

Date of Hearing: 04/22/2024

ASSEMBLY COMMITTEE ON TRANSPORTATION

Lori D. Wilson, Chair

AB 3243 (Ta) – As Amended April 3, 2024

SUBJECT: Vehicle registration fees: penalties

SUMMARY: Authorizes a person whose income level qualifies them for public benefits to have a year to pay for their late fees for vehicle registration and requires the previous year's late fees to be paid in order to renew the vehicle registration the following year.

EXISTING LAW:

- 1) Provides that a person shall not drive, move, or leave standing upon a highway, or in an off-street public parking facility, any motor vehicle unless it is registered with the California Department of Motor Vehicles (DMV) and the appropriate fees have been paid, with exceptions. (Vehicle Code section (VEH) 4000)
- 2) Establishes various requirements regarding the display of license plates and registration tabs and stickers. (VEH 5200-5206)
- 3) Authorizes DMV to charge late fees for vehicle registration of 10%, 20%, 60% or more if registration is late. (VEH 4604.5)

FISCAL EFFECT: Unknown

COMMENTS: DMV late fees for not paying ones vehicle registration on time increase quickly. After day one of late registration, fees go up 10%. After 10 days, fees go up 20%, and after a month fees go up 60%. DMV collects \$500 million in late fees for vehicle registrations each year, and registration fees go up by 60% if the fee is late by more than a month.

According to the author, AB 3243 would provide relief for low-income Californians who have struggled to pay their vehicle registration on time. This measure will allow them to register their vehicle while deferring the deadline for paying the delinquency penalty until the expiration date of the vehicle's registration. Transportation is essential, and vehicle impoundment can lead to catastrophic outcomes for low-income families struggling to survive. By allowing breathing room for paying penalties, people will be able to register their cars, and the state will still be paid what is owed.

The consequences of failing to pay your vehicle registration accumulate quickly. It is a violation to drive on a public road with expired registration, even by a day. AB 256 (Dixon) Chapter 297, Statutes of 2023 only permits law enforcement to issue a ticket for expired registration after one month unless someone is pulled over for another reason. If registration is not paid after 6 months, a vehicle may be towed for having invalid registration. Many Home Owner Associations require registration to be paid in order to park on their facilities, and Safe Parking Programs for individuals that are unhoused to park their vehicles often require valid registration in order for them to take advantage of the services Safe Parking programs provide.

According to the Franchise Tax Board (FTB), in 2019 of the nearly 33 million vehicle registration renewal notices mailed, approximately 3.73 million worth an estimated \$425 million become delinquent. DMV lacks the authority to use bank or wage levies, however DMV can transfer the delinquent debt to FTB. FTB handled approximately 1.35 million accounts for DMV and collected nearly \$187.8 million for fiscal year 2016-2017.

Committee Concerns: This bill does not reduce the amount of revenue that the DMV collects from late registration payments, but it will impact the timing of when those payments are received. Receiving payments later than anticipated may impact the funding levels the Motor Vehicle Account which is where these payments are deposited.

According to the Legislative Analyst Office (LAO), The Motor Vehicle Account (MVA), the primary funding source for DMV, is expected to fully exhaust its reserves and become insolvent in 2025-26. The LAO recommends the Legislature should consider MVA cost pressures when evaluating new proposals. LAO argues that “Until a plan is put in place to address MVA’s structural deficit, we recommend the Legislature set a high bar for considering approval of any proposals that create additional MVA cost pressures and accelerate the risk of insolvency.”

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

None on file

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