Appendix B
Applicable Statutes
of the
Motor Vehicle Registration Fee Program

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CHAPTER 7. DISTRICT FEES TO IMPLEMENT THE CALIFORNIA CLEAN AIR ACT
(Chapter 7 added by Stats. 1990, Ch. 1705, Sec. 1.)

H&S 44220 Legislative Findings and Declarations

44220. The Legislature hereby finds and declares as follows:

(a) This chapter is intended to ensure that any county air pollution control district, or unified or regional air pollution control district, may, upon adoption of a resolution by the district governing board, exercise fee authority similar to that provided the south coast district pursuant to Section 9250.11 of the Vehicle Code and the Sacramento district pursuant to Section 41081, in order to ensure that districts, and, in the South Coast Air Quality Management District, other implementing agencies, have the necessary funds to carry out their responsibilities for implementing the California Clean Air Act of 1988 (Chapter 1568 of the Statutes of 1988).

(b) The revenues from the fees collected pursuant to this chapter shall be used solely to reduce air pollution from motor vehicles and for related planning, monitoring, enforcement, and technical studies necessary for the implementation of the California Clean Air Act of 1988.

(Added by Stats. 1990, Ch. 1705, Sec. 1.)

H&S 44223 Imposition of Fee

44223. (a) In addition to any other fees specified in this code, the Vehicle Code, and the Revenue and Taxation Code, a district, except the Sacramento district, which has been designated by the state board as a state nonattainment area for any pollutant emitted by motor vehicles may levy a fee of up to two dollars ($2) on motor vehicles registered within the district. A district may impose the fee only if the district board adopts a resolution providing for both the fee and a corresponding program for the reduction of air pollution from motor vehicles pursuant to, and for related planning, monitoring, enforcement, and technical studies necessary for the implementation of, the California Clean Air Act of 1988 (Chapter 1568 of the Statutes of 1988).

(b) In districts with nonelected officials on their boards, a resolution adopted pursuant to subdivision (a) shall be approved by both a majority of the board and a majority of the board members who are elected officials.

(c) A fee imposed pursuant to this section shall become effective on either April 1 or October 1, as provided in the resolution adopted by the board pursuant to subdivision (a).

(Amended by Stats. 1992, Ch. 427, Sec. 107.)

H&S 44225 Fee Increase

44225. On and after April 1, 1992, a district may increase the fee established under Section 44223 to up to four dollars ($4). A district may increase the fee only if the following conditions are met:

(a) A resolution providing for both the fee increase and a corresponding program for expenditure of the increased fees for the reduction of air pollution from motor vehicles pursuant to, and for related planning, monitoring, enforcement, and technical studies necessary for the implementation of, the California Clean Air Act of 1988 is adopted and approved by the governing board of the district.

(b) In districts with nonelected officials on their governing boards, the resolution shall be adopted and approved by both a majority of the governing board and a majority of the board members who are elected officials.

(c) An increase in fees established pursuant to this section shall become effective on either April 1 or October 1, as provided in the resolution adopted by the board pursuant to subdivision (a).
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(Added by Stats. 1990, Ch. 1705, Sec. 1.)

H&S 44227 Collection of Fee

44227. Upon request of a district, the Department of Motor Vehicles shall collect the fees established pursuant to Sections 44223 and 44225 upon renewal of the registration of any motor vehicle subject to this part and registered in the district, except those vehicles which are expressly exempted under the Vehicle Code from the payment of registration fees.

(Added by Stats. 1990, Ch. 1705, Sec. 1.)

H&S 44229 Distribution of Fees

44229. (a) After deducting all administrative costs it incurs through collection of fees pursuant to Section 44227, the Department of Motor Vehicles shall distribute the revenues to districts which shall use the fees to reduce air pollution from motor vehicles and to carry out related planning, monitoring, enforcement, and technical studies necessary for implementation of the California Clean Air Act of 1988. Fees collected by the department of Motor Vehicles pursuant to this chapter shall be distributed to districts based upon the amount of fees collected from motor vehicles registered within each district.

