

Date of Hearing: June 29, 2026

ASSEMBLY COMMITTEE ON TRANSPORTATION

Lori D. Wilson, Chair

SB 1218 (Arreguín) – As Amended May 14, 2026

SENATE VOTE: 37-0

SUBJECT: Refusal of registration: illegal dumping violation penalties

SUMMARY: Requires the California Department of Motor Vehicles (DMV) to refuse to renew a vehicle registration if the registered owner has outstanding illegal dumping fines. Specifically, **this bill:**

- 1) Requires DMV to refuse to renew the registration of a vehicle if the registered owner or lessee of the vehicle has outstanding illegal dumping fines and has been notified as such.
- 2) Allows the registered owner or lessee to pay the outstanding illegal dumping fines as part of their registration application.
- 3) Requires DMV to allow vehicle registration by a renter or lessor if they provide DMV with a notice of disposition of the illegal dumping violations.
- 4) Requires the court to issue a notice of disposition of the illegal dumping violation if the renter or lessor provides information to the court showing that a rentee or lessee was operating the vehicle when the violation was issued.
- 5) Requires DMV to allow the vehicle registration if the illegal dumping violation was issued before the registered owner took possession of the vehicle.
- 6) Requires DMV to allow a registered owner or lessee who has outstanding illegal dumping fines to file a certificate of non-operation, even if they are currently on an active payment plan to repay the fines.
- 7) Allows DMV to recover their administrative costs incurred from implementing this requirement, up to 5% of the collected funds.

EXISTING LAW:

- 1) Prohibits dumping or causing waste matter to be dumped on any public or private roadway. (Penal Code (PEN) section 374.3)
- 2) Imposes a fine between \$250 and \$1,000 for a first violation, a fine between \$500 and \$1,500 for a second violation, and a fine between \$750 and \$3,000 for a third or subsequent violation of illegal dumping. All fines are doubled if the waste matter was tires. (PEN 374.3 (e))
- 3) Defines “commercial quantities” of waste matter as waste matter generated in the course of business that has a volume of at least one cubic yard. (PEN 374.3(h)(5))

- 4) Imposes a misdemeanor if the waste matter dumped was in commercial quantities, including imprisonment in county jail for at least six months, and a fine of between \$1,000 and \$3,000 for a first violation, a fine between \$3,000 and \$6,000 for a second violation, and a fine between \$6,000 and \$10,000 for a third or subsequent violation. (PEN 374.3(h)(1))
- 5) Imposes a misdemeanor if the waste matter dumped was in commercial quantities and the violator was the owner of a business involved in the dumping and establishes fines between \$1,000 and \$5,000 for a first violation, between \$3,000 and \$10,000 for a second violation, and between \$6,000 and \$20,000 for a third or subsequent violation. (PEN 374.3(h)(2))
- 6) Requires a person convicted of illegal dumping in commercial quantities to pay for the removal of the waste matter. (PEN 374.3(h)(3))
- 7) Requires the court to notify the relevant licensing or permitting entity, if the violator holds a business license or permit and if the waste matter dumped was in commercial quantities, and requires the entity to make that information publicly available. (PEN 374.3(h)(4))
- 8) Requires the court to consider the defendant's ability to pay when issuing fines for illegal dumping. (PEN 374.3(j))
- 9) Requires DMV to renew vehicle registrations on an annual basis. (Vehicle Code (VEH) section 4601.5)
- 10) Imposes various fees for purposes including the registration of vehicles which must be paid in-full at the time of registration. (VEH 4602)
- 11) Requires DMV to refuse to renew the registration of a vehicle if the owner has not paid relevant fees and taxes. (VEH 4750)
- 12) Requires DMV to refuse to renew the registration of a vehicle if the registered owner or lessee of the vehicle has outstanding parking violation fines and has been notified as such, unless the registered owner or lessee can meet certain qualifications. (VEH 4760)
- 13) Requires DMV to refuse to renew the registration of a vehicle if the registered owner or lessee of the vehicle has outstanding toll evasion violations and has been notified as such, unless the registered owner or lessee can meet certain qualifications. (VEH 4770)

