
THIRD READING

Bill No: SB 1029
Author: Seyarto (R), et al.
Introduced: 2/10/26
Vote: 21

SENATE TRANSPORTATION COMMITTEE: 12-0, 4/14/26
AYES: Cortese, Strickland, Archuleta, Arreguín, Blakespear, Dahle, Gonzalez,
Grayson, Menjivar, Richardson, Seyarto, Wiener
NO VOTE RECORDED: Valladares

SENATE APPROPRIATIONS COMMITTEE: 7-0, 5/14/26
AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

SUBJECT: Vehicle lien sales: Department of Motor Vehicles: notice

SOURCE: Author

DIGEST: This bill requires the Department of Motor Vehicles (DMV) to notify the owners of a vehicle sold on a lien sale of any balance from the proceeds of the sale, the amount of funds that were forwarded to DMV, and information on how to file a claim to retrieve the funds.

ANALYSIS:

Existing law:

- 1) Provides that every person has a lien dependent upon possession for the compensation to which the person is legally entitled for making repairs or performing labor upon, and furnishing supplies or materials for, and for the storage, repair, or safekeeping of, and for the rental of parking space for, any vehicle of a type subject to registration under the Vehicle Code, subject to the limitations set forth in this chapter. (Civil Code (CIV) §3068)

- 2) Specifies that a lien shall be deemed to arise at the time a written statement of charges for completed work or services is presented to the registered owner or 15 days after the work or services are completed, whichever occurs first. (CIV §3068)
- 3) Establishes the process to conduct a lien sale for any vehicle with a value determined to be over four thousand dollars (\$4,000) as follows:
 - a) A lienholder must apply to DMV for the issuance of an authorization to conduct a lien sale with an application that includes a description of the vehicle; the names and addresses of the registered and legal owners of the vehicle, and the name and address of any person whom the lienholder knows, or reasonably should know, claims an interest in the vehicle; and, a statement of the amount of the lien and the facts that give rise to the lien.
 - b) Upon receipt of the application, DMV shall, by certified mail, send a notice, a copy of the application, and a return envelope preaddressed to DMV to the registered and legal owners, and to any other person whose name and address is listed in the application.
 - c) The notice must include the following information: a notice of a pending lien sale, a notice that the person has a right to a hearing in court, a Declaration of Opposition form, and details of the court and opposition process, among other information, as specified.
 - d) The lienholder shall give notice of the sale by advertising once in a newspaper of general circulation published in the county in which the vehicle is located. Alternatives are provided if there is no newspaper published in the county.
 - e) The lienholder must also send a Notice of Pending Lien Sale form 20 days prior to the sale but not counting the day of sale, by certified mail with return receipt requested to the registered and legal owners of the vehicle, all persons known to have an interest in the vehicle, and DMV.
 - f) The legal or registered owner may redeem the vehicle upon the payment of the amount of the sale, all costs and expenses of the sale, together with interest on the sum at the rate of 12 percent within ten days of the sale. (CIV §3071)

- 4) Establishes the process to conduct a lien sale for any vehicle with a value determined to be at or under four thousand dollars (\$4,000), similar to the process described above, with the following differences:
 - a) Rather than DMV notifying the owner of the vehicle of the lien sale, the lienholder shall send a completed Notice of Pending Lien Sale form, a Declaration of Opposition form, and a return envelope preaddressed to DMV, to the registered owner and legal owner, and to any other person known to have an interest in the vehicle. The lienholder shall additionally send a copy of the completed Notice of Pending Lien Sale form to DMV.
 - b) At least 10 days prior to and including the day of the sale, the lienholder shall post a Notice of Pending Lien Sale form with the specific date and exact time of the sale in a conspicuous place on the premises of the business office or at the site of the forthcoming sale. (CIV §3072)
- 5) Establishes the process for the disposal of proceeds of a vehicle lien sale as follows:
 - a) The amount necessary to discharge the lien and the cost of processing the vehicle shall be paid to the lienholder.
 - b) The balance, if any, shall be forwarded to DMV within 5 to 15 days, depending on the value of the vehicle, and deposited in the Motor Vehicle Account (MVA) in the State Transportation Fund.
 - c) At any point within three years of the sale any person claiming an interest in the vehicle may file a claim with DMV for any portion of the funds from the lien sale that were forwarded to the department. Upon determination by DMV that the claimant is entitled to an amount from the balance, the department shall pay that amount to the claimant. (CIV §3073)

This bill:

- 1) Requires DMV, within 14 days of receiving the balance from the proceeds of a vehicle lien sale, to provide mailed notice specifying the amount of funds that were forwarded to DMV and how to file a claim to retrieve the funds.

- 2) Specifies that the notice must be provided by certified mail and with return receipt requested to the registered and legal owners of the vehicle and all persons known to have an interest in the vehicle.

