

Date of Hearing: April 5, 2021

ASSEMBLY COMMITTEE ON TRANSPORTATION

Laura Friedman, Chair

AB 984 (Luz Rivas) – As Introduced February 18, 2021

**SUBJECT:** Vehicle identification and registration: alternative devices

**SUMMARY:** Makes permanent a pilot program authorizing the Department of Motor Vehicles (DMV) to issue alternative license plates and registration cards. Specifically, **this bill:**

- 1) Authorizes DMV to issue digital or decal license plates or digital registration cards so long as they meet the following restrictions:
  - a) The alternative device is subject to the approval of the California Highway Patrol (CHP).
  - b) Data exchanged between DMV and the device, or the provider of the device, is limited to the data deemed necessary by DMV to display evidence of registration compliance.
  - c) Data generated by the alternative license plate is the property of the vehicle owner and shall not be shared without express permission of the vehicle owner.
  - d) DMV shall not receive or retain any electronic information regarding the movement, location, or use of a vehicle or person with an alternative device.
  - e) Use of the alternative devices shall not be mandated by DMV.
- 2) Restricts the use of a digital plate to the rear license plate and the use of a decal plate to be used in lieu of a front license plate.
- 3) Requires an entity seeking approval to issue an alternative device to submit an administrative oversight plan, a product support plan, and information technology security, privacy and cybersecurity evaluations if applicable.
- 4) Clarifies that any device is subject to the California Consumer Privacy Act of 2018.
- 5) Authorizes DMV to establish reasonable fees to reimburse DMV for the costs of implementing the program.
- 6) Provides that any alternative device intended to serve in lieu of a license plate issued pursuant to DMV under the pilot program is authorized for continued use until the device is authorized under the new provisions of this bill.

**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 CHP 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:**

License plates have been used in the United States since 1901, when New York required individuals to make their own plates of any size or material showcasing the owner's initials. Massachusetts became the first state to issue manufactured license plates in 1903. California followed suit in 1913. In 1956, the U.S. Government came to an agreement with the auto manufacturers to have a fixed size for plates with standardized mounting holes and a 6-digit registration number format.

California's plates have changes slightly over the years. They were black and gold from 1963 to 1969. In 1969 they adopted the colors of the University of California: blue and gold. In 1980 the state introduced the 7-digit plate with a white background and an image of the sun, with the words "The Golden State" on the bottom. That plate won the "Plate of the Year" by the Automobile License Plate Collectors Association in 1983. In 1987 the state discontinued the plate and replaced it with the plate we all know today: a white background with blue digits and the word "California" in red.



As we entered the digital age, a new idea emerged to completely reimagine the license plate: digital license plates. 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.

The pilot program was extended three times, and sunsets January 1<sup>st</sup>, 2023. The extensions were primarily because of low participation both by companies making the alternative products and by users of the products. Three companies ultimately participated in the pilot: one for a digital plate, one for a vinyl frontal plate, and one for a digital registration card.

Reviver was the only company to bid for a digital plate during the pilot program. The plate is expensive, costing consumers \$799 plus installation and an annual \$99 fees. More recently the company has begun offering a monthly subscription service for the plate at a cost of nearly \$18 a month.



In 2019, the DMV released the “Report on Alternative Registration Products Pilot Program. For the digital plate, DMV indicated “As an advertised feature of the Digital License Plate, the vendor allowed users to select from a limited set of 94 alternative messages at the bottom of the plate (i.e., “Have a nice day.”) As this product evolves and its use increases, the department expects further customization opportunities such as the use of logos and personalized messages. These changes require state approval and DMV will work with stakeholders to ensure Digital License Plates meet statutory and safety requirements.”

There were 5 reported instances where law enforcement pulled over a driver with a digital plate believing it was an unauthorized plate, two of which the officer issued a ticket. DMV reissued memos to law enforcement and the courts about the pilot after these incidents.

According to DMV, “The pilot largely remained at approximately five vehicles from late 2015 to 2016. In 2017, it rose to approximately 28 vehicles. The pilot participation started to increase rapidly in March 2018 to 1,400 vehicles. For the remainder of the pilot, the participation continued to increase up to approximately 1,500 vehicles.”

