

Date of Hearing: April 8, 2019

**ASSEMBLY COMMITTEE ON TRANSPORTATION**

Jim Frazier, Chair

AB 1614 (Gipson) – As Introduced February 22, 2019

**SUBJECT:** Vehicles: license plate pilot program

**SUMMARY:** Extends existing authority for Department of Motor Vehicles (DMV) to conduct a pilot evaluating alternatives to vehicle license plates, registration stickers, and registration cards from January 1, 2020 to January 1, 2021.

**EXISTING LAW:**

- 1) Requires DMV to issue two reflectorized license plates for vehicles and specifies that:
  - a) Each plate must display the word “California,” the vehicle's registration number, and the year for which the vehicle's registration is valid; and,
  - b) For license plates other than motorcycles, the license must be rectangular in shape, 12 inches in length, and six inches in width.
- 2) Prohibits DMV from contracting with any non-governmental entity for purposes of manufacturing license plates.
- 3) Authorizes DMV to issue one or more stickers, tabs, or other suitable devices in lieu of a license plate as specified.
- 4) Authorizes DMV to conduct a pilot program to evaluate alternatives to vehicle license plates, registration stickers, and registration cards until no later than January 1, 2020, and requires DMV to report on the results of the pilot program to the Legislature no later than July 1, 2020.
- 5) Requires the Department of the California Highway Patrol to approve any DMV-selected alternative to license plates or registration stickers and cards.
- 6) Requires a vendor to be responsible for the cost associated with any alternative products used in the pilot program.
- 7) Imposes various fees for the registration of vehicles and the purchase, transfer, and renewal of specialty license plates.

**FISCAL EFFECT:** Unknown

**COMMENTS:** DMV has issued license plates and registration stickers since 1959. Currently, in order to register a vehicle, the registered owner must submit proof of insurance, pay registration and other fees, and when required, provide proof that the vehicle passed a smog check inspection. DMV then issues, typically by mail, a vehicle registration card and the appropriate sticker for the vehicle's rear license plate. For annual renewal of a vehicle registration, DMV mails the registered owner a notice and reply envelope approximately 60 days prior to the vehicle's renewal date. The owner can remit fees and required documentation by

mail, via DMV's Internet web site, in person at a DMV field office, DMV self-service terminal, or at the office of one of DMV's private industry partners. DMV registers 35 million vehicles annually, with over 4 million renewals taking place in DMV field offices each year.

In 2013, the Legislature passed and Governor Brown signed SB 806 (Hueso), Chapter 569, Statutes of 2013, authorizing DMV to establish a pilot program to evaluate the use of alternatives to license plates, registration stickers, and registration cards. SB 806 required DMV to complete the pilot by January 1, 2017, and report its findings to the Legislature by July 1, 2018. At the time, the author sought to facilitate DMV's ability to explore alternatives to the traditional metal license plate, plastic-coated registration stickers, and paper registration cards in order to improve efficiency and lower the cost of DMV vehicle registration services.

Since the enactment of SB 806, DMV has developed specifications and completed procurements for three authorized alternatives. The procurement process ran longer than was anticipated when SB 806 was initially considered, and field testing for some of the technologies by the contracted vendors did not begin until as late as November 2015. Due to the abbreviated nature of the testing window and at the behest of the vendors carrying out the pilot, Governor Brown signed a couple of bills extending the authorization of the pilot.

This bill would extend DMV's authority to conduct the pilot program one more year, to January 1, 2021. This bill does not extend the report deadline, however, and therefore will not delay the submission of the results to the Legislature. According to the author, AB 1614 is necessary to enable the owners of the 1,400 plates legally installed on vehicles to continue their use while DMV finalizes its report and recommendations. Should DMV determine that the alternative license plates should be authorized, it seems unreasonable for owners to remove the plates for six months, get new standard plates from DMV, and then reinstall their alternative plates when the Legislature authorizes their use.

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

Because this is simply extending the time for an existing pilot, this bill should not result in any significant increase to DMV's workload.

*Previous Legislation:* SB 1387 (Beall), Chapter 520, Statutes of 2018, extended the sunset on the DMV pilot program evaluating alternatives to license plates, registration stickers, and registration cards from January 1, 2019 to January 1, 2020.

SB 1399 (Hueso), Chapter 155, Statutes of 2016, extended the sunset on the DMV pilot program evaluating alternatives to license plates, registration stickers, and registration cards to January 1, 2019, and the deadline for DMV to report on the pilot to July 1, 2020.

SB 806 (Hueso), Chapter 569, Statutes of 2013, authorized DMV to conduct a pilot program to evaluate alternatives to license plates, registration stickers, and registration cards.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

Reviver Auto

**Opposition**

None on file.

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