

ALLOCATION OF
HIGHWAY USERS' TAXES

Joint Legislative Audit Committee

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California Legislature

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CHAIRMAN

ROOM 4126, STATE CAPITOL
SACRAMENTO, CALIFORNIA 95814
(916) 445-7906

WALTER J. QUINN, C.P.A., COORDINATOR
(916) 445-1890

BILL PETTITE, CONSULTANT
(916) 445-7906

EVE OSTOJA, COMMITTEE SECRETARY
(916) 445-7908

February 20, 1973

Senator James R. Mills
President Pro Tempore of the Senate
Room 5100, State Capitol
Sacramento, California 95814

Dear Jim:

Transmitted herewith is the information requested by you regarding the allocation and expenditure of highway users' taxes. Information that was developed for the Assembly Transportation Committee study of the 1959-68 decade has been expanded to include the recent four years.

The attached report shows the amount of gasoline tax revenue generated in each county based on the assumption that average gasoline consumption per registered vehicle is the same in all counties. Gasoline taxes are reported by distributor on a statewide basis so the actual amount of tax on the gasoline sold or used in each county cannot be obtained directly.

If the assumption of equal average consumption per registered vehicle is approximately correct, then the rapid population growth of Orange County has resulted in that county joining Los Angeles and San Francisco in providing substantial amounts of highway users' revenues which, rather than being used for highway work in the county, are used for such work in other counties. The financial impact of requiring that a portion of the revenue derived from within each county (as estimated based on the number of registered vehicles in that county) be expended in the same county is set forth.

Sincerely,



VINCENT THOMAS, Chairman
Joint Legislative Audit Committee

ALLOCATION OF HIGHWAY USERS' TAXES

Because the Department of Public Works was unable to spend the minimum required amount in San Francisco, the Legislature in 1961 abolished the formula which required minimum state highway expenditures by county. The following table shows the amounts of state highway under-expenditures by county that would have occurred in the last four years if a percentage of the estimated revenue derived from each county was required to be used for state highway work in the same county.

<u>Deficit Counties</u>	<u>Deficit in State Highway Work</u>		
	<u>Two-thirds Return Required</u>	<u>70 Percent Return Required</u>	<u>Three-fourths Return Required</u>
Butte	--	--	\$ 658,000
Los Angeles	--	\$34,990,000	98,442,000
Napa	--	322,000	1,072,000
Orange	\$26,908,000	35,592,000	48,618,000
San Francisco	11,139,000	14,553,000	19,676,000
Santa Cruz	1,196,000	2,032,000	3,287,000
Sonoma	<u>94,000</u>	<u>1,451,000</u>	<u>3,486,000</u>
Total	<u>\$39,337,000</u>	<u>\$88,940,000</u>	<u>\$175,239,000</u>

How the State Highway Commission would have reduced the expenditures in the other counties in order to eliminate these deficits cannot be determined. However, the following average reductions in the other counties would have been made.

<u>Minimum Required Return</u>	<u>Average Percentage Reduction In Other Counties</u>
Two-thirds	1.1
Seventy percent	2.5
Three-fourths	4.9

The schedule that follows summarizes the following information by county for the fourteen-year period 1959-1972:

- State highway expenditures and subventions to local governments from highway users' taxes
- Average annual vehicle registrations, and
- State expenditures and subventions per registered vehicle.

The amount of highway users taxes generated within a geographic area is estimated on the basis of registered vehicles. Fuel taxes are paid to the state by the producer, without retail sales by area being identified. Even if known, the sales within an area, such as county, does not give recognition to use such as the travel which occurs in adjacent counties. Thus, a high percentage of the daily commuters into Los Angeles County from the adjacent counties of Orange, San Bernardino, Riverside and Ventura may purchase all gas in their home counties, although a substantial amount of this driving occurs in Los Angeles County. Truckers and vacationers probably leave the large urban areas with full tanks and may pass through several counties before making a purchase. Mileage per vehicle registered in urban areas may not be as great as that of vehicles registered in rural areas.

