
VETO

Bill No: SB 76
Author: Seyarto (R)
Enrolled: 9/8/25
Vote: 27

SENATE TRANSPORTATION COMMITTEE: 14-0, 3/25/25
AYES: Cortese, Strickland, Archuleta, Arreguín, Blakespear, Cervantes,
Gonzalez, Grayson, Limón, Menjivar, Richardson, Seyarto, Umberg, Valladares
NO VOTE RECORDED: Dahle

SENATE APPROPRIATIONS COMMITTEE: 6-0, 5/23/25
AYES: Caballero, Seyarto, Cabaldon, Grayson, Richardson, Wahab
NO VOTE RECORDED: Dahle

SENATE FLOOR: 38-0, 5/29/25
AYES: 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
NO VOTE RECORDED: Limón, Reyes

ASSEMBLY FLOOR: 75-0, 9/4/25 - See last page for vote

SUBJECT: Vehicles: registration fees and penalties

SOURCE: Author

DIGEST: This bill requires the Department of Motor Vehicles (DMV), by January 1, 2030, to waive delinquent registration fees and penalties when a transferee (purchaser) of a used vehicle applies for a transfer of registration and DMV determines that the fees and penalties accrued prior to the purchase of the vehicle. Any such delinquent fees and penalties would become the personal debt of

the transferor (seller) of the vehicle, and would be subject to collection by DMV, as specified.

ANALYSIS:

Existing law:

- 1) Establishes various vehicle registration fees to be paid to DMV and deposited in accounts for spending on priorities including regulating vehicles, administering registration, maintaining streets and highways, and supporting the California Highway Patrol (CHP). (VEH §9250-§9808)
- 2) Specifies that vehicle fees are delinquent whenever the application for renewal of registration is made after midnight of the expiration day of the registration or 60 days after the registered owner is notified by DMV, whichever is later. (VEH §9552)
- 3) Establishes a schedule of penalties to be collected for any late registration alongside the original fee that have higher cost penalties for longer delinquency periods. (VEH §9554 and §9554.5)
- 4) Authorizes DMV to waive registration penalties when a transferee or purchaser of a vehicle applies for transfer of registration if the penalties accrued prior to the purchase of the vehicle, the transferee or purchaser was not aware of the nonpayment, and the original fees are paid. (VEH §9562)
- 5) Authorizes DMV to waive vehicle registration fees and penalties for a vehicle if the fees became due prior to the purchase of the vehicle and the transferee or purchaser was not aware of the nonpayment and the license plate assigned to the vehicle displays a valid registration. (VEH §9562)
- 6) Specifies that, if the outstanding fees have been waived, the unpaid fees and penalties are the personal debt of the transferor of the vehicle and may be collected by DMV in appropriate civil action. (VEH §9562)

This bill:

- 1) Requires, beginning January 1, 2030, 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

- 1) *Purpose of this bill.* 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.”
- 2) *Vehicle registration fees.* It is illegal to operate an unregistered vehicle on public roads in California. At the time of registration DMV collects a variety of registration fees. Most of these fees are deposited in the Motor Vehicle Account (MVA) where they are used to support the key functions of DMV and CHP. There are also additional fees that have been added over time to support other state priorities, such as a \$3 fee for the California Transportation Program.

Registration fees and penalties are tied to a vehicle, not the vehicle owner. If a vehicle is not re-registered before the registration expires, DMV levies late penalties pursuant to a statutorily established schedule, ranging from \$10 for a delinquency period of 10 days or less, to a penalty of \$100 for a delinquency period of more than two years. DMV does not offer a grace period for paying annual vehicle registration fees. Even though license plates display only the month and year, vehicle registration expires on a specific day. DMV sends billing notices approximately 50 days before a vehicle’s registration expires.

- 3) *Buyer beware.* Currently, during vehicle transactions between private parties it is the onus of the buyer to assess the vehicle’s condition, including unpaid registration fees, and determine if it meets their needs. The DMV’s website has a readily accessible fee calculator 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.