FISCAL EFFECT:

According to the Senate Appropriations Committee:

- The DMV would incur unknown one-time costs, likely in the low hundreds of thousands of dollars, to make necessary IT programming changes to create a new vehicle registration hold for unpaid illegal dumping violation penalties and fees. DMV is currently unable to provide a precise cost estimate because implementation efforts would overlap with the rollout of current IT modernization efforts. DMV indicates that it is unable to complete this workload in advance of the January 1, 2027 implementation date. (Motor Vehicle Account)

- The DMV may also incur ongoing likely minor to moderate administrative costs. While the department would charge an administrative service fee to reporting jurisdictions to recover the costs of placing vehicle registration holds, it may also have additional unfunded staffing costs to address customer complaints, depending on the volume of violations reported. (Motor Vehicle Account)
- Unknown ongoing revenue gains, likely to at least partially offset DMV's ongoing administrative costs, related to the authority to retain up to five percent of collected illegal dumping penalties and fees. (Motor Vehicle Account)

COMMENTS: According to the Judicial Council of California's *Report on Statewide Collection of Court-Ordered Debt for Fiscal Year 2024–25*, the total outstanding delinquent court-ordered debt balance in California was \$5.4 billion at the end of FY 2024–25.

This balance reflects a 2% increase from the previous fiscal year's ending balance (\$5.3 billion), which the Judicial Council attributed to a 49% drop in the amount of uncollectible debt discharged from accountability. Despite this incremental rise, the current balance remains roughly 49% lower than its historic peak of \$10.6 billion in FY 2018–19—a long-term decline driven largely by legislative changes, statutory fee eliminations, and the expansion of non-cash debt resolutions like the statewide *MyCitations* ability-to-pay program.

When a citation becomes delinquent (usually 90 days past due), local court and county collections programs rely on a mix of in-house personnel and private, state-approved collection agencies to initiate contact:

- Civil Judgments: Under Penal Code Section 1214, once a criminal fine or infraction becomes delinquent, the order to pay acts as a civil judgment. This allows the collecting entity to pursue standard civil remedies without filing a new lawsuit.
- State-Level Intercepts: The Franchise Tax Board (FTB).

One of the state's most powerful tools is referring debt to the FTB's Court-Ordered Debt (COD) Collections Program. Once an account is referred to the FTB, the state treats the delinquent citation exactly like an unpaid personal income tax liability. The FTB possesses aggressive administrative powers that do not require a separate court order:

- Orders to Withhold (OTW / Bank Levies): A legal command sent to California financial institutions or escrow companies to seize up to 100% of available funds in a debtor's account (minus basic statutory exemptions) to satisfy the balance.
- Earnings Withholding Orders (EWO / Wage Garnishment): An administrative levy served to a debtor's employer, mandating that a portion of their disposable earnings (typically up to 25%) be diverted directly to the state.
- Tax Refund & Asset Intercepts: Automated cross-referencing that intercepts state income tax refunds, California Lottery winnings, or unclaimed property payouts before they can reach the individual.
- State Tax Liens: The FTB can record a lien against a debtor's real or personal property, effectively blocking them from selling or refinancing assets until the debt is cleared.

DMV registration withheld until outstanding fines paid. Under this bill, unpaid citations from illegal dumping would be added to the list of penalties that can use DMV as a collection method for unpaid debt. When a motorist does not pay local parking tickets or toll violations, the issuing municipal agency or toll operator transmits an itemized list of these delinquent accounts to the DMV which attaches the unpaid fines directly to the vehicle's profile. When the annual registration renewal notice is generated, the outstanding citation penalties and administrative service fees are itemized alongside standard registration fees, and the DMV is statutorily mandated to withhold the new registration until the entire combined balance is paid in full. Once collected, the DMV retains a small portion of the funds to cover its administrative overhead and remits the remaining citation and toll revenue back to the local jurisdictions that originally issued the violations.

