

- 6) Requires DMV to renew vehicle registrations on an annual basis. (VEH 4601.5)
- 7) Imposes various fees for purposes including the registration of vehicles which must be paid in-full at the time of registration. (VEH 4602)

This bill:

- 1) Requests that the Commission conduct a study on modernizing motor vehicle registration. The study must, at a minimum, analyze the effects of:
 - a) Eliminating physical registration stickers;
 - b) Authorizing the department to issue 2-year motor vehicle registrations; and,
 - c) Authorizing installment payments for motor vehicle registration.
- 2) Requests that a report on the study be submitted to the Legislature no later than January 1, 2028.
- 3) Repeals the provisions specified in this bill on January 1, 2029.

COMMENTS:

- 1) *Purpose of the bill.* According to the author, “By directing the Little Hoover Commission to study the transition to stickerless registration, multi-year cycles, and installment payment options, SB-1042 aims to inform the legislature of way modernize California’s vehicle registration to reflect today’s technological and financial realities. By leveraging proven models from other states this study will identify critical efficiencies that may reduce administrative costs for the state and the public without compromising law enforcement efficacy.

“Current law mandates an annual, paper-based registration process that requires the Department of Motor Vehicles to print and mail millions of physical stickers and registration cards annually. Furthermore, California has already limited the ability for law enforcement to use physical stickers as a means for probable cause or issuing a ticket. This cycle creates substantial administrative costs and fails to leverage modern technologies.”

- 2) *Requests to Little Hoover Commission.* The Little Hoover Commission was established by statute and given the authority to prepare reports and make recommendations to the Legislature regarding the structure, organization,

operation, and function of all departments, agencies, and instrumentalities of the state government. The Commission is a bipartisan board comprised of 13 members: 5 members of the public appointed by the Governor, four members of the public appointed by the Legislature, and 2 members each of the state Senate and Assembly.

The Commission engages in a formal study process aimed to investigate topics of concern and prepare recommendations for state government. Potential topics can come from a variety of sources including the public and members of the Legislature. According to the Commission, requests from the Legislature for study topics are usually delivered via letters to the Commissioners. However, bills have been proposed previously requiring the Commission to study certain topics (i.e. AB 2369 (Patterson, 2024)).

- 3) *Eliminating registration stickers.* To date, California has not made a targeted effort at eliminating physical registration stickers. However, Connecticut, Idaho, New Jersey, and Pennsylvania have all eliminated physical registration stickers¹. These states have moved to a wholly digital enforcement mechanism where law enforcement scans or manually enters vehicle license plates and compares them to their local DMV database to determine if a particular vehicle has a current registration. However, concerns have been raised in these states regarding the costs and technological logistics resulting from the need for widespread law enforcement access to license plate scanning technology.²

Although California has not experimented with this exact approach to remove physical registration stickers, some previous programs have looked at various license plate alternatives, which have in turn impacted how registration stickers are issued. This started with SB 806 (Hueso, Chapter 569, Statutes of 2013) which authorized DMV to begin a pilot program looking at alternatives to physical license plates. This pilot program was subsequently extended and expanded, culminating with the passage of AB 984 (Wilson, Chapter 746, Statutes of 2022) and eventually leading to DMV authorizing two different license plate alternative technologies: vinyl sticker license plates and digital license plates.

Vinyl sticker license plates, or license plate wraps, are a type of alternative license plate where instead of having a metal plate that must be physically bolted to a vehicle, the plate is a sticker that can conform to the shape of the

¹ Additionally, similar legislation has been passed by the Florida House of Representatives and has the support of the Governor.

² https://www.kxly.com/news/idaho-eliminates-physical-car-tab-stickers-starting-this-summer/article_d503dfa2-5712-4fb0-b58b-62149cac005e.html

vehicle. However, these plates are only permitted as a substitute for front license plates, and thus do not impact registration stickers, which are typically displayed on the back plate.

Digital license plates however do technically eliminate physical registration stickers. These plates are digital, battery-powered, monochromatic screens that display both the license plate lettering and the registration information. Thus, even though these plates do not require a physical sticker, the registration information is still visibly displayed on the vehicle. Proponents have argued that one of the key advantages of digital plates is that they allow drivers to more easily renew their vehicle registration, as it can be done from a smartphone app, while opponents have raised concerns about privacy.

