UNFINISHED BUSINESS

Bill No: SB 1029
Author: Seyarto (R), et al.
Amended: 8/13/26
Vote: 27

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

SENATE FLOOR: 33-0, 5/22/26
AYES: 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
NO VOTE RECORDED: Allen, Alvarado-Gil, Becker, Hurtado, Niello, Padilla, Stern

ASSEMBLY FLOOR: 76-0, 8/20/26 - See last page for vote

SUBJECT: Vehicle lien sales: proceeds

SOURCE: Author

DIGEST: This bill 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 (MVA) to the Controller, and for the Controller to treat the funds as escheated property starting January 1, 2030.

Assembly Amendments delay enactment of this bill until January 1, 2030, remove provisions pertaining to DMV notifications to vehicle owners, direct DMV to send excess lien sale funds to the Controller after three years, and specify the funds shall be treated as escheated property.

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 section (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) and a separate process for a vehicle valued at or under four thousand dollars ($4,000). (CIV 3072 - 3073)

4) 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 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)

5) Establishes the Unclaimed Property Law (UPL), which establishes when and how intangible property escheats to the state for the state to take custody of, but not own, unclaimed property. (Code of Civil Procedure Section (CCP) 1500 *et seq.*)

6) Provides that property received by the state pursuant to the UPL shall not permanently escheat to the state, and that it is the intent of the Legislature that property owners be reunited with their property. (CCP 1501.5.)

This bill:

1) Delays implementation of the bill until January 1, 2030.

2) Requires DMV, three years after the date any excess vehicle lien sale funds are deposited in the MVA, to transfer the funds to the Controller.

3) Specifies the funds shall be treated as escheated property.

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.* 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 week, 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.

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 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.

   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 sends excess money to the Controller.* This bill would revert money leftover after the lien sale to the Controller's office under California's Unclaimed Property Law (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 UPL, the state assumes possession and holds the property in perpetuity as a trustee for the rightful owner.

   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. 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.

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.

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

According to the Assembly Appropriations Committee:

- This bill requires a change in DMV practice, which DMV asserts will entail regulatory changes and information technology (IT) costs to allow data exchange with the State Contoller's Office. 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 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).

SUPPORT: (Verified 8/20/26)

California Credit Union League

OPPOSITION: (Verified 8/20/26)

None received

ASSEMBLY FLOOR: 76-0, 8/20/26
AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick,

Haney, Harabedian, Hart, Hoover, Irwin, Johnson, Kalra, Krell, Lackey, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NO VOTE RECORDED: Chen, Jackson, Lee

Prepared by: Isabelle LaSalle / TRANS. / (916) 651-4121
8/20/26 13:58:44

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