(b) The Department of Motor Vehicles may annually expend not more than the following percentages of the fees collected pursuant to Section 44227 on administrative costs:

1. During the first year after the operative date of this chapter, not more than 5 percent of the fees collected may be used for administrative costs.
2. During the second year after the operative date of this chapter, not more than 3 percent of the fees collected may be used for administrative costs.
3. During any year subsequent to the second year after the operative date of this chapter, not more than 1 percent of the fees collected may be used for administrative costs.

(Added by Stats. 1990, Ch. 1705, Sec. 1.)

H&S 44231 Exemptions

44231. After consulting with the Department of Motor Vehicles on the feasibility thereof, a district board may exempt from all or part of the fee any category of low-emission motor vehicle.

(Added by Stats. 1990, Ch. 1705, Sec. 1.)

H&S 44233 Administrative Costs

44233. Not more than 5 percent of the fees distributed to any district pursuant to Section 44229, or distributed by a district to any other public agency pursuant to this chapter, shall be used by the district or other public agency for administrative costs.

(Amended by Stats. 1991, Ch. 807, Sec. 2.)

H&S 44235 Carpool Services

44235. A district shall not use fees established under Sections 44223 and 44225 for the purpose of establishing or maintaining the district as a direct provider of carpool, vanpool, or other ridesharing or transit
services. However, a district may use these funds to enter into, and implement, agreements with agencies which directly provide carpool, vanpool, or other ridesharing or transit services to provide these services. (Added by Stats. 1990, Ch. 1705, Sec. 1.)

**H&S 44236 Requirements of Government Code §65089**

44236. A district may allocate funds raised by fees established under Sections 44223 and 44225 to meet the requirements of Section 65089 of the Government Code, if those requirements are in compliance with, and necessary for the implementation of, the California Clean Air Act of 1988.  
(Added by Stats. 1990, Ch. 1705, Sec. 1.)

**H&S 44237 Agreements to Carry Out §40717**

44237. A district may use fees established under Sections 44223 and 44225 to enter into an agreement with a council of governments, regional agency, or local agency to carry out Section 40717.  
(Added by Stats. 1990, Ch. 1705, Sec. 1.)

**H&S 44245 Report to Legislature**

44245. The state board shall report to the Legislature on or before December 31, 1992, on the air pollution reduction programs funded pursuant to this chapter. The report shall include, but not be limited to, an analysis of the use of vehicle registration fees for air pollution programs, the efficacy and results of the programs funded by the fees and any conclusions and recommendations by the state board.  
(Added by Stats. 1990, Ch. 1705, Sec. 1.)

**H&S 44247 Report to State Board**

44247. Local agencies imposing vehicle registration fees for air pollution programs pursuant to this chapter shall report to the state board on their use of the fees and the results of the programs funded by the fees and shall cooperate with the state board in the preparation of its report. These reports shall be submitted according to a schedule adopted by the state board to ensure compliance with the reporting requirements of Section 44245.  
(Added by Stats. 1990, Ch. 1705, Sec. 1.)

**H&S 44241 Subventions to Bay District**

44241. (a) Fee revenues generated under this chapter in the bay district shall be subvened to the bay district by the Department of Motor Vehicles after deducting its administrative costs pursuant to Section 44229.  

(b) Fee revenues generated under this chapter shall be allocated by the bay district to implement the following mobile source and transportation control projects and programs that are included in the plan adopted pursuant to Sections 40233, 40717, and 40919:  

1. The implementation of ridesharing programs.  
2. The purchase or lease of clean fuel buses for school districts and transit operators.  
3. The provision of local feeder bus or shuttle service to rail and ferry stations and to airports.  
4. Implementation and maintenance of local arterial traffic management, including, but not limited
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to, signal timing, transit signal preemption, bus stop relocation and "smart streets."

(5) Implementation of rail-bus integration and regional transit information systems.

