

Date of Hearing: March 28, 2022

ASSEMBLY COMMITTEE ON TRANSPORTATION

Laura Friedman, Chair

AB 2509 (Fong) – As Introduced February 17, 2022

**SUBJECT:** Vehicles: registration fees: exemptions

**SUMMARY:** Exempts Purple Heart recipients from vehicle registration fees.

Specifically, **this bill:**

- 1) Requires the vehicle registration fee waived for Purple Heart recipients and the surviving spouse of a Purple Heart recipient who elect to retain a special license plate issued under Section 5101.8 of the Vehicle Code.

**EXISTING LAW:**

- 1) Waives the vehicle registration fee for:
  - a. Disabled veterans.
  - b. Former American prisoners of war.
  - c. The surviving spouse of a former American prisoner of war who has elected to retain the special license plates issued under Section 5101.5 of the Vehicle Code.
  - d. A Congressional Medal of Honor recipient.
  - e. The surviving spouse of a Congressional Medal of Honor recipient who has elected to retain the special license plates issued under Section 5101.6 of the Vehicle Code.
- 2) Limits the registration fee exemption for the above parties to no more than one vehicle per American prisoner of war, disabled veteran, Congressional Medal of Honor recipient, or a surviving spouse.

**FISCAL EFFECT:** Unknown

**COMMENTS:**

Current law allows Purple Heart recipients to apply for a specialized license plate under Section 5101.8 of the Vehicle Code. However, unlike disabled veterans, former American prisoners of war and Congressional Medal of Honor recipients, Purple Heart recipients are not eligible for vehicle registration fee waivers. Additionally, surviving spouses of Purple Heart recipients are currently not eligible for vehicle registration fee waivers, inconsistent with the exemptions for surviving spouses of former American prisoners of war and Congressional Medal of Honor recipients.

*De minimis impact?* Supporters of this legislation argue that due to the small number of covered veterans, the bill's impact on revenues from vehicle registration fees would be de minimis. Veterans receive similar small benefits, such as discounted fishing licenses and free admission to California state parks. Unlike programs that enhance veterans' access to education, health care, housing, or employment, these small benefits do not substantively improve veterans' opportunities or quality of life. They do, however, deprive public agencies of funds. While any

such benefit taken in isolation may seem de minimis, the more that are permitted, the greater the cost to the rest of California's citizens, who must make up the difference. The California Department of Motor Vehicles (DMV) estimates that there are currently over 10,000 Purple Heart plates in circulation. At a cost of \$250-\$300 for vehicle registration fees, this exemption could pose a significant revenue loss for the state.

The Motor Vehicle Account (MVA), which is the primary funding source for DMV and California Highway Patrol (CHP) has been on the brink of insolvency for many years. The current estimates from the Department of Finance show that it is solvent, but only barely and because most capital outlay costs have been shifted from the MVA, where they were historically funded from, to the General Fund. Any lost revenue associated with implementing this bill would potentially contribute towards the insolvency of the MVA and potentially negatively impact DMV and CHP.

*Author's statement.* "Veterans dedicate their lives to serve our country. They defend the freedoms we enjoy. They fight for us. Veterans leave their families to protect our freedoms. They make sacrifices to serve our country, and when they are injured during their service, they should be afforded every accommodation possible upon returning home.

Vehicle registration and license fees are added burdens on veterans that the state can help ease. Waiving DMV license and registration fees will also create consistency amongst other veterans that already have these costs waived."

*Committee Comments.* This bill would extend license fee waivers to Purple Heart recipients and their surviving spouses, adding this population to the existing waivers for disabled veterans, former American prisoners of war, Congressional Medal of Honor recipients, and the surviving spouses of former American prisoners of war and Congressional Medal of Honor recipients.

*Related and previous legislation:* SB 1259 (Runner) 2016, died in assembly at request of author. Would have exempted veterans with specialized license plates to be exempt from toll payments.

SB 386 (Cogdill) Chapter 357, Statutes of 2007, extended vehicle registration exemptions to surviving spouses of former American prisoners of war and Congressional Medal of Honor recipients.

AB 160 (Cogdill) 2005, held on suspense in Senate Appropriations. This bill would have extended vehicle registration exemptions to surviving spouses of former American prisoners of war and Congressional Medal of Honor recipients.

AB 279 (Cohn), Chapter 201, Statutes of 2004, allows the un-remarried, surviving spouse of a person issued Purple Heart special license plates to retain the special plates upon the death of a Purple Heart recipient.

*Double Referral.* This bill has been double referred to the Committee on Military and Veterans Affairs.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

None on file

**Opposition**

None on file

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