

Date of Hearing: January 12, 2026

ASSEMBLY COMMITTEE ON TRANSPORTATION

Lori D. Wilson, Chair

AB 1091 (Gallagher) – As Amended March 12, 2025

SUBJECT: Vehicles: license plates: 8-letter license plates

SUMMARY: Authorizes the creation of an eight-letter personalized license plate in order to provide revenue for the Natural and Agricultural Open Space and State Recreation Support Fund. Specifically, **this bill:**

- 1) Permits an eight-letter license plate that is the same color and design of a regular California license plate that may be used for a passenger vehicle, commercial vehicle, motorcycle, or trailer license plate.
- 2) Provides that the license plate shall only be issued to the registered owner or lessee of the vehicle on which it is displayed.
- 3) Provides that a person may apply for an eight-digit license plate to the Department of Motor Vehicles (DMV) and it may refuse to issue or cancel any combination of letters or numbers, or both, that may carry connotations offensive to good taste and decency, or which would be misleading or a duplication of license plates.
- 4) Authorizes a person demand a hearing if DMV determines the license plate should not be issued to contest the reasoning.
- 5) Authorizes DMV to charge an additional \$48 for the issuance of eight-digit license plates and \$38 for the renewal of such plates or for duplicate plates.
- 6) Requires DMV to revise its website to provide a direct link on the home page to information ordering the eight-letter license plates.
- 7) Authorizes up to \$0.50 collected from each plate to be side aside for the purposes of increasing public awareness of the eight-letter license plate.
- 8) Provides that all other revenue derived from this program to be deposited into the Natural and Agricultural Open Space and State Recreational Support Fund.
- 9) Creates the Open Space and State Recreational Support Fund and continuously appropriates the funding for subventions for open-space land programs and assistance to the Department of Food and Agriculture for California fairs, and support for the Department of Parks and Recreation.

EXISTING LAW:

- 1) Requires DMV to issue partially or fully reflectorized license plates. (Vehicle Code Section (VEH) 4850)
- 2) Authorizes persons to personalize license plates for an additional fee of \$53 for original plates and \$43 for renewal or duplicate plates and deposits the funds into the California

Environmental License Plate Funds, which are deposited into the California Environmental Protection Program. (VEH 5106)

- 3) Establishes the California Environmental Protection Program, which, upon appropriation of the Legislature, may be used for the control and abatement of air pollution, the acquisition, preservation or restoration of natural areas or ecological reserves; environmental education; protection of nongame species and threatened and endangered plants and animals; protection for fish and wildlife habitat; the purchase of property for sensitive natural areas and for maintenance of such projects, and the reduction or minimization of soil erosion. (Public Resources Code Section 21190)

FISCAL EFFECT: Unknown

COMMENTS: *According to the author, “A lack of funding for the Williamson Act results in reductions to open spaces in California, putting at risk vital agricultural lands, wildlife, and open recreation. The 8-Letter License Plate Program creates an opportunity to generate new revenue for already underfunded programs without raising taxes or mandating new fees.”*

Current DMV-issued license plates have a maximum of seven alphanumeric characters. Existing law does not cap the number of characters on a license plate, and the DMV could issue an 8-digit license plate today. The current seven-character plate sequence, which has been in use for 45 years, consists of one number, three letters, and three digits. According to DMV, this sequence will run out at the end of January of 2026. The replacement system will continue to use seven characters consisting of three numbers, three letters, and one number.

California also has specialized license plates (SLPs). SLPs can be personalized plates using the standard design or may have a unique design. Some of the more popular SLPs in California include a whale tail plate, a plate with the message “honoring veterans,” and a “retro” plate with a black background and yellow letters that was the standard plate from 1969 to 1980.

A new SLP does not require legislation. In the past, California allowed private organizations to sponsor specialized license plates by making an application to DMV and allowed DMV to refuse to issue a plate based on its content.

The black and yellow plate is the most popular specialized license plate in California. In fiscal year 2023-2024, the plate brought in an additional \$44.4 million for the California Environmental Protection Program. The second most successful plate, the kids’ plate, brings in substantially less money at \$2.9 million. Only two other specialized license plates brought in more than \$1 million, with the other nine plates bringing in less than \$1 million annually.

Personalized license plates and the First Amendment. The U.S. Supreme Court, in *Walker v. Texas Division, Sons of Confederate Veterans*, determined that SLPs are government speech, not private speech, and upheld a Texas law that was similar to California’s previous process of establishing SLPs. That case was intentionally silent on the issue of whether personalized plates were government speech or private speech.

