

Date of Hearing: March 20, 2017

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

AB 714 (Acosta) – As Introduced February 15, 2017

SUBJECT: Vehicles: automatic registration renewal

SUMMARY: Requires the Department of Motor Vehicles (DMV) to establish an opt-in automatic vehicle registration process. Specifically, **this bill:**

- 1) Requires, by an unspecified date, DMV to develop and implement an automatic vehicle registration process.
- 2) Provides that the automatic vehicle registration process be opt-in, allowing a vehicle owner to elect to provide DMV with his or her credit card information for the purpose of renewing a vehicle registration.
- 3) Prohibits DMV from automatically billing the vehicle owner's credit card for the registration fee more than 75 days prior to the expiration of the current registration
- 4) Requires DMV to provide the vehicle owner with advance notice of renewal, including the date of the scheduled renewal fee charge.
- 5) Requires DMV to notify the vehicle owner of any additional information required to complete the registration, and to inform the vehicle owner that if he or she does not provide the required information within a specified timeframe, he or she is required to use an alternative renewal method.
- 6) Authorizes a vehicle owner to request and receive electronic-only notices under the automatic vehicle registration process.
- 7) Requires DMV to adopt regulations governing the procedures for accepting automatic vehicle registration renewals.

EXISTING LAW:

- 1) Prohibits a person from driving, moving, or leaving upon a highway or in an offstreet public parking facility a vehicle, unless it is registered with DMV and the appropriate fees have been paid.
- 2) Provides, except as specified, that every vehicle registration and registration card expires at midnight on the expiration date designated by the director of DMV and requires every registration be renewed and appropriate fees paid prior to that expiration date.
- 3) Imposes specified penalty fines on applications for renewal of registration made after the registration expiration date.
- 4) Prohibits obtaining a renewal of registration for any vehicle that is currently registered more than 75 days prior to the expiration of the current registration.

- 5) Requires DMV to notify the registered owner of a vehicle of the date that the registration renewal fees for the vehicle are due at least 60 days prior to that due date.
- 6) Authorizes DMV to allow a person to submit any document required to be submitted to DMV by electronic media deemed suitable by DMV instead of requiring the actual submittal of the original document.

FISCAL EFFECT: Unknown

COMMENTS: Existing law requires a vehicle's registration to be renewed with DMV annually. In 2016, DMV maintained registration information on 35 million vehicles. In addition to paying the standard registration fee, vehicle owners are also required to pay vehicle license fees (VLF), weight fees, California Highway Patrol (CHP) fees, and any other applicable fees when renewing a registration. When a registration renewal is late, penalty fines are imposed on the registration fee, the VLF, the weight fees, and the CHP fees. For example, a registration renewal that is 10 days late will incur a \$10 dollar fine on the registration fee, a fine worth 10% of the vehicle's combined VLF and weight fees, and a \$10 dollar fine on the CHP fee. These fines increase incrementally based on how long the renewal is overdue.

This bill would require DMV to establish an opt-in automatic vehicle registration process that would allow DMV customers to choose to have their credit cards automatically charged for registration fees when their renewal is due. The author intends to provide relief to vehicle owners by aligning vehicle registration payments with a service that is standard in other areas of people's lives. The author argues that the existing renewal process, which includes notification from DMV in the mail at least 60 days prior to a registration's expiration, can lead customers to forget to pay required fees on time, especially in cases when a catastrophic event occurs and a customer's priorities list changes. By allowing DMV customers to resolve registration renewals automatically, the author intends to make it easier for customers to avoid unintentional and substantial late penalties.

While registration renewal transactions can take place in DMV field offices and through the mail, DMV also offers an online registration renewal option. In 2016, 10 million registration transactions took place online. This existing online renewal option takes payment through debit/credit cards or electronic checks and takes a matter of minutes to complete.

Committee concerns: When a customer renews their registration online with a credit card under the existing system, the third-party vendor used by DMV to conduct the transaction runs the credit card number and completes the charge for each individual transaction. This bill would impose a new requirement on DMV to collect and store credit card information from customers. This is information DMV does not collect and store today.

While an automatic vehicle registration process might make the renewal process more convenient, there are existing online processes that are already convenient and popular among DMV customers.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

None on file

Analysis Prepared by: Justin Behrens / TRANS. /