If a person is unable to pay for their vehicle registration, after six months California law authorizes their vehicle to be towed. The report *Towed into Debt: How Towing Practices in California Punish Poor People* details how government-ordered towing policies across California function as punitive debt-collection mechanisms rather than tools for public safety.

Retrieving an impounded vehicle is prohibitively expensive for most residents; the average base tow fee in California is \$189. When combined with an average administrative fee of \$150 and daily storage fees of \$53, the minimum cost rapidly increases to \$499 after just three days. Furthermore, for a debt-collection tow, the average price people must pay to recover their vehicle skyrockets to over \$1,100. Because many low-income drivers cannot afford these sudden expenses, their vehicles are ultimately sold at lien sales. These auctions are highly inefficient and counterproductive; vehicles typically sell for far less than the accrued fees, costing cities thousands of dollars per sale while leaving the original owners trapped in debt from residual deficiency bills.

Illegal dumping in Oakland: According to the April 2026 Performance Audit of Illegal Dumping, Oakland faces a severe illegal dumping crisis driven by systemic gaps in local prevention, commercial compliance, and enforcement. The auditor identifies a primary root cause is that legal waste disposal is significantly more expensive and less convenient in Oakland than in neighboring jurisdictions, pushing a high volume of residential waste onto the streets. Furthermore, commercial enforcement remains weak, as an estimated 2,500 to 6,800 businesses operate without mandatory garbage collection contracts, heavily compounding the risk of illegal hauling.

The auditor highlights that the city's citation and collection process is deeply inefficient and structurally vulnerable. In Fiscal Year 2024–25, Oakland spent over \$2 million on environmental enforcement, yet paid citations generated a meager \$16,000 in revenue. Approximately 73% of all issued citations received absolutely no response from violators. This financial and operational failure is exacerbated by poor interdepartmental coordination—slow and deficient documentation transfers between the Public Works Department and the Finance Department's Collections Unit have caused the city to miss statutory deadlines, rendering thousands of dollars in delinquent citations completely uncollectible. Furthermore, while the city deployed mobile surveillance camera units equipped with license plate readers (LPRs) to track illegal hauling vehicles, poor enforcement workflows have resulted in low citation and collection rates.

To address these structural and collection failures, the auditor recommends that the city implement significant operational and strategic improvements:

- **Establish Service-Level Agreements:** The Public Works Department and the Finance Department should establish formalized service-level agreements to eliminate slow documentation transfers and prevent missing statutory collection deadlines.
- **Standardize Evidence Collection:** The city needs to standardize and improve its internal documentation and evidence gathering protocols to ensure citations from surveillance cameras and LPR data can be successfully processed and collected.
- **Target Commercial Non-Compliance:** The city should strengthen its commercial enforcement strategies to identify and penalize the thousands of local businesses currently operating without mandatory garbage collection contracts.
- **Address Cost and Convenience Gaps:** The city must address the underlying economic drivers of the crisis by making legal waste disposal less expensive and more convenient for residents to deter the displacement of waste onto public streets.

According to the author, “Illegal dumping remains a persistent problem throughout California communities, yet local governments lack effective enforcement tools to ensure that individuals cited for dumping actually pay their fines. Current law allows citations and penalties for illegal dumping, but many offenders simply ignore them. For example, between 2021 and 2024 the City of Oakland issued nearly 3,000 illegal dumping citations totaling approximately \$1.3 million, yet only about \$109,000, roughly 11%, has been collected. Similarly, local governments across the Bay Area continue to struggle with enforcement even as they expand cleanup and prevention programs. In San José, illegal dumping persists despite increased bulky-item pickup services and additional “dumpster days,” illustrating that cleanup programs alone cannot solve the problem without stronger accountability measures. SB 1218 addresses this enforcement gap by linking unpaid illegal dumping citations to vehicle registration renewal through the Department of Motor Vehicles”

The League of Cities, writing in support of this bill, argues “ Cities are the backbone of California’s solid waste and recycling management efforts to ensure clean, safe neighborhoods from public health concerns. However, cities are often faced with having to clean up illegal dumping sites without a reliable source of revenue, which can place a strain on city resources and local budgets. Although existing law establishes penalties for illegal dumping, cities often face challenges in ensuring those penalties are collected. In many cases, violators do not pay fines, and local agencies are left without effective tools to enforce compliance. As a result, cities must absorb the costs of repeated cleanups and ongoing enforcement, diverting limited resources away from other critical public services.

