

Date of Hearing: July 1, 2024

ASSEMBLY COMMITTEE ON TRANSPORTATION

Lori D. Wilson, Chair

SB 359 (Umberg) – As Amended June 6, 2024

SENATE VOTE: Not relevant

SUBJECT: Automobile dismantling: enforcement

SUMMARY: Extends the authorization for the Vehicle Dismantler Industry Strike Team (VDIST) indefinitely and requires the Department of Motor Vehicles (DMV), to write a report to the Legislature on or before January 1, 2027 evaluating the program. Specifically, **this bill:**

- 1) Requires DMV to write the report to the Legislature in collaboration with California Department of Tax and Fee Administration (CDTFA), the California Environmental Protection Agency (CalEPA), the Department of Toxic Substances Control (DTSC), the State Water Resources Control Board (SWRCB), the Department of Resources Recycling and Recovery (DRRR), and the State Air Resources Board (CARB).

EXISTING LAW:

- 1) Establishes the group that the DMV shall work with on activities regarding unlicensed and unregulated automobile dismantling which DMV refers to as the Vehicle Dismantler Industry Strike Team (VDIST) and sunsets VDIST on January 1, 2025. (Vehicle Code (VEH) 11545).
- 2) Requires DMV to collaborate with the CDTFA, CalEPA, DTSC, SWRCB, DRRR, and CARB to investigate occurrences of unlicensed automobile dismantling, including resulting tax evasion and environmental damage. (VEH 11545)
- 3) Requires VDIST to submit a report to the Legislature including the number of unlicensed dismantlers investigated and the number of investigations that resulted in enforcement actions; compliance progress; and any additional recommendations. (VEH 11545)
- 4) Requires VDIST to report the number of investigations that resulted in an enforcement action for theft of a catalytic converter or purchase, receipt, possession, or sale of a stolen catalytic convertor. (VEH 11545)
- 5) Deletes a conflicting statute, specifying that DMV does not have a duty to investigate alleged violations, as recommended by the strike team report. (VEH 11545)
- 6) Changes the fine structure to set minimum fines of \$500 and \$1,000 for second and subsequent violations. (VEH 11545)
- 7) Specifies that a building or place used for the purpose of unlawful auto dismantling is a public nuisance subject to being enjoined, abated, and prevented, and for which damages may be recovered by a public officer. (VEH 11545)

- 8) Defines an “automobile dismantler,” as a person who dismantles three or more personal vehicles within any 12-month period, and prohibits any person from acting as an automobile dismantler without first having procured a license or temporary permit issued by DMV. (VEH 220)

FISCAL EFFECT: Unknown

COMMENTS: An estimated 1.2 million vehicles are disposed of annually in California. The DMV estimates that 360,000 of these vehicles will be disposed of by unlicensed and unregulated vehicle dismantlers. According to the DMV, these vehicles are dismantled in private garages, industrial areas, residential neighborhoods, near parks, schools, and vulnerable waterways, such as storm drains. The DMV is concerned that unlicensed dismantlers typically do not dispose of chemicals such as engine oil, transmission fluids, and radiator fluids, which often end up in rivers and streams, contaminating public drinking water. The DMV believes that these dismantlers also cost the state millions of dollars in lost sales tax revenues.

In 2016, the Legislature passed AB 1858 (Santiago), Chapter 449, which required the DMV to collaborate with various agencies to review and coordinate enforcement and compliance activities related to unlicensed and unregulated automobile dismantling, including resulting tax evasion, environmental impacts, and public health impacts. This coordinated effort was referred to as VDIST, and its authority to operate expired on January 1, 2020. VDIST was reestablished in 2021 with the passage of SB 366 (Umberg), Chapter 601, which also expanded fines for unlicensed automobile dismantlers and expanded reporting requirements to include actions taken related to stolen catalytic converters.

SB 366 (Umberg) required the DMV to submit a report to the Legislature related to the actions taken by VDIST to evaluate whether the Legislature should continue to statutorily require VDIST. That report was due to the Legislature on January 1, 2024, and as of the writing of this analysis, it has not been provided to the Legislature.

