

Date of Hearing: July 14, 2025

ASSEMBLY COMMITTEE ON TRANSPORTATION

Lori D. Wilson, Chair

SB 76 (Seyarto) – As Introduced January 15, 2025

SENATE VOTE: 38-0

SUBJECT: Vehicles: registration fees and penalties

SUMMARY: Requires the Department of Motor Vehicles (DMV) to waive delinquent vehicle registration fees and penalties for a transferee or purchaser of a used vehicle in a private sale when the fees and penalties accrued before the purchase of the vehicle, starting in 2030.

Specifically, **this bill:**

- 1) Requires, beginning January 1, 2030, the DMV to waive delinquent registration fees and any penalties that have accrued on fees due prior to the purchase of a vehicle when a transferee or purchaser of a vehicle applies for transfer of registration.
- 2) Requires, beginning January 1, 2030, the DMV to create a system to collect the waived fees from the seller or transferor of the vehicle when the seller or transferor registers another car or applies for a renewal of license.

EXISTING LAW:

- 1) Establishes various vehicle registration fees to be paid to the DMV and deposited in accounts for spending on priorities including regulating vehicles, administering registration, maintaining streets and highways, and supporting the California Highway Patrol (CHP). (Vehicle Code section (VEH) 9250-§9808)
- 2) Specifies that vehicle fees are delinquent whenever application for renewal of registration is made after midnight of the expiration day of the registration or 60 days after the registered owner is notified by the DMV, whichever is later. (VEH 9552)
- 3) Establishes a schedule of penalties to be collected for any late registration alongside the original fee that have higher cost penalties for longer delinquency periods. (VEH 9554 and 9554.5)
- 4) Requires any vehicle transferee who has received a properly endorsed certificate of ownership to forward the certificate with the proper transfer fee to the DMV within 10 days of receiving the certificate. (VEH 5902)
- 5) Requires that when licensed dealers sell a vehicle they must submit to the DMV an application accompanied by all fees and penalties due for registration. (VEH 4556)
- 6) Authorizes the DMV to waive registration penalties when a transferee or purchaser of a vehicle applies for transfer of registration if the penalties accrued prior to the purchase of the vehicle, the transferee or purchaser was not aware of the nonpayment, and the original fees are paid. (VEH 9562)

- 7) Authorizes the DMV to waive vehicle registration fees and penalties for a vehicle if the fees became due prior to the purchase of the vehicle and the transferee or purchaser was not aware of the nonpayment and the license plate assigned to the vehicle displays a valid registration. (VEH 9562)
- 8) Specifies that, if the outstanding fees have been waived, the unpaid fees and penalties are the personal debt of the transferor of the vehicle and may be collected by the DMV in appropriate civil action. (VEH 9562)

FISCAL EFFECT:

According to the Senate Appropriations Committee:

- Unknown, likely significant one-time DMV costs to make IT systems changes to provide for fee and penalty waivers, capture delinquent debt amounts, and transfer them to a prior registered owner's vehicle registration and driver's license records. These costs are unknown because the changes must be implemented prior to January 1, 2030, which is after the completion of DMV's current IT modernization efforts that are scheduled to be complete prior to the bill's implementation date. DMV cannot predict the costs to modify systems post modernization because its functionalities are currently under development. DMV would also incur one-time costs to establish new processes and procedures for collection of delinquent fees and penalties from prior owners. (Motor Vehicle Account – MVA)
- Unknown, significant ongoing annual DMV administrative costs beginning in 2029-30, primarily as a result of the requirement for staff to cross check vehicle registration records of prior owners and match them to that person's other vehicle registrations and driver's license records to conduct collections of delinquent fees and penalties. DMV indicates that this process would be a manual and labor-intensive process, and that there is currently no internal link between vehicle ownership and driver's license records, which may be recorded under different names. In some cases these costs would exceed the amount of delinquent charges that could potentially be collected. (MVA)
- DMV anticipates major vehicle registration fee and penalty losses as a result of the mandatory waiver of delinquent fees and penalties upon transfer of ownership. Precise revenue losses are unknown, but likely in the millions annually. Staff notes that these revenue losses could be partially offset to the extent the department is able to successfully collect delinquent fees and penalties from sellers when they attempt to register another vehicle or renew a driver's license. (primarily MVA and Motor Vehicle License Fee Account, but also local funds and other special funds)

COMMENTS: California law requires dealers to submit to the DMV all fees and penalties due for registration and transfer when a vehicle is sold. Private sales, however, do not have this requirement, and the onus of paying unpaid registration fees is on the DMV. The DMV website has a tool where anyone can enter a vehicle's identification number (VIN) and determine the amount of fees and penalties that would need to be paid to register the vehicle. Additionally, the registration sticker affixed to the vehicle's license plate indicates whether the vehicle has been registered and is a visible indication to a buyer of the registration status.

DMV will waive unpaid registration penalties if the buyer signs a statement of fact asserting that they did not know the penalties were outstanding at the time of purchase. The authority to waive the fees is discretionary, and generally is reserved for when a vehicle had valid registration stickers but it turned out later that fees were owed on the vehicle. In this instance, the buyer may have been misled by the seller.

According to the author. “Transportation is commonly the second-biggest expenditure for the average family. California families hit by surprise fees can be left without transportation, or in a worse financial position. This measure will shield consumers from predatory practices and unexpected financial distress by enhancing consumer protections for the increasingly common practice of the private sales of vehicles; ensuring fair treatment and greater financial stability for California families.”

The Automobile Club of Southern California and AAA of Northern California *write in support of this bill*, arguing, “California already has established several consumer protections for sales of vehicles by licensed car dealers. However, these protections do not apply in private transactions between individuals. The AAA Clubs are concerned this difference in law disproportionately impacts working class and low-income motorists, many of whom rely on the used vehicle market for affordable purchases. While we recognize SB 76 may have a small impact on proceeds to the Motor Vehicle Account, we firmly believe state revenues should not rely on money from unsuspecting buyers who were never made aware of delinquent vehicle registration fees and penalties attached to their purchases.”

Committee concerns: While this bill imagines a new method for the DMV to recover unpaid fees from the original vehicle owner, there may be several circumstances where cost recovery is impossible. For example, if the original owner died or was a corporation that no longer exists, there will never be a way to recover the registration costs. If a person moves out of state and never registers another vehicle in California and renews their license out of state then there will not be a way for DMV to recover unpaid registration fees.

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.”

In the Governor’s proposed 2025-2026 budget, the Governor warned that “Given the projected fiscal constraints in the MVA by 2025-26, the Administration will continue to prioritize fiscal discipline and will set a high bar for any new workload or initiatives beyond the DMV’s existing operational priorities. By focusing on core operational priorities, the DMV will focus on serving Californians while navigating the MVA’s fiscal constraints.”

REGISTERED SUPPORT / OPPOSITION:

Support

AAA Northern California, Nevada & Utah
Auto Club of Southern California
Automobile Club of Southern California
Chino Valley Chamber of Commerce
Consumers for Auto Reliability & Safety

Opposition

None on file

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