(6) Implementation of demonstration projects in congestion pricing of highways, bridges, and public transit, and low-emission vehicles.

(7) Implementation of a smoking vehicles program.

(8) Implementation of an automobile buy-back scrappage program operated by a governmental agency.

(9) (A) Implementation of bicycle facility improvement projects that are included in an adopted countywide bicycle plan or congestion management program.

(B) This paragraph shall become inoperative on January 1, 1998, unless a later enacted statute deletes or extends that date.

(c) Fee revenue generated under this chapter shall be allocated by the bay district for projects and programs specified in subdivision (b) to cities, counties, the Metropolitan Transportation Commission, transit districts, or any other public agency responsible for implementing one or more of the specified projects or programs. Fee revenues shall not be used for any planning activities that are not directly related to the implementation of a specific project or program.

(d) Not less than 40 percent of fee revenues shall be allocated to the entity or entities designated pursuant to subdivision (e) for projects and programs in each county within the bay district based upon the county's proportionate share of fee-paid vehicle registration.

(e) In each county, one or more entities may be designated as the overall program manager for the county by resolutions adopted by the county board of supervisors and the city councils of a majority of the cities representing a majority of the population in the incorporated area of the county. The resolution shall specify the terms and conditions for the expenditure of funds. The entities so designated shall be allocated the funds pursuant to subdivision (d) in accordance with the terms and conditions of the resolution.

(f) Any county, or entity designated pursuant to subdivision (e), that receives funds pursuant to this section shall, at least once a year, hold one or more public meetings for the purpose of adopting criteria for expenditure of the funds and to review the expenditure of revenues received pursuant to this section by any designated entity.

(Amended by Stats. 1996, Ch. 777, Sec. 15.)

H&S 44241.5 Bay District Review of Revenue Expenditures

44241.5 The bay district board shall hold an annual public hearing to review the expenditure of revenues received by the bay district pursuant to Section 44241 to determine their effectiveness in improving air quality.

(Added by Stats. 1995, Ch. 950, Sec. 3.)

H&S 44242 Audit

(a) Any agency which receives funds pursuant to Section 44241 shall, at least once every two years, undertake an audit of each program or project funded. The audit shall be conducted by an independent auditor selected by the bay district in accordance with Division 2 (commencing with Section 1100) of the Public Contract Code. The district shall deduct any audit costs which will be incurred pursuant to this section prior to distributing fee revenues to cities, counties, or other agencies pursuant to Section 44241.
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(b) Upon completion of an audit conducted pursuant to subdivision (a), the bay district shall do both of the following:

1. Make the audit available to the public and to the affected agency upon request.
2. Review the audit to determine if the fee revenues received by the agency were spent for the reduction of air pollution from motor vehicles pursuant to the plan prepared pursuant to Sections 40233 and 40717.

(c) If, after reviewing the audit, the bay district determines that the revenues from the fees may have been expended in a manner which is contrary to this chapter or which will not result in the reduction of air pollution from motor vehicles pursuant to that plan, the district shall do all of the following:

1. Notify the agency of its determination.
2. Within 45 days of the notification pursuant to paragraph (1), hold a public hearing at which the agency may present information relating to expenditure of the revenues from the fees.
3. After the public hearing, if the district determines that the agency has expended the revenues from the fees in a manner which is contrary to this chapter or which will not result in the reduction of air pollution from motor vehicles pursuant to the plan prepared pursuant to Sections 40233 and 40717, the district shall withhold these revenues from the agency in an amount equal to the amount which was inappropriately expended. Any revenues withheld pursuant to this paragraph shall be redistributed to the other cities within the county, or to the county, to the extent the district determines that they have complied with the requirements of this chapter.

(d) Any agency which receives funds pursuant to Section 44241 shall encumber and expend the funds within two years of receiving the funds, unless an application for funds pursuant to this chapter states that the project will take a longer period of time to implement and is approved by the district or the agency designated pursuant to subdivision (e) of Section 44241. In any other case, the district or agency may extend the time beyond two years, if the recipient of the funds applies for that extension and the district or agency, as the case may be, finds that significant progress has been made on the project for which the funds were granted.