According to the author, "Unlicensed auto dismantling is an environmental justice, economic, and public health issue. The resulting disproportionate environmental and public health harm to our most vulnerable and underserved communities called for action from the Legislature in 2016, which resulted in the signing of AB 1858 (Santiago). The measure required the DMV to coordinate with CalEPA, DTSC, SWRCB, Cal-Recycle, CARB, CDTFA, and relevant local agencies on enforcement and compliance activities related to unlicensed vehicle dismantling. Since then, the strike team has conducted over 100 operations throughout California, resulting in the identification of over 1,232 unlicensed dismantlers and the opening of over 2,162 enforcement cases, including 903 cases for other crimes associated with unlicensed auto dismantling. Additionally, between January 2022 and January 2024, the strike team seized 1,094 catalytic converters from unlicensed auto dismantlers and opened 27 related cases. Accomplishments of the strike team and reforms contained in SB 359 are important steps in continuing to address the serious problem of unlicensed and unregulated automobile dismantling and its impacts on our most vulnerable communities in the state."

VDIST's January 21, 2020, report to the Legislature found that the collaboration effort on enforcement generated 605 cases of allegations of unlicensed vehicle dismantlers and an additional 101 cases that were categorized as violations associated with unlicensed dismantling.

The DMV issued a total of 369 citations for multiple violations of unlicensed dismantler activity and related violations.

According to information provided by the author's office, from 2022 to 2023, VDIST handled a total of 546 cases, investigated 118 unlicensed automobile dismantlers, and seized 1,094 catalytic converters. Nearly 360 citations were issued in the course of the investigation.

Californians Against Waste, writing in support of this bill, argue, "Since its establishment, the strike team has carried out over 100 operations across California, identifying more than 1,200 unlicensed dismantlers and initiating over 2,100 enforcement cases, including more than 900 cases related to other criminal activities associated with unlicensed auto dismantling. During that same period, the strike team referred 163 cases to the appropriate agencies for suspected environmental crimes, while DTSC issued 25 citations for suspected environmental crimes, demonstrating their capacity and effectiveness. Despite progress made by the strike team, an estimated 40% of end-of-life vehicles (roughly 480,000 in total) continue to be improperly disposed of by unlicensed and unregulated automobile dismantlers. These vehicles pose a significant public health and environmental challenge, especially to our most vulnerable communities, who are disproportionately impacted by the hazardous waste and pollution associated with unregulated dismantling activities, including more than two million gallons of hazardous fluids (unused gasoline, oil, brake, antifreeze, and transmission fluids), lead-acid and lithium-ion batteries, mercury switches, Freon, tires, and catalytic converters."

Committee comments: The Legislature requires local or state entities engaged in pilot programs to submit reports to the Legislature for evaluation of whether a program should continue, and if so, whether any changes are necessary. Unfortunately, as of the writing of this analysis, the report SB 366 (Umberg) required has not been submitted to the Legislature and is six months late.

A similar delay in reporting resulted in the authorization for VDIST expiring in 2020 because the Legislature had not received a report from the DMV by the time it considered AB 238 (Santiago) of 2019, which was held in the Senate Appropriations Committee in part due to the lack of the required report from VDIST as mandated by AB 1858, eight months after its due date.

VDIST has been a valuable effort to tackle unlicensed automobile dismantlers. A report demonstrating that value from DMV would be helpful in making a final determination to make this multiagency effort permanent.

Previous legislation: SB 366 (Umberg), Chapter 601 Statutes of 2021 reestablished VDIST enhanced fines for unlicensed vehicle dismantlers, and declared unlicensed dismantlers a public nuisance.

AB 1858 (Santiago), Chapter 449, Statutes of 2016) established VDIST and sunset its authority on January 1, 2020

AB 238 (Santiago) of 2019, would have reinstated VDIST until 2024. This bill was held on suspense in the Senate Appropriations Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

California Association of Environmental Health Administrators

California Autobody Association

California Coastkeeper Alliance

Californians Against Waste

National Stewardship Action Council

Recycled Materials Association

SA Recycling

West Coast Chapter-Institute of Scrap Recycling Industries

Opposition

None on file

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