- 4) *2-year registration.* Several previous bills have considered requiring or allowing 2-year vehicle registration in California. For instance, SB 460 (Beall, 2019) sought to authorize DMV to establish biennial registration. At the time, opponents raised concerns that biennial registration would pose significant problems for the cash flow to government entities who rely on vehicle registration fees as a key source of funding. This would be the result of a random subset of the population being on one 2-year payment cycle, and the other subset on the other 2-year payment cycle. This would in turn result in massive year-to-year swings in the amount of revenue brought in via registration fees. Concerns were also raised that the increased fee associated with a 2-year registration would be a significant barrier for some customers, preventing them from affording their registration fee. The bill was ultimately held in the Senate Appropriations Committee.

Over a dozen states across the country currently offer some form of 2-year registration, including Arizona, Colorado, Florida, Illinois, New York, and Oregon. Some states mandate 2-year registration for all drivers while others allow drivers to opt-in to 2-year registration if they desire. It should be noted however that all of these states have significantly smaller populations than California and thus many fewer registered vehicles.

- 5) *Payment plans.* There have been several previous attempts to authorize the use of payment plans for paying vehicle registration fees. For instance, AB 2303 (Tran, 2010) would have required DMV to implement such a program. At the time, proponents argued this would help struggling Californians pay for their vehicle registration fees and bring the payment of registration fees in line with other state payment plan options, such as those that exist for paying state taxes. Opponents argued that costs for drivers would actually increase, pointing to the service fee that would need to be levied on every individual payment.

Despite the fact that payment plans for vehicle registration are not officially offered by the state, many drivers still use similar plans provided by private companies. These companies are often DMV industry business partners who offer online services such as registration renewal and title transfer. Some of these services, like the company eTags, additionally offer their own payment plans for paying vehicle registration. Typically, these companies charge service fees to support these types of services. However, it is difficult to find information about how these fees are structured, with competing accounts from users. Some users indicate they pay no additional fees beyond what is required by DMV, while others state they have been charged several hundred dollars in excess fees by these companies.

RELATED/PREVIOUS LEGISLATION:

AB 2369 (Patterson, 2024) – Would have required the Commission to conduct a study on the use of fixed wireless and other technologies to bridge the digital divide. *This bill was held in the Assembly Appropriations Committee.*

SB 256 (Dixon, Chapter 297, Statutes of 2023) – Prohibits the use of expired registration as the sole basis for any enforcement action before the 2nd month after the month of the expiration of the vehicle's registration.

AB 984 (Wilson, Chapter 746, Statutes of 2022) – Required DMV to establish a program authorizing an entity to issue devices as alternatives to conventional license plates, stickers, tabs, and registration cards that meet specified criteria (henceforth, "alternative devices"); and establishes requirements for piloting and adopting new alternative devices.

AB 1359 (Hueso, Chapter 306, Statutes of 2022) – Prohibited law enforcement for issuing a ticket for failure to display registration tabs if the vehicle registration had been paid.

SB 460 (Beall, 2019) – Would have authorized DMV to establish biennial registration periods for motor vehicles. *This bill was held in the Senate Appropriations Committee.*

AB 1103 (Patterson, 2019) – Would have required DMV to allow for payment of motor vehicle registration fees in installments. *This bill was held in the Assembly Transportation Committee.*

SB 750 (Hueso, 2017) – Would have authorized DMV, under the pilot program established by SB 806 (Hueso, Chapter 560, Statutes of 2013), to evaluate alternative methods of collecting motor vehicle registration fees. *This bill was held in the Assembly Appropriations Committee.*

SB 806 (Hueso, Chapter 560, Statutes of 2013) – Authorized DMV to institute a pilot program to evaluate the use of alternatives to stickers, tabs, license plates, and registration cards.

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

POSITIONS: (Communicated to the committee before noon on Wednesday, April 1, 2026.)

SUPPORT:

None received

OPPOSITION:

None received

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