

Date of Hearing: April 8, 2024

ASSEMBLY COMMITTEE ON TRANSPORTATION

Lori D. Wilson, Chair

AB 1980 (Grayson) – As Amended March 18, 2024

SUBJECT: Vehicles: California Legacy License Plate Program

SUMMARY: Reauthorizes the Department of Motor Vehicles (DMV) to sponsor a California Legacy License Plate and provides until January 1, 2026 for DMV to receive 7,500 applications to establish the plate. Specifically, **this bill:**

- 1) Authorizes DMV to sponsor the following legacy plates that have not already been established:
 - a) Yellow background with black lettering per the appearance of California license plates issued by the department from 1956 to 1962, inclusive;
 - b) Blue background with yellow lettering per the appearance of California license plates issued by the department from 1969 to 1986, inclusive; and,
 - c) White background with blue lettering with the California sunset per the appearance of California license plates issued by the department from 1982 to 1987, inclusive.

EXISTING LAW:

- 1) Provides for a specialized license plate program, under which the DMV may issue new special-interest license plates. Special-interest license plates may be issued on behalf of state agencies if:
 - a) The license plate has “a design or contains a message that publicizes or promotes a state agency, or the official policy, mission, or work of a state agency.” The design shall also be confined to the left of and below the numerical series; and,
 - b) The state agency submits 7,500 applications and accompanying fees to DMV for the license plate. The state agency has 12 months to collect these applications and fees, but it can extend that to a maximum of 24 months if it notifies and offers to refund fees to those who applied during the first 12 months. Once a plate is issued, DMV stops issuing that plate for the agency if the number of plates drops below 7,500. (Vehicle Code (VEH) 5156)
- 2) Authorizes DMV to charge, in addition to the usual registration and license fees, the following additional fees for specialized license plates: \$50 for the initial issuance, \$40 for annual renewal, and \$98 to personalize. DMV deducts its administrative costs from the revenues generated. The net revenues derived from a specialized license plate are available upon appropriation for the sponsoring state agency to expend exclusively on projects and programs that promote the state agency’s official policy, mission, or work. (VEH 5156)
- 3) Requires DMV to establish the California Legacy License Plate program to sponsor three legacy specialized license plates and gave DMV until January 1, 2015 to collect 7,500 paid applications for the plates. (VEH 5004.3)

FISCAL EFFECT: Unknown

COMMENTS: In 2012, the California Legislature passed AB 1658 (Gatto), Chapter 720, establishing the California Legacy License Plate Program. The law required DMV to sponsor three separate license plates using the design of legacy plates from the 1950s, '60s, '70s and '80s. Specifically, DMV had to collect 7,500 pre-paid commitments each for a plate with a yellow background and black lettering, black background with yellow lettering, and blue background with yellow lettering.

The black background with yellow lettering plate was the only plate to succeed in collecting 7,500 prepaid commitments. The blue background with yellow lettering plate and the yellow background with black lettering plate both failed to meet the 7,500 prepaid commitment deadline of January 1, 2015 set in AB 1658. According to DMV, both plates had fewer than 2,000 individuals interested in purchasing those two plates.

The black and yellow plate is the most popular specialized license plate in California. In fiscal year 2020-2021 the plate brought in an additional \$39.4 million for the California Environmental Protection Program. The second most successful plate, the kid's plate, brings in substantially less money at \$3.5 million. Only two other specialized license plates brought in more than \$1 million, with the other nine plates bringing in less than \$1 million annually.

Part of the success of the black and gold plate lies in the fact that unlike other specialized license plates, the black and gold plate does not charge an additional fee for the personalization of the characters of the plate.

According to the author, "California's Legacy License Plate Program was established in 2013 after AB 1658 (Gatto) was approved by the Legislature with unanimous support and was signed into law by Governor Jerry Brown.

The original legislation authorized DMV to offer motorists the opportunity to apply for either the yellow license plates from the 1950s, the black license plates from the 1960s, or the blue license plates from the 1970s—stipulating that for any of the plates to return to circulation, it must get 7,500 applications within a year of the legislation going into effect.

Under the original bill, the only design to receive the requisite number of applications was the black plate from the 60s. Since its return, the 60s Legacy Plate has become the best-selling specialty license plate offered by DMV, bringing in ten-times more revenue to the state (\$39.3 million in FY 20/21) than the second best-selling plate offered by DMV."

