

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 712 (Grove) – As Amended July 16, 2025

Policy Committee: Transportation

Vote: 14 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill exempts classic or collector vehicles that meet specified criteria from smog check requirements.

Specifically, this bill, beginning January 1, 2027, exempts a motor vehicle from smog check requirements if the vehicle was manufactured prior to the 1981 model year (MY) and meets the following criteria: (a) the motor vehicle has been assigned a special identification plate indicating it is a historical vehicle, as specified, and (b) the motor vehicle is insured as a collector motor vehicle, as shall be required by regulation of the Bureau of Automotive Repair (BAR).

The bill, beginning January 1, 2028, expands the above exemption by one MY, every year, for five years. Specifically, the exemption applies to vehicles manufactured before the 1982 MY in 2028, before the 1983 MY in 2029, before the 1984 MY in 2030, before the 1985 MY in 2031, and before the 1986 MY in 2032.

The exemption applies to both inspections that must occur every two years and to those that occur at the time of initial registration and of transfer of ownership and registration.

FISCAL EFFECT:

Because this bill exempts certain vehicles from the need to undergo smog checks, and the need to pay associated fees, this bill will result in foregone state revenue, possibly in a significant amount. In addition, the bill requires significant administrative work of BAR and the Department of Motor Vehicles (DMV), with initial and ongoing costs to each agency likely in the hundreds of thousands of dollars annually. In addition, the bill may create cost pressure on the Air Resources Board (ARB) to quantify foregone emission reductions as a result of this bill.

- 1) BAR anticipates the following costs and foregone revenue (Vehicle Inspection and Repair Fund):
 - (a) Revenue loss associated with smog check fees, transaction fees, change of ownership fees, and change of ownership transaction fees of approximately \$59,000 in 2026-27 and \$126,000 in 2027-28. BAR notes this loss in revenue will increase annually as new model years become exempt.
 - (b) One-time workload costs of approximately \$43,000 to develop and implement a system to collect and store proof of collector car insurance and transmit verification results to DMV, as well as to develop procedures and train staff to verify collector car insurance.

(c) \$506,000 in 2026-27 and \$474,000 in 2027-28 and ongoing for four program technicians to verify collector vehicle insurance documents on an annual basis. The bureau expects to receive 17,500 requests each year.

(d) IT costs of an unknown amount. The Department of Consumer Affairs (DCA) has a no-cost-to-the-state contract that provides IT services at all smog check stations. However, this contract requires DCA to cover the difference if revenue drops beyond a designated amount. As a consequence of lost revenue from smog check and change of ownership transaction fees, the bureau projects it will owe approximately \$9,000 the first year after the bill takes effect, with that amount increasing gradually year after year as additional vehicles become eligible. Therefore, DCA may require additional funding to support its IT contract.

DCA derives its funding from fees charged to licensees. Generally speaking, licensee fees may be adjusted only by legislation. DCA notes increases in operating costs resulting from the implementation of new legislative mandates may place pressure on existing fee structures that, in totality, may necessitate legislation to raise licensee fees.

The committee notes the magnitude of lost fee revenue will ultimately depend on the number of vehicles that meet the eligibility criteria established by this bill and, more importantly, the number of vehicle owners that choose to utilize the smog check exemption every year.

- 2) Ongoing costs of an unknown amount, potentially in the hundreds of thousands of dollars annually, for DMV to update its forms, publications, and web content, and to make annual programing modifications to its vehicle registration systems (Motor Vehicle Account (MVA)). DMV will incur costs to process a greater number of smog check waivers for collector motor vehicles.

Further, DMV anticipates a revenue loss of an unknown amount from the vehicle license fee (VLF) as more vehicles opt for a historical vehicle license plate. The VLF for a vehicle with a historical vehicle license plate is \$2 rather than based on market value.

DMV notes the MVA is facing insolvency. In its May Revise for fiscal year 2025-26, the administration noted that given the ongoing fiscal constraints in the MVA, the administration “will continue to prioritize fiscal discipline. This means limiting new workload or initiatives including those with delayed implementation dates that would create additional cost pressures over time.”

