

Date of Hearing: March 14, 2016

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

AB 1752 (Melendez) – As Amended March 10, 2016

**SUBJECT:** Vehicles: registration fees

**SUMMARY:** Requires the Department of Motor Vehicles (DMV) to clearly identify the base vehicle registration fee as a separate and distinct line item on the vehicle registration renewal notice. Requires DMV to post on its web site a clear description of each additional fee or surcharge added to the base registration fee, including the statutory authority for that fee or surcharge, and requires DMV to provide the address to this website with each application.

**EXISTING LAW:**

- 1) Prohibits a person from driving, moving, or leaving a vehicle or trailer on a highway or in an off-street parking facility unless it is registered with DMV.
- 2) Requires that a registration fee of \$43 be paid to the DMV for an initial vehicle registration or registration renewal.
- 3) Adds an additional \$3 to the above fee to be deposited in the Alternative and Renewable Fuel and Vehicle Technology Fund and the Enhanced Fleet Modernization Subaccount.
- 4) Requires an additional registration fee, adjusted annually based on the California Consumer Price Index (CPI), be paid to DMV on behalf of the Department of the California Highway Patrol (CHP) at the time of vehicle registration or renewal.
- 5) Authorizes the collection of certain other fees and surcharges at the time of vehicle registration or renewal to support a variety of state and local programs.

**FISCAL EFFECT:** Unknown

**COMMENTS:** State law directs DMV to collect vehicle registration fees along with other fees such as commercial motor vehicle weight fees, license fees, and license plate fees when the vehicle is first registered and annually thereafter. In addition, DMV may be directed to collect locally-imposed fees and surcharges that fund variety of programs such as law enforcement efforts and air pollution abatement.

When a vehicle registration renewal notice is issued by DMV, the fees that are being charged are prominently displayed and listed by category under the heading of “fees” with a distinct sum total due to the department and the date of required payment clearly identified at the bottom in bold type. Where there are a several fees in a given category – for example if a local jurisdiction has assessed a number of law enforcement-related fees – the fees are shown totaled by category.

The current vehicle registration fee is set in statute at \$43. This fee goes primarily to the Motor Vehicle Account to support the state’s administration and enforcement of laws regulating the operation and registration of vehicles used on public streets and highways. AB 8 (Perea), Chapter 401, Statutes of 2013, added an additional \$3 to this fee, \$2 of which go to the

Alternative and Renewable Fuel and Vehicle Technology Fund for the purpose of developing and deploying technology and alternative and renewable fuels in the marketplace, and \$1 that goes to the Enhanced Fleet Modernization Subaccount for the purpose of allowing for the voluntary retirement of passenger vehicles and light-duty and medium-duty trucks that are high polluters.

Existing law also directs DMV to collect a fee at the time of registration or renewal on behalf of CHP to carry out duties related to enforcing the Vehicle Code. This fee is indexed to the CPI, and is currently set at \$24. The current line item on DMV's registration renewal notices titled "Registration Fee" displays a total cost of \$70, which includes the \$43 dollar fee established in statute, plus the \$3 fee established by AB 8, plus this \$24 CHP fee.

For a local fee to be collected by DMV, there must be statutory authority to do so. This authority typically requires the local jurisdiction to pass an ordinance or resolution directing the collection of the fee. Once fee collection is in place, local jurisdictions are required to account for the monies collected and expended. These local fees collected at the time of registration or renewal are aggregated and listed separately on the DMV notice under the item titled "County/District Fees."

Because several fees are combined on the DMV registration renewal notice, the author contends that these notices lack transparency with regard to what fees are being collected by DMV over and above the base registration fee set in statute. To address this, the bill would require DMV to clearly identify the fee set in statute for the purpose of funding the operations of DMV as the "base registration fee" on the renewal notice.

According to the author, "Most people do not know about the programs they are funding through the vehicle registration process," including the programs funded by the AB 8 fees and the CHP fee. By requiring DMV to separately list these additional fees in a separate line item to provide information on its website about the nature of these fees and their statutory authority, the author seeks to enhance the transparency of the vehicle registration process. This bill does not require each portion of the fees currently collected as the "registration fee" to be separately listed on the renewal notice, likely reducing the additional administrative costs incurred by DMV associated with printing renewal notices pursuant to this new requirement.

DMV already displays a website address and toll-free telephone number on the renewal notices providing access to additional information to customers. The new requirement for a website displaying the description and statutory authority for registration fees could likely be adapted from the existing information DMV already provides.

*Previous legislation:* AB 1998 (Grove) of 2014, would have required the DMV to fully identify each fee and surcharge on applications for initial vehicle registration and registration renewal as a separate and distinct line item with the corresponding statutory authority for that fee. AB 1998 was held in this committee at the request of the author.

AB 8 (Perea), Chapter 401, Statutes of 2013, increased the vehicle registration fee set in statute by \$3 for the purpose of funding specific environmental programs.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

Howard Jarvis Taxpayers Association  
United Californians for Tax Reform

**Opposition**

None on file

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