

Date of Hearing: April 28, 2025

**ASSEMBLY COMMITTEE ON TRANSPORTATION**

Lori D. Wilson, Chair

AB 1190 (Haney) – As Amended April 21, 2025

**SUBJECT:** Department of Motor Vehicles: private industry partner fees

**SUMMARY:** Requires the Department of Motor Vehicles (DMV) to limit the amount any qualified second-line business partner may charge their customers to no more than 5% above the fees that the department charges the customer when providing those services directly through the department’s internet website or field offices. Specifically, **this bill:**

- 1) Also requires second-line business partners to prominently display on their internet websites, in a clear and conspicuous manner, a working link to DMV’s website with the statement “Consumers may click here to obtain services from the California Department of Motor Vehicles at no additional cost.”

**EXISTING LAW:**

- 1) Authorizes DMV to establish contracts for electronic programs that allow qualified private industry partners to join the DMV in providing services that include processing and payment programs for vehicle registration and titling transactions, and services related to reporting vehicle sales and producing temporary license plates. (Vehicle Code section (VEH) 1685)
- 2) Defines a “first line business partner” as an industry partner that receives data directly from DMV and uses it to complete registration and titling activities for that partner’s own business. (VEH 1685)
- 3) A second-line business partner is a partner that receives information from a first-line business partner. (VEH 1685)
- 4) Authorizes the DMV director to establish, through the adoption of regulations, the maximum amount that a qualified private industry partner may charge its customers. (VEH 1685)
- 5) Requires DMV to adjust the amount determined to the California Consumer Price Index and to round the amount to the nearest dollar. (VEH 1685)
- 6) Authorizes DMV to charge a \$3 transaction fee for the information and services provided and authorizes the private industry partner to pass the transaction fee to the customer. (VEH 1685)

**FISCAL EFFECT:** Unknown

**COMMENTS:** The DMV is authorized to partner with qualified private businesses to provide vehicle registration and titling services, including processing and payment programs.

These private industry partners support the DMV in several ways:

- Provide nightly updates to the DMV database with new vehicle owner information.
- Allow faster issuance of license plates to car buyers.
- Offer alternative options for DMV services.
- Reduce workload at DMV field offices.
- Eliminate state costs related to failed payments (partners assume this risk).
- Enable the DMV to collect interest sooner on electronic fund transfers.

As of June 2024, the DMV had one first-line business partner, seven first-line service providers and 6,429 second-line business partners. A second-line business partner who receives information from a first-line service provider. This, includes but is not limited to websites other than the DMV website that provide registration services, car dealers, and payday lenders. In fiscal year 2023–2024, these partners completed 7.5 million transactions and collected \$3.4 billion on the DMV’s behalf. About one-third of that revenue came from new car registrations; the rest came from title transfers and registration renewals.

The Director of the DMV has the authority to cap transaction fees charged by private partners. Currently, licensed vehicle dealers and dismantlers are limited to charging consumers \$29 per transaction. This transaction cap is adjusted annually for inflation. The DMV has not imposed a fee cap on its other partners. In November 2024, a Bay Area news outlet reported on a DMV business partner charging an extra \$72 for vehicle registration. The company’s website closely mimicked the DMV’s official site and appeared at the top of search results for registration payments.

*According to the author*, “Certain trusted vendors spoof the DMV website and use small print to disclaim that they are not the DMV, misleading consumers and burdening them with unnecessary junk fees to renew their car registrations. When consumers realize that they have been overcharged and attempt to dispute the charges, they are often threatened with aggressive legal action. AB 1190 will protect consumers and discourage such exploitative practices by capping the fees that DMV-approved partners can charge for processing DMV-related services.”

The Consumer Federation of California, *the sponsor of this bill*, argues “Many Californians are being scammed and overcharged by unregulated, deceptive websites that impersonate or “spoof” the DMV’s website, and shockingly some of these websites are literally partners of the DMV. These businesses intentionally mislead consumers, making them believe they are paying standard DMV fees when, in reality, they are being hit with hidden, excessive charges—sometimes double or triple the DMV’s cost to consumers who go directly to the department’s website. The worst-hit victims are seniors, families, low-income individuals, and communities of color who unknowingly fall into these predatory traps. Some of these “trusted partners” are payday lenders who in 2023 were found to have charged consumers up to a 460% annual percentage rate for single-payment payday loans.

For example, one elderly consumer was conned into paying \$303 for a simple registration renewal—\$72 more than the actual DMV fee. Another consumer was charged a staggering \$956 for two car registrations, only to find that the website tacked on \$150 in hidden fees and

processed just one renewal. These fraudulent practices cost Californians millions in unnecessary fees every year, yet they remain completely unregulated. Without intervention, these scams will continue to drain the pockets of hard-working families.

AB 1190 shuts down these exploitative practices by imposing strict limits on what online businesses can charge, capping fees at just above DMV's standard rates. This ensures that Californians are no longer gouged by deceptive websites masquerading as official DMV services."

**REGISTERED SUPPORT / OPPOSITION:****Support**

Consumer Federation of California

**Opposition**

None on file

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