In addition to the plates authorized for sponsorship under AB 1658, this bill also authorizes DMV the opportunity to sponsor a plate reestablishing the California sunset plate that appeared from 1982 to 1987. According to LA Magazine that plate was awarded "Plate of the Year" by the Automobile License Plate Collectors Association in 1983.

A bill is not necessary to create a new specialized plate: Creating a new specialized license plate does not require legislation. Members of the Legislature or private individuals can ask state agencies to sponsor a new plate. If there is a good plan in place to get to the 7,500 prepaid commitments, an agency would likely be willing to sponsor a plate because it would result in additional revenue for that agency.

One such agency that has taken advantage of this is the California Natural Resources Agency (CNRA). DMV provides a packet to state agencies on how to sponsor a plate. CNRA in this past year reached out to multiple professional sports teams and signed a deal with several sports teams. Even after winning the Super Bowl in 2021, the Los Angeles Rams' plate has not received enough prepaid commitments to be created.

Members of the Legislature continue to introduce bills requiring agencies to sponsor plates; however, these bills have largely been unsuccessful in resulting in the minimum threshold of obtaining 7,500 commitments. Of the 12 legislatively-sponsored plates approved since 2000, only two have met the threshold. Of the four that have passed since 2014, only one reached the threshold. In the 2015-16 legislative session, seven bills were introduced directing a state agency to sponsor a specialized license plate. All seven died in either the Senate or Assembly Appropriations Committee. In the 2017-2018 session, five specialized license plates were introduced. One made it to the Governor and was vetoed. In the 2019 session, two specialized license plates were introduced and both were held in Senate Appropriations Committee. In the 2020 session, three bills were introduced. One died in Assembly Appropriations Committee, the other two were never set for a hearing. In 2021-2022 session two bills were held in Assembly Appropriations Committee. This bill and a nearly identical bill are the only specialized license plate bills introduced in the 2023-2024 session. The other bill was held last year in Assembly Appropriations Committee.

In the past, California allowed private organizations to sponsor specialized license plates by making an application to DMV and allowed DMV to refuse to issue a plate based on its content. A U.S. District Court determined that the process for creating the plates was a freedom of speech violation as the court had determined that the process California used for creating specialized license plates was private speech and DMV could not turn down sponsorships based on content.

In response, the Legislature passed and Governor Schwarzenegger signed AB 84 (Leslie), Chapter 454, Statutes of 2006 which restricted DMV to only issue specialized license plates if they were sponsored by a state agency that received 7,500 commitments from individuals to purchase the plates.

A minimum commitment of 7,500 plates is necessary to ensure there are enough funds to reimburse DMV for the costs of adding a new plate. The majority of DMV's costs are for computer programming, and not the production, of the plate. Without meeting the 7,500 commitment threshold, these specialized plates would not serve their purpose of raising additional revenue for the state, and instead would become a cost burden to DMV, an agency whose expenditures are forecast to exceed revenues in the next five years.

Committee Comments: According to the Legislative Analyst Office (LAO), The Motor Vehicle Account (MVA), the primary funding source for DMV, is expected to fully exhaust its reserves and become insolvent in 2025-26. The LAO recommends the Legislature should consider MVA cost pressures when evaluating new proposals. LAO argues that "Until a plan is put in place to address MVA's structural deficit, we recommend the Legislature set a high bar for considering approval of any proposals that create additional MVA cost pressures and accelerate the risk of insolvency."

While the 7,500 applications may help cover the initial DMV startup costs, that number has not been updated since the 1990s and may not cover the cost today for DMV to program and create a new plate. DMV is also currently upgrading their existing computer systems and may be required to program the new plate using both the old and the new computer software.

Previous Legislation: AB 1658 (Gatto), Chapter 720, Statutes of 2012 established the California Legacy Plate Program and required DMV to sponsor the creation of three legacy license plates.

AB 84 (Leslie), Chapter 454, Statutes of 2006 restricted DMV to only issue specialized license plates if they were sponsored by a state agency that received 7,500 commitments from individuals to purchase the plates.

AB 378 (Grayson) of 2023 was nearly identical to this bill but did not include the additional sunset plate. That bill was held on suspense by Assembly Appropriations Committee.

REGISTERED SUPPORT / OPPOSITION:**Support**

Specialty Equipment Market Association

Opposition

None on file

Analysis Prepared by: David Sforza / TRANS. / (916) 319-2093