

Auditor: Specialty license plate money not collected, misspent

By Torey Van Oot, Sacramento Bee

California's state auditor has found shortcomings in management and oversight of special license plate programs meant to provide funding for causes like Lake Tahoe, anti-terrorism efforts and state parks.

The report, released today, found that the state has failed to collect more than \$22 million in revenue that should be generated by the special plate holders in the 2010-11 and 2011-12 fiscal years. In some cases, agencies appeared to spend the money they did receive on "unallowable or unsupported" expenditures.

California motorists can elect to order special plates benefiting one of 11 causes. Revenue from the sales are supposed to go to state-run accounts like the Yosemite Fund, the California Arts Council, and a fund intended to "fight threats of terrorism in the Golden State."

But that hasn't always happened. The audit found cases where money generated by the special plates was not used for the designated purposes.

Fixing the problems, the Department of Motor Vehicles responded, may require such a costly computer upgrade that the program may not be financially viable.

The Department of Agriculture, for example, spent nearly \$900,000 generated by one plate fund for expenses like employee compensation and building leases that they could not justify. The California Emergency Management Agency was unable

to show that employees paid from funds generated by a special plate were working on the intended goal of preventing terrorism. In other instances, agencies failed to submit required reports on the funds to state lawmakers.

In some cases, the money was never collected in the first place. The audit found that the Department of Motor Vehicles, which issues the plates, missed out on \$12 million in renewal fees it should have collected in the 2010-11 and 2011-12 fiscal years. The motorists who did pay were undercharged by an estimated \$10 million. The DMV also overcharged Environmental Plate Fund more than \$2 million to cover administrative costs.

The California Tahoe Conservancy collects about \$1.2 million a year from the specialty Lake Tahoe plate. That money is then used on trails and other projects in the basin.

The audit, available here, calls on DMV to do a better job collecting and administering the funds and recommends a series of steps to increase monitoring and documentation of the spending.

In its response to the audit, the DMV pledged to conduct a review of whether it is charging the correct amounts for the plates. But the agency said efforts to do a better job tracking and collecting renewal fees could require a costly upgrade to its database systems.

“The costs associated with such an effort could be substantial and likely would result in severely reducing any net proceeds to the special plate funds or even eliminating the programs’ viability altogether,” Chief Deputy Director Jean Shiomoto wrote in a letter. “As a result, further study is warranted to identify alternatives and determine the true cost to implement necessary changes before a final decision can be made as to what is the most appropriate course of action for the State, taxpayers and special fund stakeholders.”