“SB 1218 would provide a meaningful and practical enforcement mechanism by linking unpaid illegal dumping violations to vehicle registration renewal. By requiring the DMV to withhold vehicle registration until outstanding penalties and administrative fees are paid, the bill would create a strong incentive for compliance and improve the collection of fines owed to local jurisdictions.”

The Lawyers Committee for Civil Rights of the San Francisco Bay Area, writing in opposition to this bill, argues “A more fiscally prudent approach to addressing illegal dumping is to invest in improving access to convenient and affordable waste disposal options, which is the top recommendation from a recent performance audit conducted by Oakland. The city’s own audit provides a number of economically-viable solutions to address illegal dumping that do not resort to punishing low-income drivers.

“Issuing registration holds for failure to pay unrelated fees is also antithetical to the purpose of the vehicle registration system. As courts have recognized, the registration system’s purposes include allowing the “identification of vehicles and persons responsible in cases of accident and injury,”⁴ and enabling “the state and its cities and counties to regulate, police, build and maintain roads.”⁵ Refusing to renew vehicle registration for unpaid illegal dumping fees—which may have no nexus to the vehicle at all—undermines the integrity of the registration system and makes our roads less safe.

“Finally, SB 1218 has grave implications for low-income Californians. Unregistered vehicles are often towed, with devastating effects. As described in our 2019 report, “the economic ripple effect of a tow and the resulting loss of a vehicle too often means the owner and their family lose access to employment, school, medical care, and even housing.”⁶ Penalizing Californians with the loss of their vehicle—and the attendant consequences—for failure to pay unrelated fees is counterproductive and risks imposing additional costs on already-strained public systems.”

Committee concerns. Parking tickets and tolls are inherently related to vehicle use on public roads. In contrast, illegal dumping is an environmental property crime. Using a vehicle registration hold for a non-vehicular crime sets a policy precedent that could harm state funds.

California vehicle registration relies on a multi-layered stack of fees that fund different state and local operations, with a central repository known as the Motor Vehicle Account (MVA). Flat charges, including the base registration fee and a mandatory California Highway Patrol (CHP) fee, are deposited directly into the MVA to primarily fund the administration and enforcement activities of the DMV and the CHP. Added to these are value-based assessments that bypass the MVA for other specific uses: the Vehicle License Fee (VLF) acts as a 0.65% tax on a vehicle's current market value to support local city and county programs, while the tiered Transportation Improvement Fee (TIF) is constitutionally protected for road maintenance, bridge repairs, and public transit infrastructure. Finally, newer vehicles exempt from regular emissions testing incur a smog abatement fee to support state environmental programs, and owners may pay localized county and district fees to fund regional air quality and transit initiatives.

This bill poses several fiscal challenges for the state. First, by adding local penalties to the cost of vehicle registration, this bill prioritizes local debt over the collection of state fees. If a person cannot afford to pay the fees, they will likely avoid paying vehicle registration altogether, and the state will be unable to collect on the money owed and as noted earlier these dollars fund the MVA, VLF and TIF. Second, it causes programming challenges to DMV, who will have to program this new penalty into their registration system.

According to the Legislative Analyst's Office (LAO), the MVA, has been experiencing a structural imbalance for many years, with expenditures consistently outpacing revenues. The state has been able to delay the account’s insolvency through various budget adjustments, policy changes, and temporary transfers from other special funds. Several underlying causes of the

MVA's structural deficit remain unaddressed, and the account is projected to become insolvent from the 2028-29 budget year onward. Moreover, given the scale of the state's projected budget shortfall in the coming years, relying on the General Fund or other special funds to help cover the MVA expenditure will be challenging. The LAO argues that every new expenditure from the account—especially those that are comparatively large—should be well justified and clear a high bar for approval.

