
THIRD READING

Bill No: AB 2437
Author: Chen (R)
Amended: 8/21/26 in Senate
Vote: 21

SENATE TRANSPORTATION COMMITTEE: 13-0, 6/23/26
AYES: Cortese, Strickland, Archuleta, Arreguín, Blakespear, Dahle, Gonzalez, Grayson, Menjivar, Richardson, Seyarto, Valladares, Wiener

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

SENATE FLOOR: 39-0, 8/10/26 (Consent)
AYES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
NO VOTE RECORDED: Alvarado-Gil

ASSEMBLY FLOOR: 73-0, 8/13/26 - See last page for vote

SUBJECT: Impounded vehicles

SOURCE: California Association of Licensed Repossessors

DIGEST: This bill requires an impound agency to accept a debit card as a form of payment and prohibits them from requiring the presentation of any documents other than those listed in statute to release a vehicle.

Senate Floor Amendments of 8/21/26 (1) incorporate amendments to Section 14602.6 of the Vehicle Code that are proposed by AB 1830 (Petrie-Norris, 2026) making minor language changes to the existing statute; (2) incorporate the updated language regarding debit cards from AB 2437 into the new version of section 14602.6 proposed by AB 1830, to take effect in 2031; and (3) make some technical changes to conform language throughout the rest of the bill.

ANALYSIS:

Existing law:

- 1) Establishes that a peace officer may seize a vehicle when they determine that:
 - a) The driver is driving without a license, on a suspended or revoked license, or driving without an Ignition Interlock Device (IID), when such a device is required (Vehicle Code [VEH] §14602.6);
 - b) The driver attempts to flee from a peace officer, engages in reckless driving, as defined, or participates in an exhibition of speed (VEH §14602.7);
 - c) The driver is under the influence of alcohol (VEH §14602.8);
 - d) The vehicle is operating as an unlicensed vehicle for hire (VEH §21100.4);
 - e) The vehicle is illegally parked or abandoned, as defined (VEH §22651);
 - f) The vehicle is illegally parked or abandoned on private property (VEH §22658);
 - g) The vehicle is used during the commission of illegal dumping or prostitution, as defined (VEH §22659.5); or,
 - h) The vehicle is being used as part of a nonexempt unlicensed operation to repossess collateral. (VEH §23118)
- 2) Requires, depending on the reason for which the vehicle was impounded, the legal owner or legal owner's agent to provide the following documents to an impound agency to retrieve the vehicle: (VEH §§14602.6, 14602.7, 14602.7, 21100.4, 22658, 2269.5, 23118)
 - a) The assignment or repossession order;
 - b) A government issued photo identification card;
 - c) A release from the responsible government agency, if required;
 - d) If the person is acting as an agent of the legal owner, a copy of the repossession agency license, or demonstrated proof that they are exempt for

licensure; and,

e) One of the following:

i) A certificate of repossession for the vehicle,

ii) A security agreement for the vehicle, or,

iii) A paper or electronic title for the vehicle.

3) Requires an impounding agency to accept a valid credit card or cash as a form of payment. (VEH §§14602.6, 14602.7, 14602.7, 21100.4, 22651.1, 22658, 22269.5, 23118)

This bill:

- 1) Prohibits an impounding agency from requiring any documents other than those already laid out in statute before releasing a vehicle, when the vehicle is seized under the authorities specified above.
- 2) Requires an impounding agency to accept a debit card as a valid form of payment.
- 3) Makes conforming changes to the code.

Comments

- 1) *Purpose of the bill.* According to the author, “Currently, consumers and repossessioners face delays in retrieving impounded vehicles due to administrative burdens and inconsistent release procedures in code. AB 2437 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.”
- 2) *Vehicle seizure and impoundment.* California law outlines various situations in which a peace officer may seize a private vehicle. Many of these situations are related to parking violations, abandoned vehicles, or vehicles that are not safe to

operate on the street. Other situations pertain to a driver committing a crime directly, such as driving under the influence of alcohol, or driving without a license, or when the vehicle is being used in the commission of a crime, such as prostitution or illegal dumping. Finally, the legal owner of a vehicle, such as a bank or vehicle dealership, may repossess a vehicle when the driver has defaulted on the terms of their lease or financing agreement.

Regardless of the reason a vehicle was seized, it is typically brought to an impound agency. These are private companies that generally partner with law enforcement to retrieve and store seized vehicles. Under California law, these agencies are required to abide by certain rules and regulations regarding their duty to notify vehicle owners of impoundments, and when they must return vehicles to their legal owners. In all instances impound agencies are generally required to obtain proof that the owner has paid off any fines or fees. Furthermore, impound agencies are authorized to charge additional fees to reimburse their costs associated with the vehicle tow, storage, and other expenses.

The law also provides certain requirements for cases where the individual retrieving the vehicle is not the regular operator, but the vehicle's legal owner. Most often this occurs when the vehicle is being leased or financed and is legally owned by a bank or dealership. In these situations, the individual must present an assignment or repossession order for the vehicle; a government issued photo ID; a release from the responsible government agency, if required; and either a certification of repossession, a security agreement, or vehicle title. In some cases, legal owners such as banks will hire licensed repossessioners to retrieve the vehicles. These are private, third-party companies that contract with banks and other entities to retrieve collateral. In the case of retrieving an impounded vehicle, a licensed repossessioner must also present a copy of their repossession agency license, or proof that they are exempt for licensure.

- 3) *Difficulties retrieving vehicles.* Both private individuals and licensed repossessioners have reported difficulties in retrieving vehicles they are entitled to from impound agencies. On the individual side, this most often takes the form of impound agencies not accepting particular forms of payment. For instance, while current law requires an impound agency to accept cash or credit cards as valid forms of payment, it does not require them to accept debit cards. However, the use of debit cards is incredibly widespread, with one report finding that 85% of Americans have at least one debit card. Thus, an impound agency that does not accept debit cards may defacto make an individual unable

to pay, denying them access to their vehicle and causing them to rack up additional fees.

On the licensed reposessor side, some reposseors have reported instances of impound agencies requiring additional documents beyond those laid out in state law in order to release a vehicle. Such documents can include a copy of the original lease or financing contract, a hold harmless agreement, or certain Department of Motor Vehicle (DMV) forms. According to the reposseors, this delays their ability to collect vehicles and racks up additional fees for the legal owners.

AB 2437 seeks to address these problems by requiring impound agencies to accept debit cards as a valid form of payment, and by preventing impound agencies from requiring any additional documentation other than that listed in statute before releasing a vehicle. Writing as a sponsor of the bill, the California Association of Licensed Reposeors states, “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 reposessor searches for additional paperwork that is not required in statute.”

- 4) *Previous attempts at similar policy.* AB 2656 (Chen, 2018) was substantially similar to this bill in that it 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. Furthermore, AB 2656 expanded the situations in which licensed reposseors could retrieve vehicles from impound agencies. This bill was vetoed by Governor Brown on the basis that this expansion of licensed reposseors’ abilities to retrieve vehicles was unnecessary. AB 2437 does not contain this provision.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

SUPPORT: (Verified 8/24/26)

California Association of Licensed Reposeors (source)

OPPOSITION: (Verified 8/24/26)

None received

ASSEMBLY FLOOR: 73-0, 8/13/26

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Boerner, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
NO VOTE RECORDED: Alvarez, Berman, Bonta, Lee, Petrie-Norris, Schultz

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