

Date of Hearing: August 20, 2025

**ASSEMBLY COMMITTEE ON APPROPRIATIONS**

Buffy Wicks, Chair

SB 76 (Seyarto) – As Introduced January 15, 2025

Policy Committee: Transportation

Vote: 16 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

**SUMMARY:**

This bill requires the Department of Motor Vehicles (DMV), beginning on January 1, 2030, to waive delinquent vehicle registration fees and penalties for a transferee or purchaser of a used vehicle in a private sale when the fees and penalties accrued before the purchase of the vehicle.

In addition, the bill makes any registration fees and penalties due for a vehicle at the time of the vehicle's sale the personal debt of the seller or transferor of the vehicle who did not pay the fees and penalties when they became due or accrued.

The bill also directs DMV to create a system to collect these delinquent fees and penalties from the seller or transferor and to collect the delinquent fees and penalties when the seller or transferor registers another car or applies for a renewal of a license.

**FISCAL EFFECT:**

- 1) Substantial onetime cost to DMV, likely in the hundreds of thousands of dollars (Motor Vehicle Account (MVA)), at least, to modify computer programming and update forms and publications to allow for and reflect the fee and penalty waiver required by this bill. DMV contends it is unable to estimate these costs at this time because DMV's comprehensive, multi-year effort to update its computers is ongoing.
- 2) Significant ongoing annual costs, likely in the hundreds of thousands to low millions of dollars (MVA), to DMV to attempt to recover fee and penalty revenue from vehicle sellers and transferors. DMV estimates these costs at \$3 million annually.
- 3) Lost or temporarily foregone revenue of a significant amount, likely in the millions of dollar (MVA) annually. DMV anticipates these costs to be "at least" \$30 million annually.

The MVA is the primary funding account for DMV and the California Highway Patrol (CHP). DMV notes the MVA is facing insolvency and references a report by the Legislative Analyst's Office (LAO), that recommended, "Until a plan is put in place to address MVA's structural deficit, we recommend the Legislature set a high bar for considering approval of any proposals that create additional MVA cost pressures and accelerate the risk of insolvency."

DMV further notes that the summary of the May revise to the 2025-26 Governor's Budget observed:

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. By focusing on core operational priorities, the DMV can serve Californians while staying within available MVA resources.

**COMMENTS:**

- 1) **Purpose.** The author describes this bill as a consumer protection measure that will protect Californians from “surprise fees” and “predatory practices” that can leave them without transportation, or in a worse financial position as a result of what the author calls an “increasingly common practice of the private sales of vehicles.
- 2) **Background.** Existing law generally requires a vehicle be registered with DMV for the vehicle to be operated legally on California roads and highways and requires a person or entity to pay several fees—commonly known as “registration fees”—before DMV will register a vehicle. Typical registration fees include:
  - Registration fee—\$71.
  - CHP fee—\$34.
  - Alternative fuel fee—\$3.
  - Road improvement fees, paid only by a registrant of a zero-emission vehicle—\$118.
  - Transportation improvement fee—varies with vehicle value.
  - Vehicle license fee—varies with vehicle value.

According to DMV, the average vehicle registration fees are \$121 annually. Revenue generated by the fees fund, for the most part, though not exclusively, administrative functions of DMV and CHP.

The law authorizes DMV to assess penalties against a vehicle for which DMV has not received vehicle registration fee before the fee becomes due. Importantly for this bill, the penalties are tied to the vehicle, not to the vehicle owner. This means the purchaser of a vehicle with unpaid registration fees or penalties inherits the obligation to pay DMV what it is owed. The law requires a licensed vehicle dealer to submit to DMV all fees and penalties owed on a vehicle and to disclose those charges to the vehicle’s buyer at the time of sale. However, the law makes no such requirement of a private seller of a vehicle.

DMV’s website includes a feature that allows anyone to enter a vehicle’s unique vehicle identification number (VIN) to learn of any fees and penalties attached to the vehicle. And state law requires a vehicle license plate to display stickers that indicate the month year the vehicle’s registration fees were last paid. Nonetheless, a buyer of a vehicle from a private seller is sometimes caught unaware that they owe registration fees and penalties on the vehicle they purchased. This bill would change the law so that, in effect, outstanding vehicle

registration fees and penalties are tied to the person who accrued those fees and penalties and not tied to the vehicle itself.

- 3) **Support and Opposition.** This bill is supported by the Automobile Club of Southern California and AAA Northern California, Nevada & Utah (AAA Clubs), who write:

California already has established several consumer protections for sales of vehicles by licensed car dealers. However, these protections do not apply in private transactions between individuals. The AAA Clubs are concerned this difference in law disproportionately impacts working class and low-income motorists, many of whom rely on the used vehicle market for affordable purchases. While we recognize SB 76 may have a small impact on proceeds to the Motor Vehicle Account, we firmly believe state revenues should not rely on money from unsuspecting buyers who were never made aware of delinquent vehicle registration fees and penalties attached to their purchases.

There is no opposition registered against this bill.

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