

September 12, 2003

STAFF

Dan Dunmoyer  
*President*

Diane Colborn  
*Vice President of Legislative  
& Regulatory Affairs*

Michael Gunning  
*Senior Legislative Advocate*

Dan Chick  
*Senior Legislative Advocate*

Jerry Davies  
*Director of Communications*

Honorable Gray Davis, Governor  
State of California  
State Capitol, Governor's Office  
Sacramento, CA 95814

**Re: Veto Request on SB 1055 (Senate Budget and Fiscal Review)**

Dear Governor Davis:

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 SB 1055** by the Senate Committee on Budget and Fiscal Review and requests your veto on this measure.

SB 1055, 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 requestors (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 SB 1055 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 SB 1055 and requests your veto of this measure**. If you have any questions regarding our position, please do not hesitate to contact Michael Gunning at (916) 442-6646.

Sincerely,

Dan C. Dunmoyer  
President

Michael A. Gunning  
Senior Legislative Advocate

cc: Lynn Schenk, Chief of Staff  
Linda Adams, Legislative Affairs Secretary  
Ann Richardson, Deputy Legislative Secretary  
Richard Figueroa, Deputy Legislative Secretary  
Senate Committee on Budget and Fiscal Review