

SENATE THIRD READING  
SB 76 (Seyarto)  
As Introduced January 15, 2025  
Majority vote

## SUMMARY

Requires the Department of Motor Vehicles (DMV) 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, starting in 2030.

### Major Provisions

- 1) Requires, beginning January 1, 2030, the DMV to waive delinquent registration fees and any penalties that have accrued on fees due prior to the purchase of a vehicle when a transferee or purchaser of a vehicle applies for transfer of registration.
- 2) Requires, beginning January 1, 2030, the DMV to create a system to collect the waived fees from the seller or transferor of the vehicle when the seller or transferor registers another car or applies for a renewal of license.

## COMMENTS

California law requires dealers to submit to the DMV all fees and penalties due for registration and transfer when a vehicle is sold. Private sales, however, do not have this requirement, and the onus of paying unpaid registration fees is on the DMV. The DMV website has a tool where anyone can enter a vehicle's identification number (VIN) and determine the amount of fees and penalties that would need to be paid to register the vehicle. Additionally, the registration sticker affixed to the vehicle's license plate indicates whether the vehicle has been registered and is a visible indication to a buyer of the registration status.

DMV will waive unpaid registration penalties if the buyer signs a statement of fact asserting that they did not know the penalties were outstanding at the time of purchase. The authority to waive the fees is discretionary, and generally is reserved for when a vehicle had valid registration stickers but it turned out later that fees were owed on the vehicle. In this instance, the buyer may have been misled by the seller.

*Committee concerns:* While this bill imagines a new method for the DMV to recover unpaid fees from the original vehicle owner, there may be several circumstances where cost recovery is impossible. For example, if the original owner died or was a corporation that no longer exists, there will never be a way to recover the registration costs. If a person moves out of state and never registers another vehicle in California and renews their license out of state then there will not be a way for DMV to recover unpaid registration fees.

According to the Legislative Analyst Office (LAO), the Motor Vehicle Account (MVA), the primary funding source for DMV, is expected to fully exhaust its reserves and become insolvent in 2025-26. The LAO recommends the Legislature should consider MVA cost pressures when evaluating new proposals. LAO argues that "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."

In the Governor's proposed 2025-2026 budget, the Governor warned that "Given the projected fiscal constraints in the MVA by 2025-26, the Administration will continue to prioritize fiscal discipline and will set a high bar for any new workload or initiatives beyond the DMV's existing operational priorities. By focusing on core operational priorities, the DMV will focus on serving Californians while navigating the MVA's fiscal constraints."

#### **According to the Author**

"Transportation is commonly the second-biggest expenditure for the average family. California families hit by surprise fees can be left without transportation, or in a worse financial position. This measure will shield consumers from predatory practices and unexpected financial distress by enhancing consumer protections for the increasingly common practice of the private sales of vehicles; ensuring fair treatment and greater financial stability for California families."

#### **Arguments in Support**

The Automobile Club of Southern California and AAA of Northern California *write in support of this bill*, arguing, "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."

#### **Arguments in Opposition**

No opposition on file.

### **FISCAL COMMENTS**

According to Assembly Appropriations Committee:

- 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.

### **VOTES**

#### **SENATE FLOOR: 38-0-2**

**YES:** Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio,

Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

**ABS, ABST OR NV:** Limón, Reyes

**ASM TRANSPORTATION: 16-0-0**

**YES:** Wilson, Davies, Aguiar-Curry, Ahrens, Carrillo, Harabedian, Hart, Hoover, Jackson, Lackey, Lowenthal, Macedo, Papan, Ransom, Rogers, Ward

**ASM APPROPRIATIONS: 15-0-0**

**YES:** Wicks, Sanchez, Arambula, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Ahrens, Pacheco, Pellerin, Solache, Ta, Tangipa

**UPDATED**

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CONSULTANT: David Sforza / TRANS. / (916) 319-2093

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