

Date of Hearing: July 1, 2024

ASSEMBLY COMMITTEE ON TRANSPORTATION

Lori D. Wilson, Chair

SB 1487 (Glazer) – As Amended April 2, 2024

SENATE VOTE: 37-0

SUBJECT: Vehicles: parking violations

SUMMARY: Prohibits a late payment penalty for a parking violation from exceeding 30% of the original penalty and would extend the time to pay a parking violation before additional penalties accrue. Specifically, **this bill:**

- 1) Requires that the late payment penalty for a parking violation shall not exceed 30% of the original parking penalty.
- 2) Requires processing agencies to deem payments for parking penalties sent by mail as received on the date postmarked.
- 3) Extends the deadlines for a registered owner to pay or contest a parking citation to 30 days from the issuance of the citation or 21 days after the mailing of the notice of delinquent violation.
- 4) Specifies that a notice of delinquent parking violation shall not be sent to the Department of Motor Vehicles (DMV) for a registration hold until 30 days after issuance of the original citation.
- 5) Extends the deadline for a registered owner to ask for an initial review of the notice to 30 days from the issuance of the citation or 21 days after the mailing of the notice of delinquent violation.

EXISTING LAW:

- 1) Authorizes the schedule of parking penalties for parking violations and late penalties to be established by the local governing body. (Vehicle Code (VEH) 40203.5)
- 2) Requires the parking processing agency to deliver a notice of delinquent parking violation if the payment of a parking penalty is not received by the date fixed on the notice of the original violation. (VEH 40206)
- 3) Requires this notice to specify that unless the registered owner pays the parking penalty or contests the citation within 21 calendar days from issuance of the citation or 14 days after the delinquent notice has been mailed, the renewal of the vehicle registration shall be contingent upon payment of the penalties. (VEH 40207)
- 4) Specifies that if the registered owner makes payment of the original penalty within 21 calendar days of issuance of the citation or 14 days after mailing of the delinquent notice the penalty shall only consist of the original penalty and no additional fees. (VEH 40207)

- 5) Requires processing agencies to allow for reviews of the notice within 21 days from the issuance of notice of the parking violation or 14 days from the mailing of the notice of delinquent violation. If the individual is dissatisfied with the results of the review they may request an administrative hearing, as specified. (VEH 40215)
- 6) Authorizes the DMV to refuse to renew the registration of a vehicle if the owner or lessee has not paid parking penalties and administrative fees. (VEH 47600)
- 7) Authorizes processing agencies to file an itemization of unpaid parking penalties and service fees with the DMV for collection with registration, so long as the agency: (VEH 40220)
 - a) Provides a payment plan option for indigent persons that allows unpaid parking fines and fees to be paid off in monthly installments of no more than \$25 for total amounts due that are \$500 or less, in a period within 24 months;
 - b) Waives all late fees and penalty assessments, exclusive of any state surcharges, if an indigent person enrolls in the payment plan;
 - c) Limits the processing fee to participate in a payment plan to \$5 or less for indigent persons and \$25 or less for all other persons; and,
 - d) Allows the application for indigence determination for a period of 120 days from the issuance of a notice of a parking violation, or 10 days after the administrative hearing determination, whichever is later.
- 8) Requires processing agencies to rescind a filing of itemization of penalties and fees for an indigent person for one time only, if they enroll in a payment plan and pay a late fee of no more than \$5. (VEH 40220)
- 9) Defines “indigent” for the purposes of this payment program to mean anyone who meets the income requirements for, or is currently on, Supplemental Security Income, Supplemental nutrition Assistance Program, Medi-Cal, or In Home Support Services. (VEH 40220)

FISCAL EFFECT: According to the Senate Appropriations Committee: “Minor costs for the DMV to update manuals and memos to reflect the extended timeframe for referral of citations to the DMV. (Motor Vehicle Account)

Unknown, likely minor one-time costs for state parking entities (primarily state institutions of higher education) to revise processes and procedures and update websites to reflect the 30% cap on parking penalty fees, extended timelines for paying parking penalties, contesting violations, and forwarding delinquent violations to DMV, as well as reflecting those timelines on notices of delinquent parking violations. (General Fund, State University Parking Revenue Fund, other funds administered by institutions of higher education)

