Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 1029 (Seyarto) – As Amended June 23, 2026

Policy Committee: Transportation Vote: 15 - 0

Urgency: No State Mandated Local Program: Yes Reimbursable: No

**SUMMARY**:

This bill deletes provisions of existing law that direct surplus proceeds of a vehicle lien sale to the Department of Motor Vehicles (DMV) for deposit in the Motor Vehicle Account (MVA) and, instead, directs any such surplus proceeds to the State Controller to be treated as escheated property subject to the Unclaimed Property Law (UPL).

**FISCAL EFFECT**:

This bill requires a change in DMV practice, which the DMV asserts will entail regulatory changes and information technology (IT) costs to allow data exchange with the State Contoller's Office. The DMV estimates costs of up to $115,000 to complete the regulatory process and in the low hundreds of thousands of dollars to implement IT changes. The likely funding source would be the MVA, which the DMV projects to be insolvent in fiscal year 2027-28.

The bill will also entail costs for the State Controller's Office of an unknown, but potentially significant amount (General Fund).

**COMMENTS**:

Current law provides that any person who has made repairs or performed work on a vehicle, or who has stored or kept the vehicle, has a lien against the vehicle for compensation. The law makes such a lien effective when a written statement of charges is presented to the registered owner or 15 days after the work or service is completed, whichever occurs first. The law also provides a process for a lien sale of such a vehicle valued at more than $4,000, as follows:

- The lienholder applies to the DMV for authorization to conduct a lien sale.
- The DMV, upon receipt of the application, sends by certified mail notice and copy of the application, along with a specified form—Declaration of Opposition—to the registered legal owners and to any other person listed on the application.
- In addition, the lienholder notices the sale by advertising once in a newspaper in the county in which the vehicle is located and sends by certified mail a copy of a specified DMV form—Notice of Pending Lien Sale—to the registered and legal owners of the vehicle, all persons known to have an interest in the vehicle and the DMV.

The law establishes a similar, though not identical, process for a vehicle valued at $4,000 or less.

Existing law also prescribes the process for disposal of proceeds from a lien sale. Specifically, the amount needed to discharge the lien and the cost of processing the vehicle is paid to the lienholder, while the balance is forwarded to the DMV, which deposits the amount in the MVA. Any person who claims an interest in the vehicle may file a claim with the DMV within three years of the lien sale, which DMV reviews and pays, if DMV determines the claim to be valid.

This lien-proceeds process differs from how state law treats many other forms of unclaimed property. Specifically, California's Unclaimed Property Law requires holders of abandoned property to transfer the property to the State Controller after a statutory dormancy period, generally three years, after which the state either retains or liquidates the property pending an owner's claim — a structure meant both to reunite owners with their property and to allow the state to use the property for public benefit in the meantime.

In March of 2025, CalMatters released an article titled "The DMV Makes Millions from Auctioned Cars and Doesn't Tell the Owners." In response to the situation, the author introduced this bill to require the state to treat lien sale proceeds pursuant to the Unclaimed Property Law, which generally requires the state to take possession, but not ownership, of unclaimed property. According to the author:

> Between 2016 and 2024, the DMV collected more than $8 million in surplus lien sale funds…This bill helps ensure that surplus funds reach the hands to whom they belong, rather than returning to the DMV's Motor Vehicle Account.

**Analysis Prepared by**: Jay Dickenson / APPR. / (916) 319-2081