SENATE THIRD READING
SB 1029 (Seyarto)
As Amended August 13, 2026
2/3 vote

SUMMARY

Requires the Department of Motor Vehicles (DMV), after three years, to transfer unclaimed funds from the lien sale of a vehicle from the Motor Vehicle Account to the Controller, and for the Controller to treat the funds as escheated property starting January 1, 2030.

COMMENTS

If a person has repaired, furnished materials for, or towed or stored a vehicle and has not been paid for the services rendered, that person has a lien against the vehicle. For example, if a vehicle was towed and the owner did not retrieve it for a few days, the amount owed to the storage yard would increase daily. If the owner was unable to pay the amount owed to the storage yard, the company would have a lien against the vehicle for the amount owed. A lien may be satisfied by getting a court judgment or by selling the vehicle through a lien sale process. To conduct a lien sale, the person/lienholder must have possession of the vehicle. The lien arises (becomes effective) at the time the registered owner is presented with a written statement of charges for completed work or services. However, if possession is the result of a public agency or private property impound, the lien arises when the vehicle is transported (towed).

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.

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 and deposited in the Motor Vehicle Account. 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 availability of these 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.

This bill would revert money leftover after the lien sale to the Controller′s office under California′s UPL.

(UPL) governs the process by which unclaimed personal property escheats (or transfers) to the state. The goal of the law is to both reunite owners with their property and, pending such reunion, allow the state to utilize the property for the public benefit. Under the UPL, the state assumes possession and holds the property in perpetuity as a trustee for the rightful owner. (*Harris v. Westly* (2004) 116 Cal.App.4th 214, 219 (internal quotations omitted), *Bank of America v. Cory* (1985) 164 Cal.App.3d 66, 75.)

The UPL involves three distinct actors: the owner, or the person/entity with the rightful claim to the property; the holder, who is typically the business or financial institution who is in possession of the property that becomes abandoned; and the State Controller who assumes custody of the unclaimed property from the holder and then administers claims, and manages the unclaimed property fund. The holder acts as a fiduciary and must report and remit property to the state when it is presumed abandoned. (Code of Civil Procedure Sections 1530-32.) Once in the Controller′s custody, the property is either retained (in the case of tangible property) or liquidated and deposited in the Unclaimed Property Fund.

The UPL applies to a wide range of intangible personal property, including bank accounts, uncashed checks, wages, stocks, and insurance proceeds. Property is presumed abandoned if it remains unclaimed by its owner for a statutory dormancy period. Once the Controller takes custody of the property it may earn income or interest from the property, which is deposited into the General Fund, while the principal remains subject to claim by the owner indefinitely. (Sections 1540, 1570.)

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. This bill helps ensure that surplus funds reach the hands to whom they belong, rather than returning to the DMV′s Motor Vehicle Account.″

Arguments in Support
According to California′s Cred Unions, ″From a credit union perspective, SB 1029 protects a creditor′s ability to collect proceeds as well as supports broader e□orts to improve financial outcomes for consumers. Credit unions regularly work with members facing financial hardship and ensuring that individuals receive notice of funds owed to them can help strengthen household financial stability and reduce unnecessary financial stress. The bill places a reasonable administrative responsibility on the state while helping consumers access money that is already legally theirs.″

Arguments in Opposition
None on file.

FISCAL COMMENTS

According to Assembly Appropriations Committee:

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.

Costs for the State Controller′s Office should be minor and absorbable.

VOTES

SENATE FLOOR: 33-0-7
YES: Archuleta, Arreguín, Ashby, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Ochoa Bogh, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
ABS, ABST OR NV: Allen, Alvarado-Gil, Becker, Hurtado, Niello, Padilla, Stern

ASM TRANSPORTATION: 15-0-1
YES: Wilson, Davies, Aguiar-Curry, Ahrens, Carrillo, Harabedian, Hart, Hoover, Jackson, Macedo, Papan, Ransom, Rogers, Sharp-Collins, Ward
ABS, ABST OR NV: Lackey

ASM APPROPRIATIONS: 11-0-4
YES: Wicks, Arambula, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache
ABS, ABST OR NV: Hoover, Dixon, Ta, Tangipa

UPDATED

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