A 2020 federal court case in the United States District Court, Northern District of California, has brought this decision into question. *Ogilvie v. Gordon* made the determination that personalized plates are not government speech, and therefore the DMV cannot place restrictions on plates that

may carry connotations offensive to good taste and decency, or which would be misleading. Walker v. Texas Division, Sons of Confederate Veterans explicitly set aside the issue of whether personalized plates are government speech. DMV did not appeal this decision.

Instead, DMV changed its regulations to more narrowly tailor what types of configurations for personalized plates it will and will not allow. Between 2024 and November 2025, DMV rejected 12,811 personalized license plate designs.

The U.S. Fourth Circuit Court of Appeals, out of Virginia, is currently considering a case to challenge whether a state can regulate what appears on a personalized plate. Should this case be appealed to the Supreme Court, it is within the realm of possibility that the language in this bill restricting what can be placed on an 8-digit plate, which mirrors existing law for all personalized plates in California, may be found to be an unconstitutional restriction on free speech.

Existing revenue for personalized license plates. All revenue for personalized license plates goes towards the Environmental License Plate Fund. This fund was established in 1979 to fund various natural resources and environmental protection-related programs.

This bill would not direct funding towards the Environmental License Plate Fund and instead creates the Open Space and State Recreational Support Fund and continuously appropriates the funding for subventions for open-space land programs and assistance to the Department of Food and Agriculture for California fairs, and support for the Department of Parks and Recreation.

Programming challenges. DMV’s comprehensive information technology overhaul, which DMV calls the “Enterprise Modernization Project – the Digital eXperience Project (DXP), is currently ongoing and has resulted in significant delays in implementing recently passed legislation. In 2025, the Legislature, through the budget, had to delay implementation of three laws until 2029 because of programming delays caused by DXP (driver’s license suspensions for motor vehicle sideshows, a National Marrow Donor Program Registry, and changing licensing requirements for certain types of trailers under 15,000 pounds).

Moreover, several California Highway Patrol (CHP) resources only allow for seven-digit license plates. According to the CHP, several of their computer systems used to query the California Law Enforcement Telecommunications System (CLETS) can only input information for plates up to seven digits. The CHP’s arrest forms would also need to be updated.

CLETS is a computer network used by police departments to access national databases maintained by the Federal Bureau of Investigation (FBI) and DMV that allows law enforcement to access individual criminal histories, wanted and missing persons, and stolen firearms, vehicles, and properties.

The Specialty Equipment Market Association, *writing in support for this bill*, argues “Introducing eight-character license plates will allow for greater personalization options for vehicle owners. This change will enable car enthusiasts to express their individuality and passion for their vehicles in a unique and meaningful way. The creativity and freedom to choose personalized combinations will undoubtedly resonate with our members, who take pride in customizing their vehicles to reflect their personal style and interests. By supporting AB 1091, we are fostering an environment that encourages vehicle customization and personalization, stimulating economic growth and job creation within our industry.”

Committee concerns. According to the Legislative Analyst's 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 that the Legislature 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.”

Increased costs from this bill would pose a strain on the MVA—costs from DMV, which would have to program in the new 8-digit license plate, and from CHP, that would also need to make programming changes in order to access criminal records or missing persons reports related to the new 8-digit license plate.

This bill also may result in a significant loss of funding for the Environmental License Plate Fund, particularly because it will be \$5 cheaper for California consumers to personalize an 8-digit license plate over a 7-digit license plate. According to the Legislative Analyst's Office, “the Environmental License Plate Fund has experienced periodic fund condition challenges in the past. Most recently, a structural imbalance has emerged related to both expenditures and revenues. The Environmental License Plate Fund could become insolvent by 2025-26.”

Previous legislation. AB 1145 (Gallagher) of 2021 was nearly identical to this bill and died in this committee.

AB 2571 (Gallagher) of 2020 was nearly identical to this bill and died in this committee.

SB 1454 (La Malfa) of 2012 was nearly identical to this bill. That bill died in Senate Appropriations Committee.

SB 899 (La Malfa) of 2012 was nearly identical to this bill and died in Assembly Rules Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

Specialty Equipment Market Association

Opposition

None on file

Analysis Prepared by: David Sforza / TRANS. / (916) 319-2093