
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

SB 1042 (Seyarto) - Vehicle registration modernization study

Version: February 11, 2026
Urgency: No
Hearing Date: April 20, 2026

Policy Vote: TRANS. 12 - 0
Mandate: No
Consultant: Mark McKenzie

Bill Summary: SB 1042 would request that the Milton Marks “Little Hoover” Commission on California State Government Organization and Economy (Commission) conduct a specified study on modernizing motor vehicle registration and submit a report to the Legislature by January 1, 2028.

Fiscal Impact:

- The Little Hoover Commission would incur costs, at a minimum, of approximately \$71,000 to conduct necessary research, coordinate with the Department of Motor Vehicles (DMV) and other interested parties, hold public hearings, and write the report, assuming the Commission conducts the requested study and it only focuses on the three parameters specified in the bill. To the extent the study is expanded, and requires more detailed assessments and budgetary analysis, costs would likely be higher. (General Fund)
- The DMV would incur one-time staffing costs in 2027, likely less than \$150,000, to coordinate with the Commission, provide necessary data and information, and assist with the report. Actual costs would depend upon the parameters of the study established by the Commission and the level of analysis required to determine the feasibility of moving to a biennial vehicle registration system, eliminating physical registration stickers, and allowing installment payments for vehicle registration. (Motor Vehicle Account)
- Potential significant future cost pressures for the DMV to implement recommendations from the study, as well as potential revenue and cashflow impacts. See Staff Comments.

Background: Existing law establishes the Little Hoover Commission as an independent and citizen-based oversight mechanism composed of two members of the Senate, two members of the Assembly, and nine unpaid citizen members (five appointed by the Governor and four appointed by the Legislature). The Commission has broad and independent authority to evaluate the structure, organization, operation and function of every department, agency and executive branch of state government, along with the policies and methods for appropriating and administering funds. It conducts four to five comprehensive reviews of executive branch programs, departments, and agencies each year and recommends ways to improve performance by increasing efficiency and effectiveness with existing resources. The Commission typically selects its own study topics after receiving input from the Governor, the Legislature, stakeholder groups, and members of the public. The Little Hoover Commission is also statutorily responsible for analyzing and making recommendations

to the Legislature on all Governor reorganization plans. The operations of the Little Hoover Commission are supported by an annual General Fund appropriation in the Budget Act of approximately \$1.4 million.

Existing law generally requires that motor vehicles be registered annually and specifies certain fees and charges that must be paid to DMV at the time of registration, including a registration fee, vehicle license fee (VLF), applicable weight fees, applicable local fees, a California Highway Patrol fee, and a transportation improvement fee. Existing law requires vehicles to display DMV-issued license plates with current month and year tabs attached to the rear license plate assigned to a vehicle for the last preceding registration year in which license plates were issued. DMV currently registers over 36 million vehicles annually, and the current average of total fees paid on each registration is \$329 per vehicle. Nearly 26 million of these vehicles are automobiles with \$296 in average fees paid on each registration.

According to the Senate Transportation Committee's analysis of this bill, over a dozen states offer some form of two-year registration (some mandatory and some voluntary), and several states have eliminated physical vehicle registration stickers and have moved to a wholly digital enforcement mechanism.

Proposed Law: SB 1042 would request that the Little Hoover Commission conduct a study on modernizing motor vehicle registration and submit a report to the Legislature by January 1, 2028. The study must include, at a minimum, an analysis of the effect of all of the following:

- Eliminating physical registration stickers.
- Authorizing DMV to issue or renew a motor vehicle registration for two years.
- Authorizing installment payments for motor vehicle registration.

This provision would be repealed on January 1, 2029.

Related Legislation: AB 984 (Luz Rivas), Chap. 746/2022, required DMV to establish a permanent program authorizing the issuance of alternatives to conventional license plates, stickers, tabs, and registration cards (building off previous successful pilot programs), as specified.

SB 460 (Beall), which was held on this Committee's Suspense File in 2019, would have authorized DMV to establish biennial registration periods for motor vehicles.

AB 1103 (Patterson), which was introduced in 2019 but never heard in a policy committee, would have required DMV to allow for payment of motor vehicle registration fees in installments.

AB 2303 (Tran), which failed passage in the Assembly Transportation Committee in 2010, would have required DMV to implement a program allowing certain registrants to pay their vehicle registration fees by installment, and authorized DMV to charge a \$5 fee for each installment payment.

Staff Comments: According to the author, this bill is intended to provide a mechanism to inform the Legislature of ways to potentially modernize California's vehicle registration system to "reflect today's technological and financial realities." The study is

intended to “identify critical efficiencies that may reduce administrative costs for the state and the public without compromising law enforcement efficacy.”

Apart from the direct fiscal impacts for Commission and DMV staff to perform research, analysis, and data collection tasks, and to produce the report, this bill could impose significant cost pressures on the DMV to implement recommendations from the final report, which would likely entail significant IT changes and administrative costs on the front end, followed by potential administrative savings from reduced public interactions with DMV staff and field offices in the future. The envisioned changes to the vehicle registration system could also result in significant impacts to state and local budgets, depending on how recommended changes would be implemented. Specifically, moving to a two-year cycle for vehicle registration would likely create significant cash flow disruptions for the collection of approximately \$12 billion in annual payments, and may result in an acceleration or delay of vehicle registration revenues, depending upon how a biennial registration system would be implemented. These changes would also have an impact on cities and counties that receive VLF payments that are made with vehicle registrations. There could also be secondary impacts to local agency collections of parking and toll revenues that are referred to DMV for collection when a vehicle registration is due. Presumably, these impacts could be analyzed as part of the Commission’s investigation and may inform the recommendations to the Legislature that are included in the final report.

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