Unknown, significant reduction in state parking citation revenue (for citations issued by state parking entities) related to the provision that limits the late payment penalty for a parking violation to a maximum of 30% of the established parking penalty. Staff notes that each higher education institution establishes its own schedule of parking fines and penalty fees, with some basing it on a percentage of the parking penalty and others charging a flat fee, regardless of the type of parking violation. (State University Parking Revenue Fund, other funds administered by institutions of higher education)

Unknown significant local costs and revenue losses related to the requirements that processing agencies extend specified timeframes for paying parking penalties, contesting violations, and forwarding delinquent violations to DMV, as well as revising notices of delinquent parking violations to reflect extended timeframes, and limiting late payment penalties. It is unlikely that these costs and revenue losses would be reimbursable by the state because local entities appear to have fee authority that disclaims state responsibility for reimbursement. Ultimately, however, whether local costs are reimbursable would be subject to a determination by the Commission on State Mandates, to the extent an eligible local agency files a test claim. (Local Funds or General Fund)”

COMMENTS: The parking meter was invented in 1935 in Oklahoma City. According to the Encyclopedia of Oklahoma History and Culture, “The problem was that people who worked downtown occupied all of the parking spots every day, forcing retail customers to park far away from stores. The city had placed time limits on parking, with enforcement performed by traffic policy who chalked tires, marked time, and gave tickets on hourly rounds...on July 16, 1935, 175 meters were installed and tested on fourteen blocks in Oklahoma City, and when the system proved successful, the city placed meters all over downtown.

The impact of the parking meter was threefold. First, it straightened out Oklahoma City’s parking problem. Second, it brought revenue into the city coffers through meter money and parking fines. Third, it stimulated a huge growth in assessed valuation of downtown commercial property.”

Cities use parking tickets today to reduce congestion in downtown areas, ensure local residents have a place to park, enable people to park near retail stores for a limited period of time, to prevent individuals from parking in spaces for emergency vehicles, keep open spots for people with disabilities, and ensure that non electric vehicles are not parking in spots meant for electric vehicles to charge.

Late fees and spiraling debt. The cost of fines and fees associated with traffic and parking citations has steadily increased over the last few decades. After adding on fees to base fines, tickets can total in the hundreds of dollars.

Under current law, local agencies can use DMV to collect unpaid debt on parking tickets by requiring full payment of unpaid parking tickets and related fees in order for a person to renew their vehicle’s registration. After six months, a vehicle can be towed for an expired registration. For indigent individuals, fees accumulating on top of one another can create a cycle of debt where they are unable to pay back parking fines, and then receive additional fines for driving an unregistered vehicle and an increased vehicle registration fee for late payments.

The cost of late payment of a parking ticket could easily spiral out of control for an indigent person. In San Francisco, the parking ticket for overstaying in a residential zone is \$102 and the fine for failing to move your car during street cleaning is \$90. If someone is unable to pay that ticket after the first payment due date, the late fee adds an additional \$38, and another \$53 after the second payment due date and an additional \$40 special collection fee would be added. If San Francisco then were to ask DMV to collect the unpaid debt, DMV would add the entire cost of the outstanding parking ticket and fines to vehicle registration fees. If someone were unable to pay this amount all at once on top of their vehicle registration fees, late fees for vehicle registration increase by 60% of the original fee for payments over 30 days late, which can

increase the registration fee as much as \$100. If a person is then pulled over for having an unregistered vehicle, the fine for driving unregistered vehicles is currently \$285. All totaled, these fines and late fees alone add up to \$770. This would amount to over 40% of a single individual's monthly income if they made the maximum amount of money to be eligible for Medi-Cal.

To address the issue of the accrual of insurmountable fees, the Legislature passed AB 503 (Lackey), Chapter 741, Statutes of 2017 to require cities to waive late fees for persons on public benefits and establish an affordable payment plan of \$25 a month. One of the drawbacks of that legislation was it placed a ceiling on the number of parking tickets that are eligible for relief from late fees and payment plans. The Legislature has since adjusted the ceiling to \$500.

