SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 2734 (Hart) - Vehicles: special interest license plates

Version: July 2, 2026
Urgency: No
Hearing Date: August 3, 2026

Policy Vote: N.R. & W. 7 - 0
Mandate: No
Consultant: Ashley Ames

Bill Summary: This bill would revise the formula for how funds from the Whale Tail environmental specialty license plate are allocated.

Fiscal Impact:
- This bill may result in an annual redirection of approximately $3 million (based on recent annual revenue estimates, which may increase or decrease year to year) in annual Whale Tail License Plate revenues from the Environmental License Plate Fund (ELPF) to the California Beach and Coastal Enhancement Account (CBCEA) and the Coastal Access Account (CAA) to support the Coastal Commission's and State Coastal Conservancy's coastal access and outdoor education programs.

Background: The Whale Tail License Plate is an official specialty license plate issued by the DMV. Proceeds from sales of the plate benefit Coastal Commission's Adopt-A-Beach Program, California Coastal Cleanup Day, and a wide variety of environmental projects throughout the state.

The cost is $50 for a standard numbered plate and $103 for a plate with a personalized message. The majority of the cost and the entire annual renewal fee ($40 for the standard plate and $83 for a personalized plate) is tax deductible.

For nearly 20 years, in addition to contributing a majority of its revenue to the ELPF, the Whale Tail plate was also the highest selling specialty plate in the state. Even though the Coastal Commission only received 25-30% of the revenues, sales volume generated enough funding to cover Whale Tail grants under the Whale Tail Grant Program (see below) and other program costs.

About a quarter of a million plates have been issued over the program's 20-year history with revenues totaling more than $35 million. The funding, after subtracting the DMV's administrative costs, is divided evenly between the California Beach and Coastal Enhancement Account and the ELPF.

Environmental License Plate Fund (ELPF). The ELPF was established in 1979 as a depository for revenues collected from personalized license plates to fund various natural resources and environmental protection-related programs.

The Environmental Protection Program (Program) is funded by the ELPF to support projects preserving and protecting the environment, including control and abatement of air pollution generated by motor vehicles, preservation and restoration of ecological reserves, environmental education, and protection of threatened species. CNRA is responsible for development of the Program and determining its priorities.

Many, but not all, specialty license plates contribute a portion of their revenues to the ELPF. Only the Whale Tail plate and the Yosemite plate contribute 75% of their revenues to the ELPF. The statutory frameworks for other specialty plates have more equitable terms, allowing the sponsoring organization to retain between 50% and 100% of their total revenue.

All sponsored specialty plates created since 2002 retain all their specialty plate base fees (which is usually about 50% of total revenue) for the sponsoring organization for which the plate was established (apart from a small administrative fee to the DMV), and allocate all of the personalization revenue to the ELPF for an average 50-50 revenue share. The sponsoring organizations of some plates, such as Memorial and Veterans, retain 100% of their revenue, both special plate fees and personalization fees (minus the DMV charges).

The California 1960s Legacy Plate (Legacy Plate) has no sponsoring organization. *All* of its specialty fees are deposited into the ELPF. The popular black and yellow Legacy Plate was authorized in 2012 (AB1658, Gatto) and hit the streets in 2015. The Legacy Plate has no sponsoring organization, so 100% of its revenue goes into the ELPF. The Legacy Plate rocketed to popularity immediately, outselling the Whale Tail by nearly double in the first year. The plate has proven so popular with California motorists that in 2025 it outsold all the 13 other specialty plates combined by nearly five times. In 2025, California drivers purchased 66,480 Legacy plates and generated more than $46.8 million for the ELPF.

