

Date of Hearing: January 22, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 1091 (Gallagher) – As Amended March 12, 2025

Policy Committee: Transportation

Vote: 15 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill establishes the Eight-Letter License Plate Program and directs program revenue, among other uses, to compensate local governments for foregone property tax revenue that results from maintaining land as open-space, such as that which occurs pursuant the Williamson Act.

Specifically, this bill, among other things:

- 1) Authorizes a registered owner or lessee of a passenger vehicle, commercial motor vehicle, motorcycle, trailer or semitrailer that is registered with the Department of Motor Vehicles (DMV) to apply for an “eight-letter” license plate of the same color and design as a regular license plate and allows such a person to request a specific combination of letters and numbers.
- 2) Requires such a person to pay a fee of \$48 to DMV for issuance of an eight-letter license plate and a fee of \$38 for renewal of such a plate or for its duplication.
- 3) Allows DMV to cancel and order the return of any eight-letter license plate if (a) it contains any combination of letters and numbers DMV determines carries “connotations offensive to good taste and decency” or “that would be misleading,” subject to hearing, upon request, and (b) it is a duplication of another license plate, not subject to hearing.
- 4) Dedicates \$0.50 of each fee for use, upon appropriation, by “the appropriate agency” to increase public awareness of the new license plate program.
- 5) Directs DMV to revise its website to provide a direct link on its homepage to information on ordering eight-letter license plates.
- 6) Creates the Natural and Agricultural Open Space and State Recreational Support Fund and continuously appropriates monies in the fund for (a) subventions for open-space land programs, (b) assistance to the Department of Food and Agriculture for fairs and (c) support for the Department of Parks and Recreation.

FISCAL EFFECT:

- 1) Significant one-time costs, likely in the millions of dollars, to DMV to update databases and forms that contain license plate information to accommodate an additional character field (Motor Vehicle Account (MVA)).

- 2) One-time, potentially significant costs, to DMV to update its website to include a direct link on its homepage to information on ordering eight-letter license plates (MVA).
- 3) Significant ongoing costs, likely in the hundreds of thousands of dollars annually, to DMV to administer the Eight-Letter License Plate Program (MVA).
- 4) Potential revenue of an unknown, but potentially significant, amount resulting from registrants choosing eight-letter plates (Natural and Agricultural Open Space and State Recreational Support Fund). If 7,500 registrants chose an eight-letter plate, the fund would receive \$360,000 in the first year of issuance of the plates and \$285,000 each year the plates are renewed.
- 5) Potential revenue loss of an unknown, but potentially significant, amount to various special funds, such as the Environmental License Plate Fund, to the extent registrants choose eight-letter license plates instead of other special interest license plates. For example, if 7,500 registrants choose eight-digit license plates who each would have otherwise chosen a “California 1960s Legacy” license plate, the Environmental License Plate Fund would see a reduction in revenue of \$375,000 in the first year of issuance of the plates and \$300,000 each year the plates are renewed.
- 6) The California Highway Patrol (CHP) estimates costs to update applications and databases would be minor and absorbable. Nonetheless, CHP warns doing so will take significant time and implementation by January 1, 2027, would be infeasible.

The MVA—the main funding source for CHP and DMV—remains in structural deficit. Accordingly, the Governor’s Budget asserts “Given the ongoing fiscal constraints in the MVA, the Administration will continue to limit new workload or initiatives, including those with delayed implementation dates that would create additional cost pressures over time.”

COMMENTS:

- 1) **Purpose.** The author describes this bill as a way to provide funding for the Williamson Act:

A lack of funding for the Williamson Act results in reductions to open spaces in California, putting at risk vital agricultural lands, wildlife, and open recreation. The 8-Letter License Plate Program creates an opportunity to generate new revenue for already underfunded programs without raising taxes or mandating new fees
- 2) **Background.** State law requires DMV issue a license plate for every vehicle it registers and requires a license plate issued by DMV be affixed to the vehicle for which the plate was issued. Presently, standard-issue license plates consist of seven characters, in following sequence—a number, three letters and three numbers (0AAA123, for example). The DMV will issue a new license plate for a vehicle when a person buys a new vehicle, replaces lost, stolen or damaged plates or surrenders special interest license plates.

DMV charges a license plate fee of \$28, which it collects as part of the annual vehicle registration fee. In addition, statute authorizes DMV to offer a variety of license plates with designs that differ from the design of standard license plates. The most popular of such special license plates is the California 1960s Legacy plate, which features gold lettering on a

black field, and the “Whale Tail” plate. Per statute, DMV charges \$50 for the original issuance of each type of plate, and \$40 for annual renewal of such a plate. In the case of both the legacy plate and the whale tail plate, statute dedicates fee revenue to environmental protection and access, after the deduction of administrative costs. In addition, DMV currently offers several other types of special plates for similar registration and renewal fees, the proceeds of which fund various causes, including childhood education, animal protection and veterans’ services.

What’s more, existing statute allows a state agency to apply to DMV to sponsor a specialized license plate program, provided the plate in some way publicizes or promotes the state agency or its official policy, mission or work. Statute requires DMV issue such a specialized license plate only after DMV has received at least 7,500 applications for that agency’s specialized license plates, along with associated fees.

This bill envisions the availability of an eight-character plate and sets registration and renewal fees at \$48 and \$38, respectively, slightly below similar fees for most other special license plates. The bill dedicates such funds to subventions for open-space land programs, assistance for fairs and support for state parks.

As evidenced by the author’s statements in support of the bill, the author intends proceeds from eight-character plate fees to fund the Williamson Act, which is a longstanding state program whereby a landowner may enter into a contract with a local government to maintain their lands in agricultural use in exchange for favorable property tax treatment. Given the state costs described above, as well as the related and substantial private costs to revise computerized systems and forms currently designed to accommodate only seven-digit license plate data, it might be more cost effective to either convince a state agency to sponsor an open-space special license plate or secure open-space subvention funding through the state budget process.

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