

Date of Hearing: April 20, 2026

ASSEMBLY COMMITTEE ON TRANSPORTATION

Lori D. Wilson, Chair

AB 2437 (Chen) – As Amended April 9, 2026

SUBJECT: Impounded vehicles

SUMMARY: Requires an impounding agency to accept valid bank debit cards and prohibits an impounding agency from requiring a legal owner or legal owner's agent to present any documentation other than the documents specified in statute to obtain a vehicle from an impounding agency after it has been impounded.

EXISTING LAW:

- 1) Requires a person to provide the following in order to recover a vehicle from an impounding agency when their vehicle was impounded for driving on a suspended or revoked license or driving a vehicle without an ignition interlock device if required:
 - a) The assignment or repossession order;
 - b) Government issued identification card;
 - c) A release from the responsible governmental agency (only if that specific agency requires it);
 - d) The legal owner or agent must provide any one of the following:
 - i. A Certificate of Repossession for the vehicle.
 - ii. A Security Agreement for the vehicle.
 - iii. The Title (paper or electronic) showing proof of legal ownership.
 - e) If an agent is acting on behalf of the legal owner, the impounding agency may also require:
 - i. A copy of the agent's repossession agency license or registration.
 - ii. Exemption Proof: If the agent is not licensed, they must demonstrate they are exempt from licensure. (Vehicle code section VEH 14602.6)
- 2) Makes it a misdemeanor for any tow yard, impounding agency, or governmental agency, or any person acting on behalf of those entities, to refuse to release a vehicle or other collateral to anyone that is legally entitled to that vehicle or other collateral. This subdivision does apply to a vehicle being held for evidence by law enforcement or a prosecuting attorney. (VEH 10856, 40000.9)
- 3) Provides that any misdemeanor under the vehicle code is punishable by a maximum sentence of up to six months in county jail with a maximum fine up to \$1000 unless otherwise specified (VEH 40000.28 and Penal Code Section 19).

FISCAL EFFECT: Unknown

COMMENTS: *According to the author,* “Currently, consumers and repossessioners face delays in retrieving impounded vehicles due to administrative burdens and inconsistent release procedures in code. This bill seeks to lift those burdens and prevent delays by ensuring that debit cards can be utilized when retrieving a impounded vehicle from the tow yard, that only the documentation required by statute is needed for a repossessioner to retrieve a vehicle from a tow yard, and streamlining vehicle codes to utilize one, consistent, release procedure that requires expired registration be current before a consumer can retrieve their vehicle from a repossession agency.”

Debit cards. The debit card has been around since 1966 and started as a pilot program by the Bank of Delaware. In 1990 there were around 300 million debit card transactions. By 2009, prepaid cards and debit cards were used in 37.6 billion transactions. Despite this, the sponsors of this bill claim that towing and storage facilities are refusing to accept debit cards as a form of payment in order to keep cars longer so that they can charge higher fees or even sell the cars at auction. They also claim storage facilities are requiring them to provide additional document than what is required by law in order to prolong storage of a vehicle.

In order to address this problem, this bill adds debit cards to the list of form of payments towing and storage facilities must accept, and requires storage facilities to accept a combination of payments, and if their credit or debit card machine is not working, requiring them to make a telephone call to authorize the charge.

AB 2656 (Chen) of 2018 was substantially similar to this bill but broader in scope. That bill required an impounding agency to accept a debit card for a large variety of tows and if the debit card machine was not working would have required the storage facility to call its merchant processing center to process the transaction. This bill only requires a debit card to be accepted if a tow was a result of a person driving on a suspended or revoked driver's license or for driving without an ignition interlock device if required by law. AB 2656 was vetoed by Governor Brown. In his veto message, he stated:

“I am returning Assembly Bill 2656 without my signature.

This bill requires towing and storage facilities to accept a debit card as a form of payment and allows licensed repossessioners to collect vehicles from these facilities.

Current law allows a registered owner, a legal owner or an owner's agent to claim an impounded vehicle. It is unclear to me why licensed repossessioners should be added to this list.”

Unlike AB 2656, this bill does not add licensed repossessioners to the list of entities that can retrieve a vehicle.

The California Association of Licensed Repossessioners, *the sponsors of this bill*, argue “Current law allows for credit cards to be used when retrieving a vehicle from impound. AB 2437 would clarify that debit cards must also be accepted. The bill would also ensure that no paperwork outside of the required documents be necessary for retrieving a vehicle from impound. This will ensure consumers can save money when their vehicle is repossessed from a tow yard while the repossessioner searches for additional paperwork that is not required in statute.”

Prior legislation. AB 2656 (Chen) of 2018 would have required impounding agencies to accept debit cards. That bill was vetoed by Governor Brown.

AB 515 (Hagman), Chapter 322, Statutes of 2009, made numerous changes to the Collateral Recovery Act, including requiring impound agencies to accept a valid bank credit cards or cash.

REGISTERED SUPPORT / OPPOSITION:**Support**

California Association of Licensed Repossessors

Opposition

None on file

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