In the Governor's proposed 2026-2027 budget, the Governor warned that "the Budget currently projects that the MVA will be insolvent as soon as 2028-29. Given the ongoing fiscal constraints in the MVA, the Administration will continue to limit new workload or initiatives, including those with delayed implementation dates that would create additional cost pressures over time."

Cities have other collection methods available to them, including the use of the Franchise Tax Board (FTB), for unpaid debt, that would not cost the state additional dollars or hamper its ability to collect taxes. Further, the use of the FTB will not result in a potential spiral where a person unable to pay those fees has their car towed and ultimately sold in a lien sale that benefits no one financially except the tow yard.

To avoid creating a fiscal impact on the DMV, the committee proposes to strike the contents of the existing bill and instead give local authorities the authority to immobilize a vehicle for a person who has five or more unpaid citations, or failure to appear notices for illegal dumping, or two or more unpaid citations for illegal dumping in commercial quantities. This is consistent with local authority to do this for parking tickets or traffic citations.

Previous and Related legislation. AB 2310 (Carrillo) of 2026 would make it a crime to transport waste matter for the purposes of illegal dumping. The bill would add "construction debris" to the list of waste matter that is illegal to dump. The bill would add additional penalties for persons guilty of a fourth illegal dumping violation and for dumping in commercial quantities in excess of 25 and 50 cubic yards. *This bill is pending before Senate Appropriations Committee.*

SB 1230 (Valladares) would increase the fines for all illegal dumping penalties and require the Department of Resources Recycling and Recovery to establish a website with resources to help cities combat illegal dumping. *This bill is pending before Senate Natural Resources Committee.*

AB 1153 (Bonta) of 2025 would, among other things, allow the Department of Resources Recycling and Recovery to spend funds on illegal dumping enforcement officers. *This bill is pending in Appropriations Committee.*

SB 1359 (Wilk) of 2024 would have, across different iterations, increased fines for illegal dumping and/or made it a crime to transport waste matter for the purposes of illegal dumping. *This bill was held in Assembly Public Safety Committee.*

AB 2374 (Bauer-Kahan) Chapter 784, Statutes of 2022 increased the maximum fine for the dumping of commercial quantities of waste by a business that employs more than 10 employees; required the court to order a person convicted of dumping commercial quantities of waste to pay for the removal of the waste matter that was illegally dumped; and required the court to notify the relevant licensing or permitting entity, if the violator holds a business license or permit, and required the entity to make that information publicly available.

AB 215 (Mathis) of 2019 would have made a fourth violation of illegal dumping on private property a misdemeanor punishable by up to 30 days in the county jail and created a fine of not less than \$750 nor more than \$3,000. *This bill was held in the Assembly Appropriations Committee.*

SB 409 (Wilk) of 2019 would have increased the fines for the dumping of waste in non-commercial quantities and made it a crime to transport waste matter for the purposes of illegal dumping. *This bill was held in the Assembly Appropriations Committee.*

AB 1216 (Bauer-Kahan) of 2019 would have created a pilot program to employ a single law enforcement officer in both Alameda and Contra Costa counties to enforce laws prohibiting dumping. *This bill was held in the Assembly Appropriations Committee.*

AB 1992 (Canciamilla) Chapter 416, Statutes of 2006 imposed the graduated penalties and increased fines for second and third violations of illegal dumping offenses.

REGISTERED SUPPORT / OPPOSITION:

Support

Black Women Organized for Political Action
California Chapters of the Solid Waste Association of North America's Legislative Task Force
Californians Against Waste
City of El Cerrito
City of Emeryville
City of Hesperia
City of Oakland
City of Union City
LA Clinica De LA Raza
League of California Cities
NAACP Oakland
Native American Health Center
Recology
San Francisco Board of Supervisors
Stopwaste

Opposition

None on file

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