Parking tickets as revenue. Parking citations and associated fines and fees are a significant source of revenue for local jurisdictions. In 2018, the Oakland Department of Transportation issued 174,392 tickets for violations of parking during street sweeping hours under Oakland Municipal Code Section 10.28.240. This represented 51% of all tickets issued in 2018 and resulted in citations totaling \$11.5 million.

Many localities use revenues (include late fee revenue) to pay for other city services. A cap on late fees for parking tickets could significantly impact revenue generation and cause a cut in services. The San Francisco Municipal Transportation Agency (SFMTA) estimates that the 30% cap on late fees this bill proposes would result in a revenue loss of \$9.7 million annually. This comes at a time when SFMTA forecasts a \$130 million budget deficit in 2025 and projects the deficit could reach \$214 million by 2026. This bill could have the unintended consequence of impacting the same demographic of people it intends to benefit if SFMTA is forced to cut transit services due to lack of revenue.

According to the author, "SB 1487 is vital in addressing the issue of unreasonable citation collection practices in California. While localities need flexibility to enforce parking laws, many have implemented ticketing policies like excessive late fees and short payment times that are overly cumbersome, especially to low income residents. More so, the state is required to enforce these punitive measures by withholding vehicle registration until payment, which further contributes to a cycle of financial instability. Recognizing the importance of promoting economic equity and alleviating burdens on our citizens, SB 1487 aims to create an equitable system that ensures compliance without unduly burdening vulnerable residents."

According to supporters of this bill, "Existing law provides municipalities with discretion to determine parking ticket policies that best fit with its' needs. However, where flexibility was provided, abuse developed. Many cities have implemented ticketing policies that are overly punitive, such as exacting exorbitant late fees and short payment times which only increases the inability to pay them fully and on time. This system disproportionately affects low-income Californians, who face escalating fines and financial instability due to exorbitant late fees on parking citations. SB 1487 addresses this issue by extending the time to pay a citation to 30 days before late fees are applied and limiting late fees to 30 percent of the original penalty."

According to opponents of this bill, “Where we vehemently disagree with the bill’s authors is the proposed removal of local control by setting a statewide cap of parking citation delinquency (late) fees at 30% of the initial fine. To mandate a one-size fits-all solution is a disservice to every city, county, port, park, and college campus. It ignores the local context, sustainability strategies, and methods for maintaining sufficient open space for all to enjoy. Most egregiously, it ignores local jurisdictions’ decades upon decades of experience with their local populations.

Committee concerns. Parking enforcement is an important local tool to reduce congestion and create vibrant communities. Capping late fees would restrict a local jurisdiction’s ability to set late fees for parking citations, and consequently could result in lost revenue for some jurisdictions and unintended consequences for the most financially vulnerable citizens in California. Many local jurisdictions are facing budget shortfalls and if late fees are capped at 30%, they may choose to simply raise the base fine for parking violations in order to cover the lost revenue, or raise other local fines and fees. Raising parking fines or other fines or fees would put a greater burden on individuals who may be exempt from late fees under this bill, but are still required to pay the base fine. Likewise, increasing other local fees could also negatively impact low-income persons.

Committee amendments. The committee has proposed, and the author has accepted amendments to align the implementation date of this bill with the beginning of a local jurisdiction’s fiscal year. This allows local jurisdictions to plan for the revenue loss they may experience as a result of this bill.

Related and previous legislation. AB 1082 (Kalra of 2023) would have, among other provisions, revised the ability of local processing agencies to refer delinquent parking violations to the DMV and revised requirements for payment plans. The bill was held in the Senate Appropriations Committee on suspense.

AB 1685 (Bryan of 2022) would have required processing agencies to forgive at least \$1,500 in parking fines and fees annually for a qualified homeless person. The bill was vetoed by Governor Newsom.

AB 3277 (Reggie-Jones), Chapter 55, Statutes of 2020 made various eligibility and programmatic changes to the payment plan program administered by local agencies relative to parking citations.

AB 503 (Lackey), Chapter 741, Statutes of 2017 required the offering of a payment plan and the waiver of penalties for indigent people with unpaid parking tickets prior to filing an itemization of them at the DMV, starting on July 1, 2018.

REGISTERED SUPPORT / OPPOSITION:

Support

East Bay Leadership Council
Western Center on Law & Poverty

Opposition

California Mobility & Parking Association

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