Comments

- 1) *Purpose of the bill.* According to the author, “Between 2016 and 2024, the DMV collected more than \$8 million in surplus lien sale funds, yet current practice does not require any direct notice to individuals whose cars were sold. SB-1029 closes this serious consumer-protection gap in California’s lien sale process by ensuring that vehicle owners are actually notified when the state is holding surplus auction proceeds that belong to them. For the families already struggling to make ends meet, that can mean thousands of dollars quietly sit with the state and are eventually forfeited to the DMV if a claim is not made within three years. By requiring certified notice within 14 days of the DMV receiving lien sale proceeds, this bill helps ensure that surplus funds reach the hands to whom they belong, rather than returning to the DMV’s Motor Vehicle Account.”
- 2) *Lien sales.* Existing law provides lienholder rights to a person for compensation to which the person is legally entitled for making repairs or performing labor upon, furnishing supplies or materials for, and for the storage, repair, or safekeeping of, and for the rental of parking space for, any vehicle subject to registration by DMV. The lien arises when a registered owner is presented with a written statement of charges for completed work or services, but if possession is the result of a public agency or private party impound, the lien arises when the vehicle is transported. A lien may be satisfied by getting a court judgment or by selling the vehicle through a lien sale process.

There are two distinct processes for lien sales: one for vehicles valued over \$4,000 and one for vehicles valued at \$4,000 or less. If the vehicle’s value is \$4,000 or less, the registered and legal owners of record will be notified of the lien by the party conducting the lien. If the vehicle’s value is greater than \$4,000, DMV notifies all interested parties.

- 3) *Lien sale notifications.* Owners of vehicles subject to a lien are notified of a pending lien sale before the vehicle is sold. Depending on the value of the vehicle, either DMV or the lienholder must send written notice of the pending lien sale to the registered owner and legal owner at their addresses of record, and to any other person known to have an interest in the vehicle. The notice

must include a description of the vehicle, the details of the lien, a Declaration of Opposition form, and details of opposition process. The owner of the vehicle may submit the Declaration of Opposition form to DMV to contest and pause the sale. The lien sale may only continue if the lienholder then successfully files an action in court.

Vehicles valued over \$4,000 have additional lien sale notification requirements, including an additional notice sent to the vehicle's owner 20 days prior to the sale, and more robust public noticing requirements.

- 4) *Excess Lien Fees.* Excess lien fees are monies received in excess of the lien amount when a vehicle is sold at a lien sale. After a vehicle is sold at a lien sale, the amount necessary to discharge the lien and the cost of processing the vehicle is paid to the lienholder, in addition to a processing fee. Then, any money leftover is sent to DMV. Any person claiming an interest in the vehicle has three years to file a claim with DMV for a portion of the funds from the lien sale. DMV evaluates the claim and pays out the funds based on their determination. However, current law does not require DMV to proactively notify the former owner of the vehicle of these excess funds.

A March 2025 CalMatters article titled *The DMV Makes Millions from Auctioned Cars, and Doesn't Tell the Owners*, reported that “from the beginning of 2016 through fall 2024, the DMV collected more than \$8 million from nearly 5,300 cars sold at auction.” The article noted that although most lien sales end in a loss, some vehicles net large profits (such as a Lamborghini Murciélago Roadster which was sold on a lien sale in 2023 and, after the towing company recouped \$11,332 for the tow, storage and lien sale, \$99,668 was left over). The article raised concerns that the process to recoup excess funds after a lien sale is opaque, and many people do not know whether the sale even resulted in excess money. More recently, DMV launched a lien sale excess fees lookup tool on their website. Vehicle owners can enter their license plate or Vehicle Identification Number (VIN) to see if a refund is available.

- 5) *This bill creates a notification process.* This bill requires DMV, within 14 days of receiving the balance from the proceeds of a vehicle lien sale, to mail a notification to the registered and legal owners of the vehicle and all persons known to have an interest in the vehicle. The notification must include the amount of funds that were forwarded to DMV and information on how to file a claim to retrieve the funds. The notice must be provided by certified mail with

return receipt requested. Return receipt is a form of proof of delivery which is offered for an additional fee by the United States Postal Service.

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

According to the Senate Appropriations Committee:

- DMV would incur one-time costs in the first year, likely in the range of \$350,000, to develop and adopt regulations and to perform necessary IT programming to facilitate sending notifications to registered owners, legal owners, and other persons known to have an interest in a vehicle sold at a lien sale. Costs for a standard regulations package are typically in the range of \$115,000, but can vary depending on the scope and content. DMV estimates that one-time automation costs related to this bill would be approximately \$235,000. Staff notes that these programming efforts would not impact core legacy systems or the department's ongoing IT modernization efforts. (Motor Vehicle Account)
- DMV estimates ongoing costs of approximately \$75,000 annually for staff time and postage necessary to send notices by certified mail with return receipt requested to registered and legal owners, and all persons known to have an interest in the vehicle. (Motor Vehicle Account)

SUPPORT: (Verified 5/14/26)

None received

OPPOSITION: (Verified 5/14/26)

None received

Prepared by: Isabelle LaSalle / TRANS. / (916) 651-4121
5/16/26 10:09:54

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