

Date of Hearing: June 26, 2017

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

SB 750 (Hueso) – As Amended June 19, 2017

SENATE VOTE: 37-0

SUBJECT: Vehicles: Digital license plates

SUMMARY: Authorizes an existing Department of Motor Vehicles (DMV) pilot evaluating alternatives to vehicle license plates, registration stickers, and registration cards to also include alternative methods of collecting fees related to the registration of a motor vehicle or the purchase of license plates, and the appropriate disbursement of those fees.

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 letting a contract to 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, 2019, 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 purposes including 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 website, in person at a DMV field office or at a DMV self-service terminal, or at the office of one of DMV's private industry partners. DMV registers 35 million vehicles annually, with over 10 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. 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 each of the 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 SB 1399 (Hueso), Chapter 155, Statutes of 2016, extending the authorization of the pilot until 2019 and the deadline for DMV to report on the pilot until 2020.

This bill would authorize the pilot program to also include an evaluation of alternative methods of collecting fees associated with registering a vehicle, including the vehicle registration fee, the vehicle license fee, and fees associated with the purchase, transfer, and renewal of license plates. Currently, when a person registers a vehicle or renews a registration they must pay a number of fees, including a \$46 registration fee, a \$23 fee for the California Highway Patrol, and a vehicle license fee (VLF) assessed at 0.65% of the vehicle's value. After DMV collects all these fees, the department disburses them to the appropriate agency, city, or county. Customers must also pay fees when obtaining a specialty license plate, typically \$50 for the original issuance of the plates, \$40 for renewing a plate, and \$15 for transferring the plates to a different vehicle, plus an additional fee for a customized letter/number sequence on the plate. After DMV deducts administrative costs, these fees are allocated to a variety of funds, depending on the plate.

According to ReviverMX, a vendor of digital license plate technologies and the sponsors of this bill, expanding the scope of the pilot program to include new vehicle registration technologies "allows the DMV to explore other potential cost-saving variables related to payments and digital license plate technology, including the monthly payment of annual VLF assessments, a broadening of the specialty license plate program and reduced DMV implementation costs for specialty license plate approvals."

When coupled with the digital license plate technology also being evaluated in the pilot, the alternative methods of collecting registration-related fees contemplated by this bill could result in streamlined DMV transactions by directly transferring fees from the customer to the appropriate agency or fund without going through DMV. They could also allow customers to pay their fees due to DMV automatically or in installments. For example, a monthly registration fee could replace the annual fee if DMV had the capability to update a digital license plate's registration status instantaneously. Such capabilities could conceivably make transactions more efficient for DMV and more convenient for customers.

Because existing statute merely authorizes DMV to establish a pilot but does not require the department to purchase any technology from the vendors, broadening the scope of the pilot program will give DMV the opportunity to evaluate new technologies but will not obligate them to implement any new innovations in the future.

Proposed author's amendment: The author proposes to amend the bill to specify that the pilot may also evaluate alternate methods of collecting fees related to the transfer and renewal of license plates, in addition to the purchase of license plates.

The language would read as follows:

“(6) The pilot program may include an evaluation of alternative methods of collecting fees related to the registration of a motor vehicle, or the purchase, *transfer, and renewal* of license plates, and the appropriate disbursement of those fees.”

Related legislation: AB 714 (Acosta) would require DMV to establish an opt-in automatic vehicle registration process. AB 714 was passed out of this committee on March 20 on a 14-0 vote, but was held on the Assembly Appropriations Suspense File.

Previous legislation: 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

ReviverMX

Opposition

None on file

Analysis Prepared by: Justin Behrens / TRANS. / (916) 319-2093