

Date of Hearing: April 21, 2025

ASSEMBLY COMMITTEE ON TRANSPORTATION

Lori D. Wilson, Chair

AB 1059 (Garcia) – As Amended April 8, 2025

SUBJECT: Vehicles: Blackout License Plate Program

SUMMARY: Requires the Department of Motor Vehicles (DMV) to establish the Blackout License Plate Program to create a license plate with a black background and white lettering. Specifically, **this bill**:

- 1) Authorizes DMV to issue a blackout license plate if the department receives at least 7,500 paid applications for the plates by January 1, 2030.
- 2) Provides that a person shall pay \$50 for the original issuance of the plates, \$40 for renewal of registration with the plates, \$15 for transfer of the plates to another vehicle, \$35 for each substitute replacement plate, and \$38 when the payment of renewal fees is not required.
- 3) Authorizes someone to personalize a blackout plate without additional fees.
- 4) Makes monies available to pay DMV's costs to establish the California Legacy License Plate Program only after DMV determines that it has collected sufficient fees to pay its startup costs and the Legislature appropriates the funds.
- 5) Directs DMV to deduct its costs for the legacy plates from the fees its receives and to deposit the remaining revenues into the California Environmental License Plate Fund, which upon legislative appropriation supports a variety of state activities that have some environmental connection.

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)
- 4) Allocates funds from the Environmental License Plate Fund to the California Environmental Protection Program (Public Resources Code section (PRC) 21191).

FISCAL EFFECT: Unknown.

COMMENTS: This bill authorizes DMV to establish the blackout license plate with a black background and white lettering. DMV would not begin production of the plate unless it has collected 7,500 prepaid commitments for the plate by January 1, 2030.

According to the author, "It's no secret that California's standard license plate design is underwhelming, with its white background, blue lettering, and "California" written in cursive red lettering. The Los Angeles Times even published articles about how "California's ugly license plate doesn't reflect our great state" and even had their readers submit new designs for "a less boring California license plate." The DMV's special license plates designs are also lacking relevant and charming designs that its residents want to purchases. The only plate that generates millions in revenue for the State is the Black and Gold plate introduced in 2012. Other states who have explored other designs, such as Minnesota and Texas, have generated millions in revenue and are big promoters of the system. It's time that California takes advantage of revenue generators, given that we are approaching a budget shortfall in this year's budget. This bill revisits this same idea by giving residents a blackout option for their license plate, and thereby generating revenue for our state."

*According to the Los Angeles Times article *California's Ugly license Plate doesn't reflect our Great State*, "Our home state of California must have the most uninspired license plate in America. Just a plain white background with blue letters and numbers, and a red "California" scrawled across the top in an ugly cursive font. As if that's not bad enough, the lower portion of the plate says 'dmv.ca.gov,' which might be the most boring combination of letters ever written.*

It's time for an update. California has so much to brag about. Ocean. Mountains. Sunshine. Earth's biggest trees. A through line of entrepreneurship and creativity that's shaped the human experience from the gold rush to Hollywood and Silicon Valley. We should not have such a boring plate."

How is this license plate bill different from most other license plate bills? Most specialized license plate bills have a state sponsor of the plate. Generally, these plates cost more and the customer also must pay an additional amount if they wish to have it personalized. After reimbursing the DMV for administrative costs, the state sponsor of the plate receives the additional funds generated by the license plate. If a person opts to personalize the characters of the plate, the additional revenue generated by those fees goes to the Environmental License Plate Fund (ELPF), which then directs funding to the California Environmental Protection Program.

This plate is modeled after the California Legacy License Plate Program. AB 1658 (Gatto), Chapter 720, Statutes of 2012 established the California Legacy License Plate Program which required DMV to sponsor three separate license plates using the design of legacy plates from the 1950s, '60s, '70s and '80s. 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 legacy plate does not charge an additional fee for the personalization of the characters of the plate. The sponsor of the plate, DMV, is reimbursed for the administrative costs associated with the plate and all remaining revenue is directed towards the ELPF.

Similarly, under this bill, a person who opts to get a blackout plate would pay the same fees as a legacy plate and would not have to pay additional fees to personalize the license plate. By structuring this plate in a manner similar to the legacy plate, regardless of if a person purchases a legacy plate or blackout plate all of the funds are directed to the ELPF.

The black and yellow plate is the most popular specialized license plate in California. In fiscal year 2023-2024 the plate brought in an additional \$44.4 million for the California Environmental Protection Program. The second most successful plate, the kid's plate, brings in substantially less money at \$2.9 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 legacy plate is that unlike other specialized license plates, the black and gold plate does not charge an additional fee to personalize the plate. *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. However, even after winning the Super Bowl in 2021, the Los Angeles Rams' plate has not received enough prepaid commitments to be created. The San Francisco 49ers had to pay for their fans license plates in order for them to get past the 7,500 prepaid commitment threshold to create a new license plate.

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. Two bills to renew applications for legacy license plates were introduced in the 2023-2024 session. Both were held 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.

Committee concerns: 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."

In the Governor's proposed 2025-2026 budget, the Governor warned that "Given the projected fiscal constraints in the MVA by 2025-26, the Administration will continue to prioritize fiscal discipline and will set a high bar for any new workload or initiatives beyond the DMV's existing operational priorities. By focusing on core operational priorities, the DMV will focus on serving Californians while navigating the MVA's fiscal constraints."

The Legislature should consider if establishing a new license plate is an operational priority for the DMV.

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 1980 (Grayson) would have extended the deadline for the California Legacy License Plate Program to provide additional time for DMV to collect prepaid commitments for the license plates that failed to meet the 2016 deadline established by AB 1658. That bill was held on suspense by Assembly Appropriations Committee.

AB 378 (Grayson) of 2023 was nearly identical to AB 1980. That bill was held on suspense by Assembly Appropriations Committee.

REGISTERED SUPPORT / OPPOSITION:**Support**

None on file

Opposition

None on file

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