

Date of Hearing: May 19, 2021

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Lorena Gonzalez, Chair

AB 459 (Mathis) – As Introduced February 8, 2021

Policy Committee:	Transportation	Vote:	15 - 0
	Military and Veterans Affairs		11 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill requires the Department of Motor Vehicles (DMV) to offer a partially disabled veteran a prorated vehicle registration fee. The bill directs DMV to set the prorated fee offered at a percentage of the total fees due equal to the percentage at which the veteran's disability has been rated by the Department of Veterans Affairs (the VA) or the military service from which the veteran was discharged.

FISCAL EFFECT:

- 1) One-time costs of an unknown, but likely significant amount to DMV to make changes to information technology programming, regulations and forms (Motor Vehicle Account (MVA)). DMV estimates these costs to be in the low millions of dollars. DMV warns it could not make these changes by the time the requirements of this bill become operative.
- 2) Revenue loss of an unknown, but significant amount, possibly in low millions to tens of millions of dollars annually. Actual revenue loss would depend on several factors, such as each participating veteran's disability rating and the value of the veteran's vehicle. The National Center for Veterans Analysis and Statistics reports nearly 400,000 veterans receive disability compensation in California. The DMV reports it waives vehicle registration fees for roughly 30,000 veterans who are completely disabled, per current state law.

As an illustration of the potential revenue loss, assume base registration fees of \$64 for the registration fee, \$28 for the California Highway Patrol fee, \$91 for the vehicle license fee and \$62 for the Transportation Improvement Fee. If 50% of the other roughly 370,000 disabled veterans in California received a 10% discount on these vehicle registration fees, the state would experience a revenue loss of \$4,532,500.

(The MVA—the main funding sources for the DMV and the California Highway Patrol—faces a structural deficit. The Department of Finance warns the MVA will be insolvent in fiscal year 2024-25.)

COMMENTS:

Background and Purpose. Current law requires DMV to waive registration fees for veterans that have been given a 100% disability rating from the VA, prisoners of war or their spouses, and Medal of Honor recipients and their spouses. This bill, quite logically, expands the obligation of

DMV to waive the registration fees of a partially disabled veteran, in proportion to the rating by the VA of the veteran's disability. As the author states:

We have a significant population of disabled veterans who have a disability rating below 100%. Unfortunately, the state has adopted an all-or-nothing mentality which harms our disabled veterans greatly. Therefore, AB 459 will create a prorated discount for disabled veterans, mirroring their disability rating, when registering their main vehicle in the state. This measure ensures that the state is truly recognizing the heroic efforts of our wounded service members.

The logic of the extension notwithstanding, the Motor Vehicle Account—the main funding sources for the DMV and the California Highway Patrol—faces a structural deficit and the Department of Finance warns the MVA will be insolvent in fiscal year 2024-25.

Analysis Prepared by: Jay Dickenson / APPR. / (916) 319-2081