

Date of Hearing: April 8, 2019

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

AB 1369 (Kiley) – As Amended March 25, 2019

SUBJECT: Vehicles: Gold Star Family license plates

SUMMARY: Authorizes the Department of Motor Vehicles (DMV) to issue personalized Gold Star Family specialized license plates. **Specifically**, this bill:

- 1) Authorizes DMV to issue personalized Gold Star Family specialized license plates.
- 2) Adds a \$50 fee for the purchase of a new personalized Gold Star Family specialized license plate and an annual \$40 renewal fee.
- 3) Sets the enactment date for January 1, 2021.

EXISTING LAW:

- 1) Requires DMV, upon registration of a vehicle, to issue two fully reflectorized license plates to the registered owner of the vehicle, as specified.
- 2) Requires every license plate issued by DMV to have displayed upon it the registration number assigned to the vehicle for which it is issued, as specified.
- 3) Allows a state agency to apply to DMV to sponsor a specialized license plate program, as specified.
- 4) Authorizes the California Department of Veterans Affairs (CDVA) to sponsor a Gold Star Family specialized license plate program and authorizes DMV to issue Gold Star specialized license plates to vehicles owned by an eligible family member of a member of the Armed Forces who was killed in the line of duty.
- 5) Provides that DMV is authorized to issue the plates in absence of the 7,500 paid application requirement.
- 6) Provides CDVA with the ability to collect private and public donations for the purposes of paying for the startup costs associated with creating the license plate.
- 7) Requires the Gold Star Family specialized license plate to be transferred to a surviving spouse, or back to DMV, upon the death of the owner of the plate.
- 8) Authorizes DMV to collect additional fees for the issuance, renewal or transfer of any specialized license plates, including:
 - a) For the original issuance of the plates, \$50.
 - b) For a renewal of registration with the plates, \$40.

- c) For transfer of the plates to another vehicle, \$15.
 - d) For each substitute replacement plate, \$35.
- 9) Exempts the Gold Star Family specialized licensed plates from the issuance fee and registration fee.

FISCAL EFFECT: Unknown

COMMENTS: Prior to 2007, any new specialized license plate required specific legislative authorization. That practice was held to be unconstitutional by the federal courts, as the Legislature approved some plates and rejected others, without using any standardized or objective criteria for those decisions. In response to the court decision, AB 84 (Leslie), Chapter 454, Statutes of 2006, established the current specialized license plate program to provide a forum for government speech that promotes California's state policies. AB 84 excludes private organizations from seeking specialized license plates as a forum for private speech, and thus addresses the court's objection.

The current specialized license plate program permits a state agency to initiate the development and sponsorship of a specialized plate, thus no additional legislation is required to authorize the creation of a new plate.

Plates created under the current program and the revenue they generate must publicize or promote a state agency, or the official policy, mission, or work of a state agency. Furthermore, the process requires that at least 7,500 paid applications must be received by the state agency prior to notifying DMV. This 7,500 application threshold was previously put into statute in an attempt to ensure that DMV's startup costs would be fully covered by the portion of the registration fee surcharge that is directed to DMV and to avoid a proliferation of different types of plates, which can be troublesome from a law enforcement perspective.

SB 1455 (Cogdill), Chapter 309, Statutes of 2008, authorized CDVA to sponsor the Gold Star Family license plate, and exempted CDVA from having to meet the 7,500 paid applications requirement before plates could be issued. As a compromise, CDVA was given the authority to raise private and public donations to cover DMV startup costs so that DMV could start production of the plate. In addition, gold star families were granted an exemption from paying the additional \$50 fee for the issuance of a specialized plate and the \$40 fee for renewal. As a way of reducing the funds necessary to start up the program, the plates were only allowed to be in sequential order. CDVA successfully raised the funds necessary to begin license plate program in November 2010. DMV has issued 854 Gold Star Family specialized license plates.