The Legislative Analyst's Office (LAO) reports that the ELPF has experienced periodic fund condition challenges in the past. Most recently, a structural imbalance has emerged related to both expenditures and revenues. ELPF revenues have been relatively flat over the past few years. Notably, the administration indicates that when it proposed augmentations in expenditures to the fund in recent years, it assumed that revenues from additional license plates would increase sufficiently to support both those new costs and the rising costs of existing activities. However, the revenue growth the administration had anticipated has not yet materialized. The administration estimates the fund will have an annual gap of approximately $9 million between existing revenues (~$67 million) and current expenditures (~$76 million).

CNRA is identifying stopgaps, including working on expanding the pool of available license plates—such as through partnerships with National Football League team foundations on specialized plates—to attract additional customers who do not yet have a specialized plate and thereby generate additional revenue for ELPF. The 49ers football team sponsored a specialty license plate through CNRA, and the DMV has received 7,500 deposits for the plate and will begin issuing them shortly. The Los Angeles Rams have expressed interest in doing the same, which would further augment the ELPF bottom line.

Proposed Law: This bill would:

1. Require, after deducting its administrative costs, the DMV to deposit the additional revenue derived from the issuance, renewal, transfer, and substitution of special environmental design license plates on and after January 1, 2027, as follows:
   a. One-half in the California Beach and Coastal Enhancement Account within the ELPF.
      i. Require, upon appropriation by the Legislature, the moneys in the account be allocated by the Controller to the Coastal Commission for expenditure for the Whale Tail Grants Program, the Adopt-A-Beach program, the Coastal Cleanup Day program, and other coastal public education programs.
   b. One-half in the Coastal Access Account within the State Coastal Conservancy Fund for support of the State Coastal Conservancy's Explore the Coast grants.

2. Include within that revenue the additional fees for personalized environmental license plates prescribed in Vehicle Code §§5106 and 5108, which prior to January 1, 2027 are deposited in the ELPF.

Staff Comments: The California Natural Resources Agency (CNRA), which administers the ELPF, notes the ELPF is oversubscribed and unable to accommodate any revenue transfers. For fiscal year (FY) 2026-27, CNRA projects approximately $76 million in total resources in the ELPF and approximately $73 million in projected expenditures, leaving a fund balance of about $3 million at the end of the FY. CNRA argues that without additional revenues or expenditure cuts, the ELPF will likely be in a structural deficit by FY 2027-28.

Current law requires the Department of Motor Vehicles (DMV), in consultation with the Commission, to design a special environmental license plate with a coastal motif – also known as the Whale Tail License Plate – and establishes the fee structure as follows: $50 for the original issuance of the plate, $40 for renewal of registration of the plate or retention of the plate, $15 for transfer of the plate to another vehicle, and $35 for each substitute replacement plate.

The Whale Tail License Plate generates approximately $4 million annually. About $2 million of this revenue comes from the sale, renewal, and replacement of plates. These funds are split evenly between the Commission's Whale Tail Grant Program and the ELPF, which supports a variety of environmental priorities within CNRA. The other $2 million comes from "personalization" fees, and existing law allocates 100% of these fees into the ELPF. According to the Commission, the net result of this allocation is that the Commission receives only about 25% of Whale Tail plate sale revenues and the ELPF receives approximately 75%.

The Coastal Commission notes that while the ELPF is technically oversubscribed and supports many vital, ongoing environmental programs, there is a great deal of flexibility in its annual allocation, including one-time expenditures. Given this context, as well as the fact that three new specialty sports plates (the Rams Plate, the 49ers Plate, and the

Los Angeles Football Club Plate) will likely go on sale within the next year, the Commission asserts it is reasonable to assume that redirecting $3 million from the ELPF to fund the two coastal grant programs will likely be more than offset by the continuing upward trend of the ELPF overall, leaving long-term baseline funding for departments intact

Revising the allocation formula. This bill would divide the license plate fees evenly with 50% for the California Beach and Coastal Enhancement Account for appropriation to the Coastal Commission for expenditure for the Whale Tail Grants Program, the Adopt-A-Beach program, the Coastal Cleanup Day program, and other coastal public education programs, and the other 50% for the Coastal Access Account for the State Coastal Conservancy's Explore the Coast grants.

