

Reply to Common Council File No. 060325
From DOA-Budget and Management Division

January 8, 2009

Ref: 06013

Common Council File 060325 contains an ordinance that would create an annual \$20 Municipal Vehicle Registration Fee. A similar proposal last year was estimated to produce \$6.8 million in revenue.

The policy decision to establish this fee or not has always been a difficult one. It becomes even more difficult when the decision on such a large revenue source is looked at outside the budget. It creates two problems with one being related to the proposed budget and one being related to the Council's ability to produce a budget.

Given the timing of this proposal, it may be more appropriate to review this in conjunction with the 2007 proposed budget during the Finance and Personnel Committee meetings in October and November. If this ordinance were to pass now, there would be problems and confusion with the Mayor's proposed budget. The problem is determining if this new revenue will be used solely for property tax reduction or would it be used to add back services that were cut or would it be used to replace other existing city revenues. The proposal last year included a reduction in special assessment charges for street projects.

The Finance and Personnel Committee could use the time in October and November to analyze the potential policy implications of this new fee including how it may impact the 2007 budget.

RECOMMENDATION: HOLD AT THE CALL OF THE CHAIR

Dennis A. Yaccarino
City Economist

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