(Added by Stats. 1991, Ch. 807, Sec. 4. Amended by Stats. 1995, Ch. 950, Sec. 4.)

H&S 44243 Subventions to South Coast District

44243. Fee revenues generated under this chapter in the south coast district shall be subvened to the south coast district by the Department of Motor Vehicles, after deducting its administrative costs pursuant to Section 44229, for expenditure in the following manner:

(a) (1) Thirty cents ($0.30) of every dollar subvened shall be used by the south coast district for programs to reduce air pollution from motor vehicles and to carry out related planning, monitoring, enforcement, and technical studies which are authorized by, or necessary to implement, the Clean Air Act Amendments of 1990 (P.L. 101-549), the California Clean Air Act of 1988, or the plan prepared pursuant to Article 5 (commencing with Section 40460) of Chapter 5.5 of Part 3.

2. Funds allocated pursuant to paragraph (1) shall also be used to provide technical assistance to cities receiving funds pursuant to subdivision (b). That technical assistance shall include, but not be limited to, workshops and direct assistance to individual cities on how to develop and implement programs to reduce air pollution from motor vehicles.

(b) (1) Forty cents ($0.40) of every dollar subvened shall be distributed by the district to cities and counties located in the south coast district, based upon their prorated share of population, to be used to implement programs to reduce air pollution from motor vehicles which are authorized by, or necessary to implement, the Clean Air Act Amendments of 1990, the California Clean Air Act of 1988, or the plan...
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prepared pursuant to Article 5 (commencing with Section 40460) of Chapter 5.5 of Part 3. No city or county may receive funds pursuant to this subdivision unless, on or before April 1, 1992, or, for a newly incorporated city, within 90 days of the date of incorporation, the city or county has adopted and transmitted to the south coast district an ordinance which does all of the following:

(A) Expresses support for the adoption of motor vehicle registration fees to be used to reduce air pollution from motor vehicles pursuant to the Clean Air Act Amendments of 1990, the California Clean Air Act of 1988, or the plan prepared pursuant to Article 5 (commencing with Section 40460) of Chapter 5.5 of Part 3.

(B) Expressly requires all fee revenues distributed to the city or county pursuant to this subdivision or subdivision (c) to be spent to reduce air pollution from motor vehicles pursuant to the Clean Air Act Amendments of 1990, the California Clean Air Act of 1988, or the plan prepared pursuant to Article 5 (commencing with Section 40460) of Chapter 5.5 of Part 3.

(C) Establishes an air quality improvement trust fund into which all fee revenues distributed to the city or county shall be deposited, and out of which expenditures shall be made to reduce air pollution from motor vehicles pursuant to the Clean Air Act Amendments of 1990, the California Clean Air Act of 1988, or the plan prepared pursuant to Article 5 (commencing with Section 40460) of Chapter 5.5 of Part 3.

(2) If a city or county fails to adopt an ordinance pursuant to this subdivision, the fee revenues which would be distributed to that city or county shall instead be distributed to the other cities and counties within the south coast district which have adopted an ordinance pursuant to this subdivision, based upon their prorated share of registered motor vehicles.

(c) Thirty cents ($0.30) of every dollar subvened shall be deposited by the district in an account to be used, pursuant to Section 44244, to provide grants to fund projects for the exclusive purpose of reducing air pollution from motor vehicles that are authorized by, or necessary to implement, the Clean Air Act Amendments of 1990, the California Clean Air Act of 1988, or the plan prepared pursuant to Article 5 (commencing with Section 40460) of Chapter 5.5 of Part 3.

(Amended by Stats. 1995, Ch. 812, Sec. 1.)