California Beach and Coastal Enhancement Account. Fifty percent of the funds under this bill would be deposited into the California Beach and Coastal Enhancement Account for the following programs:

Whale Tail Grants Program. These grants fund projects that support experiential education and stewardship of the California coast and its watersheds, with an emphasis on engaging communities that have less access to such opportunities due to systemic and geographic barriers. From 1998 to 2025, the Whale Tail Grant program has distributed $25.5 million to 1,074 grants. The local government grants funded under the current statutory framework are supported through the broader Whale Tail Grants Program, so this bill maintains funding for those grants.

Adopt-A-Beach program. Heal The Bay's adopt-a-beach program is funded solely through the license plate program, allowing the organization to conduct more than 400 cleanups in the Santa Monica Bay. Those beach cleanups get people hand picking the tiny pieces of trash that beach maintenance crews are just unable to collect at that scale.

Coastal Cleanup Day program. This annual event brings together thousands of volunteers to clean beaches and waterways, contributing to the overall effort to keep the coast clean and healthy. Coastal Cleanup Day is the updated name for what used to be called Beach Cleanup Day; this funding remains unchanged under this bill.

State Coastal Conservancy Fund. The other 50% of the funds would be allocated to support of the State Coastal Conservancy's Explore the Coast grants. Since 2016, the Coastal Conservancy has awarded more than 350 grants through the Explore the Coast program, totaling more than $19 million. These grants have helped an estimated 388,000 people access and enjoy the coast, often for the first time. Examples of Explore the Coast grants include:

- The Amah Mutsun Land Trust's Summer Camp provides Native American youth meaningful and fun experiences to enjoy their coastal ancestral territory on the San Mateo and Santa Cruz coast while learning about coastal conservation and traditional ecological knowledge.
- Salted Root's Community Soul Surfer Program offers surfing lessons, history, and ocean education for women and girls who identify as Black, Indigenous, or people of color primarily from Alameda and other Bay Area Counties.

Because this reformulation is redirecting more money to the Coastal Commission for its programs (since 50% would no longer be split with Coastal Conservancy), and directing the 50% currently allocated to ELPF instead to the Coastal Conservancy, there will be a reduction in revenues for the ELPF, potentially adding to the concerns raised by the LAO.

However, the effect of the Legacy Plate, the state's most popular specialty plate, contributing 100% of its revenues to the ELPF has generated record funding levels, which continue to increase annually. Meanwhile, the Whale Tail plate still contributes approximately ¾ of its relatively minor amount of revenue to the ELPF, while retaining only ¼ to support Whale Tail grants, staff, and program overhead. The amount of Whale Tail funding contributed to the ELPF has now become relatively insignificant to the ELPF, but it could provide a critical lifeline for the Whale Tail grant program.
It has also been suggested that the reason for the ELPF structural imbalance is that, despite the increased revenue from the Legacy Plates, expenditures out of the ELPF continue to increase.

Budget context. The 2026 Budget Act includes the following related to ELPF:

- Sierra Nevada Conservancy: $214,000 ELPF ongoing and 2 positions to realign accounting resources.
- California Tahoe Conservancy: $500,000 one-time reimbursement authority to the ELPF for the study phase of the Upper Truckee Marsh South project, which would improve biodiversity, climate resilience, water quality, and recreation at the site of the Lake Tahoe Blvd Demolition and Site Stabilization project.
- CDFW: $1.02 million one-time Fish and Game Preservation Fund to backfill existing ELPF-funded activities in order to redirect ELPF to the Coexisting with Wildlife Initiative for proactive mitigation of human-wildlife conflict and safe coexistence with native wildlife.
- Coastal Commission: $183,000 one-time from the CBCEA for a temporary Public Education position — the same account and program area this bill would expand.

-- END --