HIGHWAY USER TAXES
STATE EXPENDITURES AND SUBVENTIONS
1959-1972

County	State Expenditures And Subventions		Vehicle Registrations		State Expenditures And Subventions Per Vehicle
	Amount (In Millions)	Percentage Of Total	Average Number	Percentage Of Total	
Alameda	\$ 637.4	5.0	519,809	5.3	\$ 1,226
Alpine	13.3	0.1	294	*	45,238
Amador	26.9	0.2	7,350	0.1	3,660
Butte	80.6	0.6	60,767	0.6	1,326
Calaveras	29.7	0.2	7,955	0.1	3,734
Colusa	48.8	0.4	9,573	0.1	5,056
Contra Costa	304.0	2.4	259,517	2.6	1,171
Del Norte	49.4	0.4	9,907	0.1	4,986
El Dorado	94.0	0.7	24,677	0.3	3,809
Fresno	223.5	1.7	224,049	2.3	997
Glenn	40.3	0.3	13,055	0.1	3,087
Humboldt	212.7	1.7	60,174	0.6	3,535
Imperial	117.2	0.9	41,190	0.4	2,845
Inyo	48.5	0.4	9,522	0.1	5,093
Kern	323.6	2.5	182,227	1.8	1,776
Kings	53.5	0.4	31,881	0.3	1,678
Lake	36.5	0.3	12,606	0.1	2,895
Lassen	39.7	0.3	9,942	0.1	3,993
Los Angeles	3,339.6	26.0	3,696,866	37.3	903
Madera	45.7	0.4	24,354	0.3	1,876
Marin	106.4	0.8	95,549	1.0	1,114
Mariposa	26.6	0.2	3,898	*	6,824
Mendocino	125.8	1.0	30,950	0.3	4,065
Merced	108.5	0.8	54,416	0.5	1,994
Modoc	30.7	0.2	5,707	0.1	5,379
Mono	58.0	0.5	2,166	*	26,777
Monterey	162.4	1.3	109,895	1.1	1,478
Napa	43.5	0.3	40,421	0.4	1,076
Nevada	107.1	0.8	15,804	0.2	6,777
Orange	653.9	5.1	591,706	6.0	1,105
Placer	126.5	1.0	42,044	0.4	3,009
Plumas	35.3	0.3	8,531	0.1	4,138
Riverside	354.2	2.8	214,134	2.2	1,654
Sacramento	451.4	3.5	332,980	3.4	1,356
San Benito	24.2	0.2	10,549	0.1	2,294
San Bernardino	568.1	4.4	320,785	3.2	1,771
San Diego	919.2	7.1	588,015	5.9	1,563
San Francisco	264.8	2.1	338,816	3.4	782
San Joaquin	259.7	2.0	152,860	1.5	1,699
San Luis Obispo	118.5	0.9	53,645	0.5	2,209
San Mateo	376.9	2.9	283,082	2.9	1,331

Office of the Auditor General

County	State Expenditures And Subventions		Vehicle Registrations		State Expenditures And Subventions Per Vehicle
	Amount (In Millions)	Percentage Of Total	Average Number	Percentage Of Total	
Santa Barbara	\$ 164.5	1.3	124,398	1.3	\$ 1,322
Santa Clara	516.0	4.0	469,507	4.7	1,099
Santa Cruz	65.1	0.5	66,030	0.7	986
Shasta	158.1	1.2	45,389	0.5	3,483
Sierra	20.2	0.2	1,629	*	12,400
Siskiyou	132.0	1.0	23,117	0.2	5,710
Solano	140.6	1.1	78,454	0.8	1,792
Sonoma	125.4	1.0	107,596	1.1	1,165
Stanislaus	118.9	0.9	107,163	1.1	1,110
Sutter	34.3	0.3	23,842	0.2	1,439
Tehama	70.8	0.6	17,586	0.2	4,026
Trinity	32.1	0.2	4,961	0.1	6,470
Tulare	127.8	1.0	101,132	1.0	1,264
Tuolumne	42.4	0.3	12,235	0.1	3,465
Ventura	266.0	2.1	151,972	1.5	1,750
Yolo	119.1	0.9	45,760	0.5	2,603
Yuba	35.5	0.3	23,192	0.2	1,531
Total	<u>\$12,855.4</u>	<u>100.0</u>	<u>9,905,631</u>	<u>100.0</u>	
Statewide Average					<u>\$ 1,298</u>

*Less Than 0.1



Walter J. Quinn
Acting Deputy Auditor General

February 7, 1973

Staff:

Wesley Voss
Denis Welk