H&S 44243.5 South Coast District Funding for Regional Transportation Agencies Coalition

44243.5. (a) The south coast district shall provide one million five hundred thousand dollars ($1,500,000) annually on or before January 15 of each year to the Regional Transportation Agencies Coalition or its successor agency subject to the following conditions:

(1) The south coast district may, until January 1, 1999, utilize revenues from the fund established pursuant to subdivision (b) of Section 40448.7 for the purpose of this section. Notwithstanding paragraph (1) of subdivision (a) of Section 40448.7, the south coast district shall not be required to annually allocate one million dollars ($1,000,000) to the Air Quality Assistance Fund to replace revenues allocated pursuant to this section.

(2) On and after January 1, 1999, the south coast district may utilize revenues received from civil and criminal penalties, out of court settlements, or other sources for the purpose of this section.

(3) On and after January 1, 1999, the south coast district may utilize revenues generated pursuant to Section 44243 for the purposes of this section.

(b) Regional Transportation Agencies Coalition shall fully allocate the revenues pursuant to subdivision (a) as expeditiously as possible to regional or county rideshare agencies for the purpose of providing marketing and client services to maximize voluntary ridesharing, including carpools, vanpools, transit, bicycling, telecommuting, and other alternative methods of commuting by employees at worksites in the South Coast Air Basin who commute during the peak period to worksites not regulated by south coast
district Rule 2202. These funds are intended to supplement and not replace existing rideshare program funding.

(Added by Stats. 1996, Ch. 993, Sec. 2.)

H&S 44244 Mobile Source Air Pollution Reduction Review Committee

44244. (a) There is hereby created a regional Mobile Source Air Pollution Reduction Review Committee. The committee shall be comprised of one representative from each of the following agencies:

(1) The south coast district.
(2) The Southern California Association of Governments.
(3) The San Bernardino Associated Governments.
(4) The Los Angeles County Transportation Commission.
(5) The Orange County Transportation Commission.
(6) The Riverside County Transportation Commission.
(7) The state board.
(8) A regional ride sharing agency selected by the other members of the committee.

(b) Fees allocated pursuant to subdivision (c) of Section 44243 shall be used to provide grants for projects to be funded pursuant to a work program developed and adopted by The committee and approved by the south coast district board in the following manner:

(1) The work program shall be adopted by an affirmative vote of a majority of the committee members.

(2) Upon adoption of the work program, the work program shall be submitted to the south coast district board which, within 60 days, may approve the work program by majority vote of the full south coast district board. If the south coast district board fails to approve the work program within 60 days of receiving it, the work program shall be deemed disapproved. If the south coast district board disapproves the work program, it shall be returned to the committee which shall amend, readopt, and resubmit the work program to the south coast district board for approval or disapproval.

(c) The committee shall establish a technical advisory committee to assist in the development of the work program. The technical advisory committee shall include, but not be limited to, representatives of agencies which make up The committee, a representative of the cities from each county within the south coast district, and a representative of the boards of supervisors of each county within the south coast district. The technical advisory committee shall also include one or more persons who have academic training and professional expertise in air pollution control, and one person who is a mechanical engineer specializing in vehicle engines. The technical advisory committee may also include representatives of other public agencies and other interested parties that the committee may determine to be appropriate.

(d) On or before July 1, 1993, the committee shall prepare, adopt, and make available to the public clear and concise written guidelines and procedures under which projects proposed for funding under the work program will be reviewed and recommended for funding. The guidelines shall specify that only those projects that include, but are not limited to, the adoption and implementation of transportation control measures, transportation demand management programs, clean fuel and clean vehicle programs, and research and monitoring programs, in compliance with the Clean Air Act Amendments of 1990 (P.L. 101-549), the California Clean Air Act of 1988, or the plan prepared pursuant to Article 5 (commencing with Section 40460) of Chapter 5.5 of Part 3, and that result in direct and tangible reductions in vehicular air pollution, shall be funded pursuant to the work program.

(e) The south coast district shall not be eligible for funds allocated pursuant to this section.

