

Vehicle Registration Fee (VRF) for Bicycles, SB 1183

Definition and Examples

An additional vehicle registration fee on motor vehicles registered in San Francisco to fund bicycle trails, infrastructure, and associated maintenance.

In September 2014, Governor Jerry Brown signed Mark DeSaulnier's Senate Bill 1183 into law, which allowed local agencies to put an additional vehicle registration fee of up to \$5 for bicycle infrastructure purposes on the ballot for voter approval. Statutory authority to collect the surcharge expires December 31, 2024 unless extended or changed before then.

Establishment and Administration

Following majority approval by the Board of Supervisors to place a measure on the ballot, the countywide gas tax would need to be approved by a 2/3 majority of San Francisco voters. The tax would be collected by the Department of Motor Vehicles and distributed back to San Francisco net of a state administration fee on a regular basis. The enabling legislation states that the surcharge will terminate on January 1, 2025 unless a statute (enacted before January 1, 2025) deletes or extends the termination date.

Expenditures

Revenue generated by a vehicle registration fee enacted pursuant to SB 1183 must be spent on improvements to paved and natural-surface trails and bikeways (existing or new), other bicycle facilities (such as bike parking), and associated maintenance purposes.

Revenues

Vehicle registration growth in San Francisco has remained modest and relatively predictable over the years, so revenues from this fund source would be stable, but essentially flat in terms of growth. SB 1183 limits the increase to a maximum of \$5 per vehicle and only allows whole dollar increments. A \$1 to \$5 increase in the VRF, based on current VRF revenues, would raise:

- First year (\$2018/19): \$.4 - \$2.2 million
- 25-year total (in \$2017): \$8.2 - \$41 million [Assumes the current sunset date of December 31, 2024, is extended]

Policy and Equity Considerations

A VRF is a user fee; however, the modest amount proposed here (\$5 fee) and the means of collection (annual charge bundled with other registration fees) means that it would not likely change travel behavior. The bicycle infrastructure earmark for this VRF revenue may engender opposition, contending that the revenue is a benefit to a minority of bicycle riders with the cost born by all motorists. The Senate and Housing Committee found, however, that most motorists live in a household that has at least one bike, and that new bike infrastructure induces more bike riders. New cyclists benefit from safe, well-designed bike infrastructure, but also, by switching modes, reduce traffic congestion and air pollution, which benefits motorists. The VRF is a regressive tax, but the amount proposed is minimal for an annual fee.