- 3) ARB notes that while the smog check program is under the jurisdiction of BAR, ARB relies on the program to meet federal Clean Air Act (CAA) requirements for areas of the state with unhealthy levels of criteria pollutants. Accordingly, ARB anticipates cost pressures of an unknown, but potentially significant amount, possibly in the millions to tens of millions of dollars annually, to achieve emissions reductions from other sectors to make up for foregone emissions reductions. ARB cautions this bill puts the state at risk of backtracking on legally enforceable commitments under the CAA, which may result in federal sanctions and the loss of transportation funding in nonattainment basins. It is reasonable to assume ARB will incur some costs to quantify foregone emission reductions as a result of this bill.

For its part, ARB estimates ongoing annual costs of approximately \$1.2 million to hire five staff (Vehicle Inspection and Repair Fund) to develop an extensive test program to evaluate

emission impacts, coordinate with BAR, DMV, and local air districts, incorporate the data into air quality models, revise federally required plans, and other tasks.

COMMENTS:

1) **Purpose.** According to the author:

SB 712 offers a practical solution for owners of collector vehicles that have difficulty complying with the state's smog check law...These classic cars are infrequently driven, carefully maintained, and make up only 1% of cars on the road. They are typically owned for their historical significance and collector value.

2) **Background.** State law requires a smog inspection when a person registers or renews registration, for a vehicle in California, with some exceptions, including for model years 1975 and older.

A collector car is used primarily in shows, parades, charitable functions, and historical exhibitions for display, maintenance, and preservation. According to the Vehicle Code, a collector car may not be a vehicle used primarily for transportation. To qualify as a collector car, the vehicle must be insured as a collector car and meet one of the following requirements: the vehicle is at least 35 model years old, the vehicle is at least 25 model years old with historical vehicle license plates, or the vehicle is classified as a special interest vehicle. DMV may issue a historical vehicle license plate to a vehicle of historic interest that was manufactured after 1922 and is at least 25 model years old.

Among others in support of this bill, the Specialty Equipment Market Association (SEMA) argues this bill "lowers the bar of entry for prospective car collectors by reducing costs and regulatory burdens." SEMA contends a small portion of the vehicles on the road in California meet the age requirement in this bill, and that owners of older cars can have a hard time finding smog stations that have the correct equipment and that will complete the smog check for a reasonable price, "because maintaining the BAR-97 emissions equipment required to test these older cars is costly and rarely used." SEMA writes:

The alternative to these increasing barriers is a sensible exemption process, which SB 712 provides, ensuring only historically recognized and properly insured vehicles qualify. Classic and collector vehicles are a cherished part of our automotive heritage. These vehicles are well-maintained, infrequently driven, and often showcased at car shows and events celebrating automotive history. Historically, California has acknowledged the unique status of older vehicles by providing exemptions from certain emissions requirements. As generations progress, vehicles that were once considered modern will inevitably become classics. This natural evolution underscores the importance of updating our laws and regulations to reflect the changing landscape of automotive history.

Among others in opposition, the California Air Pollution Control Officers Association (CAPCOA) argues that while it understands and appreciates the state's rich automotive heritage, this bill will result in a significant increase in the number of vehicles exempt from

smog check, leading to substantial emissions of criteria pollutants, toxic air contaminants, and greenhouse gases. CAPCOA cites data from ARB showing a new 1982 passenger car has approximately 97 times higher NOx emissions than a new 2025 model year passenger car. CAPCOA notes that to be exempted, owners must simply meet the definition of a collector, which, as previously noted, is an individual who owns one or more special interest or historical vehicles. CAPCOA notes there is no consensus for which vehicles are considered collectible, historical, or of special interest and, “therefore, the definition of a “collector motor vehicle” is largely self-defined by the vehicle’s owner.” CAPCOA writes:

Without regular inspections through Smog Check, vehicle emissions control systems can degrade to the point of being entirely ineffective, can be tampered with, or removed altogether, which will result in untold air pollution impacts even greater than illustrated above, making California’s already challenging air quality issues even more difficult to address.

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