surcharge on the VLF.* This measure places an \$18 annual surcharge on the VLF for all new vehicle licenses and renewals after January 1, 2010, except for commercial vehicles, trailers, and trailer coaches. These surcharge revenues would be deposited into the new State Parks and Wildlife Conservation Trust Fund created by this measure.

*Free Day-Use Entry to All State Parks for Surcharge Payers.* All California vehicles subject to the VLF surcharge would have free admission to all units of the state parks system, including state parks currently operated by local entities, as well as to other specified state lands and wildlife areas. As such, revenues currently collected for day-use access to state parks would be reduced.

*Allocation of Funds.* The measure allows up to 1 percent of revenues deposited into the trust fund to be used for administration and oversight. The remaining funds in the trust fund would be annually allocated, upon appropriation of the Legislature, as follows:

- *Operations, Maintenance, and Development of State Parks.* Eighty-five percent of the available funds would be allocated to DPR for the operations, maintenance, and development of the state parks system. The department would be responsible for awarding grants to local entities to replace lost day-use fees at locally operated state park units. It would also administer a grant program to public agencies for urban river parkways to provide recreational benefits to underserved urban communities. The measure requires DPR to develop a strategic plan to improve access to the state parks system for underserved groups and regions of the state.
- *Management and Operation of DFG Lands.* Seven percent of the available funds would be allocated to DFG for the management and operation of wildlife refuges, ecological reserves, and other DFG lands.
- *Other Wildlife Conservation Activities.* The remaining 8 percent of the available funds would be allocated to the Ocean Protection Council, state conservancies, and the Wildlife Conservation Board to make direct expenditures or grants for wildlife conservation activities.

*Administration and Oversight.* As discussed above, this measure allows for up to 1 percent of annual revenues to be used for collection, administration, and oversight of the trust fund. The DMV would collect the surcharge and would deposit it into the trust fund. The measure requires the State Auditor to conduct annual reviews of expenditures from the fund to be reported to the Legislature and to a Citizens Oversight Com-

mittee that, under the terms of this proposal, must be established by the Secretary for Natural Resources.

### **Fiscal Effects**

*Use of New State Revenues.* The \$18 VLF surcharge established by this measure would generate as much as \$500 million in revenues annually for the trust fund that could be used to increase support of state parks and other wildlife conservation programs.

However, under the measure, part of these new revenues could be used instead to take the place of existing funds, such as monies from the General Fund, currently used for the support of parks and wildlife conservation activities. The savings to the General Fund and other special funds could be as much as approximately \$200 million annually if the maximum amount of funds allowed were used for these purposes.

*Reduction in State and Local Park User Fee Revenues.* Since, under this measure, all California vehicles subject to the VLF surcharge would receive free day-use entry to state parks, revenues from day-use user fees at state parks (including those operated by local governments) would decline significantly. Under this measure, vehicles not subject to the VLF surcharge (that is, those not registered in California or commercial vehicles) would continue to be subject to day-use entry fees at state parks. Accordingly, we estimate that the measure would result in a loss of about \$50 million annually in day-use user fee revenues. As noted earlier, this measure provides that part of the new VLF surcharge revenues (up to 5 percent, or an estimated \$25 million annually) would be used to make grants to local entities operating state parks to offset their loss of these day-use revenues.

These revenue losses could also be offset to an unknown extent by increases in other types of park fees and revenues, such as from tours, camping, and park concessions. That is because the elimination under this measure of day-use fees could result in a larger number of visitors to park facilities.

*State Administration Costs to Implement the Measure.* The administration and oversight costs imposed on DMV and the State Auditor by this measure would be in the low millions of dollars annually. These costs would likely be fully offset by the 1 percent of surcharge revenues allocated by the measure for these purposes.

### **Summary of Fiscal Effects**

The measure would have the following fiscal effects:

- Increased state revenues of about \$500 million annually from the imposition of a surcharge on the VLF to be used mainly to fund state parks and wildlife conservation programs.
- Potential state savings of up to approximately \$200 million annually to the extent that the VLF surcharge revenues were used to reduce support from the

General Fund and other special funds for parks and wildlife conservation programs.

- Reduction of about \$50 million annually in state and local revenues from state park day-use fees. These revenue losses could potentially be offset by increases in other types of state park user fees and revenues.

Sincerely,

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Mac Taylor  
Legislative Analyst

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Michael C. Genest  
Director of Finance