



IMPACT OF VLFAA

A ROUGH RIDE: HOW WE GOT HERE

The Vehicle Licensing Fee Adjustment Amount (VLFAA) has severely impacted Orange County's budget. We already receive the lowest amount of property tax in the state, and had to add a \$150 million repayment to the state to our already stretched budget.

1994

Orange County declares bankruptcy, issues bonds to replace lost investments. County allowed to use VLF allocation to pay off debt & creditors.

2011

SB 89 takes County's \$54 million in VLF revenue, diverts to the General Fund. In response, Orange County resumes the VLF 1-1 swap to recover lost revenue as all counties are doing.

2013

Court rules in favor of State, orders Orange County to pay \$150 million over 5 years. This has impacted the ability of Orange County to fund vital services.

ORANGE COUNTY TODAY

2004

With a \$38 billion hole, State proposes VLF Swap with counties: for every \$1 of vehicle license fee revenue the State takes, counties get \$1 in property tax payments. Orange County not included due to bankruptcy payments. Under separate formula, OC sends \$223 million in VLF to State, receives \$169 million in property tax (76% return.) \$54 million of VLFAA (remaining 24%) diverted to pay bankruptcy debt.

2012

State sues Orange County for keeping \$54 million in VLF revenue.

FY 2017-2018

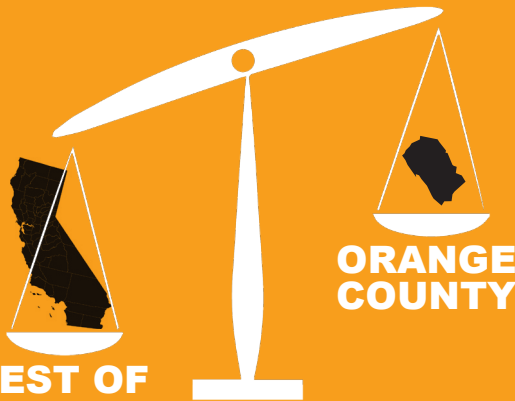
\$50 Million VLFAA Payment

FY 2018-2019

\$55 Million VLFAA Payment

DID YOU KNOW?

Orange County is the ONLY county in California that receives less than a dollar for dollar swap in VLF funds. The money withheld from the County by SB 89 has limited the County's discretionary funds and kept a significant amount of money from programs that serve our residents who need it most.



REST OF CALIFORNIA COUNTIES

ORANGE COUNTY

For the past four years, Orange County should have an additional

\$308 MILLION

in discretionary funds just from VLF money alone.

OUR RESPONSIBLE RESPONSE

When the court's 2013 decision was reached, requiring the County to restore the VLFAA funds to the State, Orange County began reducing services. There are two large payments remaining, totaling \$105 million, coupled with our property tax inequity and potential IHSS impacts. Orange County will face difficult decisions as new state and federal budget impacts arise.

2014 - 2017

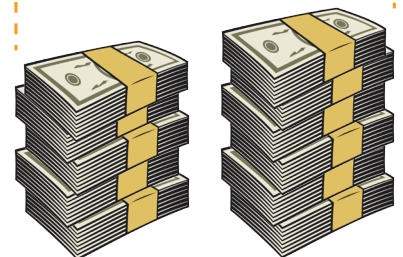
Three VLFAA payments made without dipping into reserves.



\$45M

2018 - 2019

Two future VLFAA payments



\$50M

\$55M

TOTAL = \$150 MILLION