(Amended by Stats. 1994, Ch. 721, Sec. 1.)
H&S 44244.1 Audits

44244.1. (a) Any agency which receives fee revenues pursuant to Section 44243 or 44244 shall, at least once every two years, be subject to an audit of each program or project funded. The audit shall be conducted by an independent auditor selected by the south coast district in accordance with Division 2 (commencing with Section 1100) of the Public Contract Code. The district shall deduct any audit costs which will be incurred pursuant to this section prior to distributing fee revenues to cities, counties, or other agencies pursuant to Sections 44243 and 44244.

(b) Upon completion of an audit conducted pursuant to subdivision (a), the south coast district shall do both of the following:

(1) Make the audit available to the public and to the affected agency upon request.

(2) Review the audit to determine if the revenues from the fees received by the agency were spent for the reduction of air pollution from motor vehicles pursuant to the California Clean Air Act of 1988 (Chapter 1568 of the Statutes of 1988) or the plan prepared pursuant to Article 5 (commencing with Section 40460) of Chapter 5.5 of Part 3.

(c) If, after reviewing the audit, the south coast district determines that the revenues from the fees may have been expended in a manner which is contrary to this chapter or which will not result in the reduction of air pollution from motor vehicles pursuant to the California Clean Air Act of 1988 or the plan prepared pursuant to Article 5 (commencing with Section 40460) of Chapter 5.5 of Part 3, the district shall do all of the following:

(1) Notify the agency of its determination.

(2) Within 45 days of the notification pursuant to paragraph (1), hold a public hearing at which the agency may present information related to expenditure of the revenues from the fees.

(3) After the public hearing, if the district determines that the agency has expended the revenues from the fees in a manner which is contrary to this chapter or which will not result in the reduction of air pollution from motor vehicles pursuant to the California Clean Air Act of 1988 or the plan prepared pursuant to Article 5 (commencing with Section 40460) of Chapter 5.5 of Part 3, the district shall withhold these revenues from the agency in an amount equal to the amount which was inappropriately expended. Any revenues withheld pursuant to this paragraph shall be redistributed to the other agencies or, upon approval of the district board, to entities specified in the work programs developed by the mobile source advisory committee, to the extent the district determines that they have complied with this chapter.

(d) Any agency which receives fee revenues pursuant to Section 44243 or 44244 shall expend the funds within one year of the program or project completion date.

(Amended by Stats. 1992, Ch. 427, Sec. 108.)
department's administrative costs, the remaining funds shall be transferred to the Sacramento district. Prior to the adoption of any surcharge pursuant to this subdivision, the district board shall make a finding that any funds allocated to the district as a result of the adoption of a county transportation sales and use tax are insufficient to carry out the purposes of this chapter.

(b) The surcharge shall not exceed two dollars ($2) for each motor vehicle whose registration expires on or after December 31, 1989, and prior to December 31, 1990. For each motor vehicle whose registration expires on or after December 31, 1990, the surcharge shall not exceed four dollars ($4).

(c) After consulting with the Department of Motor Vehicles on the feasibility thereof, the Sacramento district board may provide, in the surcharge adopted pursuant to subdivision (a), to exempt from all or part of the surcharge any category of low-emission motor vehicle.

(d) Funds received by the Sacramento district pursuant to this section shall be used to implement the strategy with respect to the reduction in emissions from vehicular sources, including, but not limited to, a clean fuels program and motor vehicle use reduction measures. Not more than 5 percent of the funds collected pursuant to this section shall be used by the district for administrative expenses.

(Added by Stats. 1988, Ch. 1541, Sec. 3.)

**H&S 41082 Financial Assistance to Fleet Operators**

41082. Pursuant to Section 41081, the district may undertake programs which may include, but are not limited to, financial assistance to fleet operators for the purchase, conversion, or operation of low-emission motor vehicles, financial assistance or other incentives to encourage the sale and distribution of cleaner burning fuels, and financial assistance or other incentives for the purchase and operation of ridesharing vehicles.

(Added by Stats. 1988, Ch. 1541, Sec. 3.)