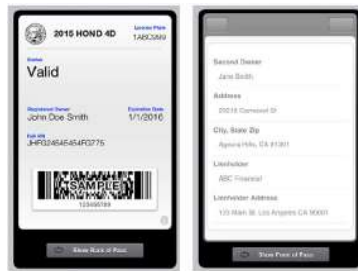
The digital license plates may have a readability issue. The State of Washington found that the plates made by Reviver were not readable for toll enforcement. Some toll agencies use automated enforcement cameras that may not be able to read the plate, while others use radio-frequency identifies that can pick up signals at the front of the car, but not the back of the car. According to DMV’s report, “this could create a problem for toll agencies singly reliant on either Radio-Frequency Identification or Automated License Plate Reader for enforcement.”

Reviver, writing in support of this bill, argues “Among the primary goals of digital license plate utilization is to create operational and cost efficiencies for the Department (DMV). Digital license plates eliminate the need for annual stickers, or tags. The DMV will be able to cease two physical mailings annually to owners of vehicles with digital plates and instead manage vehicle registration renewal entirely online. Owners of digital plates can process renewals through the company website or mobile device application and vehicle license fees are immediately remitted electronically to the Department. This process allows the DMV another mechanism to eliminate the need for a customer field office visit for registration renewal.”

Another company participating in the pilot program, Lice Plate Wrap, produced a vinyl decal plate. The company’s business model is based off the belief that auto enthusiast, especially owners of luxury cars, do not want to drill a hole in the front of their car for a license plate. This plate uses a natural adhesive, vinyl-like, wrapping material. The company claimed that the plate’s material was very durable, light reflective, and resistant to extreme weather temperatures. Neither the vendor nor the participants in the pilot reported problems. CHP reported no issues on readability. The pilot program also included 20 participants with a disability plate. From 2015 to March of 2019, 30 vehicles participated in the pilot. Between March and August, 180 vehicles participated in the plate. The vendor is selling the plate for \$50.



Finally, the pilot program tested a digital registration card offered by the Motor Vehicle Software Corporation (now called Vitu). The Vitu registration card is available for mobile devices using IOS and Android. All of the pilot participants were employees of the company and it was not made available to the wider public. In total, 110 vehicles used the electronic registration cards in the pilot.



The DMV report recommended all three pilot program plates and the registration card devices be made permanent. This bill allows the three participants in the pilot program to continue offering their products, and additional alternative registration and plate products can apply to DMV to offer their product, subject to CHP approval.

According to the author, “AB 984 will give DMV the authority to move forward with new vehicle registration technologies. After testing several products during the pilot program, the Department issued the required report to the Legislature which recommended the DMV be able to move forward with the various products and devices. Some of these products will serve to reduce internal DMV workloads and allow vehicle registration renewal to become a completely remote transaction. Given the workload challenges facing the Department in order to comply with the federal REAL ID requirements, AB 984 will provide workload relief for other essential functions of the Department. As the use of these devices grows over time, the efficiencies of DMV operations will also increase.”

*Committee concerns:* The DMV report issued in 2019 indicated that the digital license plates may have an issue being read by automated license plate readers used by law enforcement, toll agencies and other automated enforcement systems like red light cameras. Automated enforcement has increasingly been used by toll agencies in order to improve the flow of traffic. During the COVID-19 pandemic bridge tolls in Northern California have switched exclusively to using automated enforcement to collect tolls out of concern of spreading the virus to toll collectors.

In order to ensure that any alternative plate authorized by DMV can be read by automated enforcement systems, the committee recommends adding the following language to the requirements necessary for the alternative license plates to be approved:

Vehicle Code 4854(b)(1): (F) Readable by automated license plate readers used by the Department of the California Highway Patrol and any other automated enforcement system.  
(G) Readable during daylight hours at a distance of no less than 75 feet.

Double referral: Should this bill pass this committee it will be referred to the Committee on Privacy and Consumer Protection.

*Related Legislation:* AB 1503 (Santiago) of 2020 authorizes a pilot program for digital driver's licenses. That bill is pending before this committee.

*Previous Legislation:* AB 2285 (Transportation Committee), Chapter 100, Statutes of 2020, extended the sunset on the DMV pilot program evaluating alternatives to license plates, registration stickers, and registration cards from January 1, 2021 to January 1, 2023, amongst other things.

AB 1614 (Gipson), Chapter 319, Statutes of 2019, extended the sunset on the DMV pilot program evaluating alternatives to license plates, registration stickers, and registration cards from January 1, 2010 to January 1, 2021.

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.

AB 2770 (Gipson) of 2020 was nearly identical to this bill. That bill died in Assembly Transportation Committee.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

Reviver

### **Opposition**

None on file

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