

Date of Hearing: May 14, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

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

Policy Committee: Transportation

Vote: 15 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

**SUMMARY:**

This bill creates the California Blackout License Plate—a specialized license plate with a black background with white lettering.

Specifically, this bill directs the Department of Motor Vehicles (DMV) to create the California Blackout License Plate Program, upon receipt of 7,500 paid applications for California Blackout License Plates. Applicants for the license plate are to pay fees, as follows, in addition to regular fees for original registration or renewal of registration:

- 1) \$50 for the original issuance of the plates.
- 2) \$40 for a renewal of registration with the plates.
- 3) \$15 for transfer of the plates to another vehicle.
- 4) \$35 for each substitute replacement plate.
- 5) \$38, when statute does not require the payment renewal fees (for example, a vehicle stored in a privately owned offstreet parking facility).

The bill authorizes DMV to use funds from fees paid by applicants for Blackout License Plates to pay its costs to administer the program, and directs DMV to deposit all other revenue in the existing California Environmental License Plate Fund.

The bill provides that DMV has received fewer than 7,500 applications by January 1, 2030, then it is to refund related fees to every application for a Blackout License Plate.

**FISCAL EFFECT:**

This bill will result in costs to DMV in excess of \$150,000 (Motor Vehicle Account).

DMV anticipates the bill resulting in costs during two phases: (1) prepaid application gathering and (2) implementation upon qualification.

1) *Prepaid application gathering.*

- a) DMV contends it will need to develop a new online ordering process for the two specialty plate programs, and notes similar automation efforts have exceeded \$500,000,

though DMV acknowledges actual costs will depend on the costs to acquire technologies and services.

- b) Additionally, DMV contends it will need to undertake a years-long statewide marketing campaign to publicize the new plate programs, to best ensure the programs each meet the 7,500 application threshold by January 1, 2030. DMV projects such a campaign would likely cost tens of thousands to low hundreds of thousands of dollars in staff time to manage any outreach and media efforts. . DMV warns it is not clear such costs would be considered “administrative costs” that DMV could recoup from specialized plate application fees; nor is it clear how DMV would recoup these costs, should each specialized plate program receive fewer than 7,500 prepaid applications by January 1, 2030.

DMV’s cost estimate for this campaign may be accurate and its warnings merited, and it is reasonable to expect, based on experiences with other specialized license plates, that fewer than 7,500 applicants might prepay fees for either of the two new specialized license plates; however, nothing in the bill requires DMV to undertake such a marketing campaign.

- 2) **Implementation.** – DMV will incur implementation costs associated with each of the two specialized plates that meets the 7,500 prepaid application threshold by January 1, 2030. DMV asserts it is unable to estimate these implementation costs because the department would incur them after the completion of DMV’s comprehensive information technology overhaul, which DMV calls the “Enterprise Modernization Project – the Digital eXperience Project (DXP),” and that DMV would need to modify the new IT system to accommodate the new specialized plate programs. DMV notes it would deduct these implementation costs from the fees collected by applicants for the new specialized plates.

The costs described above would be covered by funds in the Motor Vehicle Account (MVA), which is facing insolvency. The Legislative Analyst’s Office (LAO) advises, “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 addition, this bill might result in revenue gain of an unknown amount to the California Environmental License Plate Fund, pursuant to existing law, to the extent fee revenue for the new specialized license plates exceeds DMV implementation costs. DMV notes that most specialized plate programs do not generate significant revenue until at least after the first specialized plate renewal cycle.

## COMMENTS:

- 1) **Purpose.** 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 purchase. 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.

- 2) **Background.** The design of California license plates has varied greatly over the years. While there currently exist many options for specialty California plates, today’s standard-issue California plates feature blue numbers and red lettering on a white background. However, in the not-too-distant past, the standard California license plate looked quite different, depending on the era: black lettering with a yellow background, yellow lettering with a black background and, more recently, yellow lettering with a blue background.

The Legislature passed AB 1658 (Gatto), Chapter 720, Statutes of 2012, to institute the California Legacy License Plate Program. According to the program, DMV is to make available to California vehicle owners three “legacy” license plates that mimic the look of past California license plates, but that include modern safety and visibility standards. The law provides that DMV is to make available only those plates for which it had received at least 7,500 prepaid applications by January 1, 2015. Statute set the fees for these legacy plates at \$50 for the original issuance, \$40 for a renewal of registration, \$15 for transfer of the plates to another vehicle and \$35 for each substitute replacement plate, and directed DMV to deposit any resulting revenue, minus DMV administrative costs, in the California Environmental License Plate Fund. A person applying for a legacy license plate would need pay an additional \$98 fee only if they requested to personalize the numbering that appears on the legacy plate.

DMV received more than the prerequisite number of prepaid applications for only one legacy plate: the yellow-on-black license plate in the appearance of California license plates issued from 1965 to 1968. The plate has become DMV’s most-issued specialty license plate, with approximately 840,000 such plates currently registered and \$41.7 million in revenue generated, \$36.2 million of which has gone to the Environmental License Plate Fund. In some years, revenue from the legacy plate has outpaced by nearly ten times revenue from issuance of any other specialty license plate.

Prior to 2007, any new specialized license plate required specific legislative authorization. This practice was held to be unconstitutional in that the Legislature approved some of the plates, and rejected others, using no standardized or objective criteria for those decisions. Pursuant to AB 84 (Leslie), Chapter 545, Statutes of 2006, the DMV will issue specialized license plates when sponsored by a state agency, and a state agency does not need additional statutory authorization to sponsor a specialized license plate. The plate’s message and resulting revenues must support that agency’s program. Before DMV will establish a state-agency-sponsored specialty plate program, the agency must receive at least 7,500 paid

applications. The 7,500-application threshold is to ensure DMV's startup costs are fully covered by the portion of the registration fee surcharge directed to DMV.

It seems reasonable to assume a state agency would agree to sponsor a legacy plate, such as the blackout plate, if the agency were convinced there were sufficient demand for such a plate. After all, the agency would financially benefit from the issuance of such a plate.

- 3) **Prior Legislation.** The Legislature has considered many bills to require DMV to establish various specialized license plates. None of those bills made it through the legislative process, with most—but not all—being held in the appropriations committee of either house. Examples of such bills include AB 378 (Grayson), of the 2023-24 Legislative Session; SB 399 (Umberg), of the 2021-22 Legislative Session; SB 140 (Stern), SB 509 (Portantino) and SB 593 (Umberg), each of the 2019-20 Legislative Session; AB 2058 (Acosta), AB 1251 (Allen) and SB 1455 (Stern), each of the 2017-18 Legislative Session; and AB 932 (Daly), of the 2015-16 Legislative Session.

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