Gold Star Families are families that survive an active duty military officer that was killed in action. The term Gold Star Family stems from a World War I tradition where families of service members would fly flags with a blue star for every immediate family member serving in the armed forces. If the loved one died, the blue star was replaced with a gold star.

To receive Gold Star Family license plates for a vehicle, the vehicle's registered owner must present proof from either the U.S. Department of Veterans Affairs or the Department of Defense showing that a family member who was in the Armed Forces of the United States was killed

while on active duty and must prove to the CDVA that they had one of the following relationships to the person killed:

- 1) Widow or widower;
- 2) Biological parent, adoptive parent, stepparent, or foster parent;
- 3) Biological child, adoptive child, or stepchild;
- 4) Sibling or half-sibling;
- 5) Grandparent; or,
- 6) Grandchild.

This bill allows the plates to be issued as personalized license plates. While private donations collected by CDVA provided the startup costs of issuing the Gold Star Family Plates, this bill provides no additional funding for the increased costs to the DMV for providing personalized plates besides the \$50 fee for the purchase of a new plate and the \$40 renewal fee.

Committee comments: Last year Governor Brown vetoed almost every bill that would have resulted in increased operational costs to DMV, including one identical to this one. The Legislative Analyst's Office predicts the Motor Vehicle Account (MVA), which accounts for 95% of DMV funding, will become insolvent by 2021-2022.

Last year there was a noticeable uptick in wait times at DMV. As a result, DMV began reporting monthly numbers on wait times to the Joint Legislative Budget Committee. In the last week of July of 2018, DMV reported that the average wait time for non-appointment customers was two hours and ten minutes. The top 20 most impacted DMV field offices saw average wait times of three hours and 21 minutes.

DMV attributes much of the increase in wait times to compliance with the Federal REAL ID Act of 2005, which requires in-person verification for a state issued driver's license or identification cards in order for a person to fly domestically or enter a federal building. While individuals traditionally only have to renew their state issued driver's license in person once every 15 years, individuals who wish to fly domestically have between January 2018 and October 2020 to renew in person, regardless of when their driver's licenses expire.

DMV began to hire significantly more staff as a result of the increase in wait times. Between July 1, 2018 and December 31, 2018, DMV made 946 civil service appointments, 680 emergency hires, and hired 141 retired annuitants. DMV made several technological changes as well, including allowing individuals to electronically fill out their information either online or while waiting for their appointment. These actions have sped up transactions.

By January, the statewide average wait time for those without an appointment dropped to 57 minutes and the top 20 offices saw an average wait time of 95 minutes. DMV has set a goal of reducing their average wait times to 45 minutes for those without an appointment, and 15 minutes for those with an appointment. So far DMV has not met that goal.

In addition, Governor Brown initiated an audit of DMV currently being conducted by the Department of Finance. Governor Newsom has indicated he will continue the audit, and announced on January 10, 2019 that a DMV Strike Team would be formed to look at reforms to DMV. These reforms are aimed at making DMV more customer friendly while also reducing wait times.

In light of Governor Newsom's reform efforts of DMV and the impending insolvency of the MVA, the Legislature may want to consider if now a good time to increase DMV's operational costs.

Previous legislation:

SB 1455 (Cogdill), Chapter 309, Statutes of 2008, allowed CDVA to sponsor a Gold Star Family license plate without meeting the minimum number of applications and fees to cover DMV's program administrative costs if sufficient private and public donations are collected.

AB 2135 (Acosta) of 2018 would have allowed for personalized Gold Star Family specialized license plates and allowed for a \$50 personalization fee. AB 2135 was vetoed by Governor Brown.

SB 257 (Bates) of 2015, would have allowed for personalized Gold Star Family specialized license plates and allowed for a \$48 personalization fee. SB 257 was held on Assembly Appropriations Committee suspense file.

SB 1282 (Knight) of 2014, would have allowed for personalized Gold Star Family specialized license plates. SB 1282 was held on Senate Appropriations Committee suspense file.

SUPPORT

None on file.

OPPOSITION

None on file.

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