

TITLE: A Study of Alternative Strategies for Assessing Fees on Commercially Registered Vehicles

DATE: July 1984

AUTHOR(S): California Department of Motor Vehicles

REPORT NUMBER: Unnumbered (NRN91)

NTIS NUMBER: None

FUNDING SOURCE: Departmental Budget

PROJECT OBJECTIVE:

This study was initiated by the Division of Registration and Investigative Services. The scope of the study was subsequently broadened to meet the requirements of Senate Concurrent Resolution (SCR) 11 of the 1983 legislative session. The final report for this study was submitted in July 1984.

The objectives of this study were to:

1. develop a schedule for assessing weight fees on commercially registered power vehicles (6,500 or more pounds unladen) and trailers, based on declared laden or gross weight (GVW) of individual power vehicles and trailers (this schedule would replace the current unladen weight fee table; registration and vehicle license fees would continue to be collected);
2. develop a fee-assessment system for commercially registered power vehicles (6,500 or more pounds unladen) and trailers, based on the declared combined gross weight (CGW) of power vehicles (CGW would be declared for only power units and would include the total weight of the power unit, all trailing vehicles, if any, and all loads) and charging only a standard fee on each trailer (the CGW fee assessed on power vehicles and the trailer fee would replace the registration, vehicle license, and unladen weight fees currently collected on power vehicles and trailers); and
3. estimate the total 1985 revenue loss under a CGW fee schedule that would allow fees remaining on deleted interstate power vehicles to be credited toward fees due on their power vehicle replacements, and produce an adjusted CGW fee schedule that would recoup this revenue loss.

SUMMARY:

Data from the Department's automated vehicle registration files, registration documents, and a survey of a random sample of approximately 8% of all commercially registered power vehicles (6,500 or more pounds unladen) and trailers were used to calculate a per-pound fee for each alternative fee schedule. These per-pound fees were used to construct fee schedules that would produce revenue equal to the fees that would be collected in 1985 under the current system. The GVW fee schedule would assess approximately \$11.41 per 1,000 pounds, and the CGW fee schedule would charge about \$19.91 per 1,000 pounds.

The maximum loss of revenue that would occur in 1985 under the CGW fee schedule and fee credit-allowance plan was calculated. This estimate was equal to the total 1985 CGW fees that would be collected on all power vehicles added to interstate fleets. This potential revenue loss was approximately \$5.25 million, about 2.4% of total revenue that would be collected in 1985. The per-pound CGW fee was then increased to recoup this potential revenue loss and a revised CGW fee schedule was produced.

The Department recommended the adoption of a CGW fee assessment system that would assess fees only on power vehicles and allow fee credit on replacement power vehicles. The Department further recommended, however, that the legislature delay adopting any new fee schedule until completion of the report requested by Assembly Concurrent Resolution (ACR) 109 (1984). That resolution requested the California Department of Transportation to determine the highway cost

responsibilities of various vehicle groups and submit a report of its findings by April 1985.

IMPLEMENTATION STATUS OF FINDINGS AND RECOMMENDATIONS:

The proposed fee assessment system was not adopted.

SUPPLEMENTARY INFORMATION:

An interim report for this study was submitted in January 1984 ("A Study of Alternative Strategies for Assessing Fees on Commercially Registered Vehicles," California Department of Motor Vehicles, January 1984).

The ACR 109 report (Highway Cost Allocation Study Final Report, California Department of Transportation, July 1987) presented a comparison of the revenue contributions and cost responsibilities of the various classes of motor vehicles operating in California. The report concluded that some classes are paying more than their fair share of fees, and certain other classes are paying less than their fair share, based on a consideration of vehicle weight and annual mileage. The report presented alternative fee assessment methods for producing more equitable assessment of fees. None of these methods were implemented. California has since implemented a new unladen weight fee assessment table that proportionally increases the fees in all weight categories. A legislative-authorized study (ACR 12 - 1994) of a CVW based fee structure and trailer fees is currently in progress.