

FLOOR ALERT

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Date: September 2, 2003

To: Members of the California State Senate

From: Dan C. Dunmoyer, President
G. Diane Colborn, Vice-President of Legislative and Regulatory Affairs
Michael A. Gunning, Senior Legislative Advocate
Dan Chick, Senior Legislative Advocate

Re: AB 1767 (Committee on Budget) Vehicles: fees.
Senate Floor Third Reading
PIFC Position: Oppose unless amended

The Personal Insurance Federation of California, representing insurers who sell over 35% of all private passenger auto insurance sold in California, including State Farm, Farmers, SAFECO, 21st Century Insurance Group, and Progressive Insurance Company **opposes unless amended AB 1767** by the Committee on Budget.

As amended on June 23rd, AB 1767, a 2003-2004 budget trailer bill, would allow the Department of Motor Vehicles (DMV) to circumvent the regulatory process for fee increases and increase the amount charged for issuing a salvage certificate by 500%. This fee may be an amount in excess of the DMV's actual cost and in effect **create an illegal tax upon private requestors**.

Under existing law, the DMV is authorized to recover its actual cost incurred to provide requested information to commercial requesters (Vehicle Code section 1810). However, once a fee exceeds the actual cost of providing the service, it becomes a tax. The DMV has not only failed to demonstrate that the expense of providing the certificate justifies an increase in the fee from \$3 to \$15, but its actions are an ill-disguised attempt to raise revenue by imposing excessive fees and a hidden tax on the people of California.

Last year, a coalition of insurance trade associations, including PIFC, brought legal action against the DMV and prevented the emergency implementation of a fee increase that would have doubled the fee for nongovernmental commercial requestor account holders from \$2 to \$4 per request. The DMV failed to present any evidence that the cost of providing the service had increased and was adequately justified. In fact, according to a report of the State Auditor, the current fee of \$2 actually exceeded the actual cost to the DMV of providing the information. The fee increase proposed in AB 1767 may also be unconstitutional on the grounds that the Legislature may not delegate to a state agency the discretion to impose a tax of an unspecified and unlimited amount.

For the reasons stated above, **PIFC opposes AB 1767 as it is currently written and requests your "no" vote.** PIFC would not oppose AB 1767 if the June 23rd fee increase was consistent with the actual costs of producing a salvage certificate. If you have any questions regarding our position, please do not hesitate to contact Michael Gunning at (916) 442-6646.

cc: Assembly Member Oropeza, Chair of the Assembly Budget Committee
Ann Richardson, Office of the Governor
Richard Figueroa, Office of the Governor
Mike Genest, Senate Republican Caucus
Assembly Republican Fiscal Caucus
Senate Floor Analyses