Currently, if a vehicle is sold with outstanding unpaid registration fees and penalties it is the responsibility of the new owner to pay these outstanding fees when they register the vehicle. This bill would change that system by forgiving outstanding fees and penalties that accrued prior to the sale of the vehicle. The seller of a vehicle would instead retain responsibility for paying any registration fees or penalties that accrued prior to the sale. DMV would have to collect those delinquent fees when that person next registers a vehicle or renews a license. Due to the existing consumer protections for vehicles purchased from licensed dealers, the provisions of this bill would only apply to used car buyers purchasing vehicles from a private parties.

- 4) *Waiving penalties.* DMV has a statutory mechanism available to 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 process and form for this waiver is available on the DMV website. However this authority is discretionary— DMV could choose not to waive the penalties. DMV does not track how often people request penalties to be waived through this mechanism or how often these requests are granted.

The circumstances when DMV may waive fees are more limited than those for waiving penalties. Statute allows DMV to waive registration fees for a buyer only when *all* of the following conditions are met:

- The buyer applies for transfer and it is determined that the registration fees became due prior to the transferee's date of purchase;
- The buyer was not aware that the fees were unpaid and due; and,
- The license plate assigned to the vehicle displays a valid year sticker issued by DMV that matches the year for which the buyer is requesting a waiver of fees and penalties.

The waiver is intended to address the situation when a vehicle was displaying a current registration sticker on the plate when it was sold, but it turns out later that it owed fees. Unlike in most cases when the vehicle's registration is visibly expired, under these unique circumstances there is an implication that the buyer was misled by the seller.

- 5) *MVA insolvency.* Registration fees and penalties make up a substantial part of the MVA. A February 2025 Legislative Analyst's Office (LAO) report found that for 2025-26, MVA revenues are estimated to total about \$5 billion. Of this amount, over \$4 billion is projected to come from vehicle registration fees.

MVA is the primary funding source for CHP and DMV. According to the LAO, the MVA is “rapidly heading for insolvency” as expenditures continue to outpace revenues. Specifically, the MVA is projected to become insolvent in 2025-26 with deficits increasing in future years. As such, the LAO recommends the Legislature set a high bar for considering approval of any proposals that create additional MVA cost pressures and accelerate the risk of insolvency.

Related/Previous Legislation

SB 932 (Seyarto, 2024) – Would have required DMV to waive unpaid registration fees and penalties if they accrued prior to the vehicle being purchased. The bill failed passage in the Senate Appropriations Committee.

AB 3243 (Ta, 2024) – Would have, until January 1, 2026, required DMV to accept 20% of an outstanding registration amount in lieu of delinquent vehicle registration fees if an individual is below a certified income threshold. The bill failed passage in the Assembly Appropriations Committee.

AB 281 (Donnelly, 2013) – Would have required DMV to waive unpaid registration fees and penalties if they accrued prior to the vehicle being purchased. The bill failed passage in the Assembly Transportation Committee.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee:

- Unknown, likely significant one-time DMV costs to make IT systems changes to provide for fee and penalty waivers, capture delinquent debt amounts, and transfer them to a prior registered owner’s vehicle registration and driver’s license records. These costs are unknown because the changes must be implemented prior to January 1, 2030, which is after the completion of DMV’s current IT modernization efforts that are scheduled to be complete prior to the bill’s implementation date. DMV cannot predict the costs to modify systems post modernization because its functionalities are currently under development. DMV would also incur one-time costs to establish new processes and procedures for collection of delinquent fees and penalties from prior owners. (Motor Vehicle Account – MVA)
- Unknown, significant ongoing annual DMV administrative costs beginning in 2029-30, primarily as a result of the requirement for staff to cross check vehicle registration records of prior owners and match them to that person’s other

vehicle registrations and driver's license records to conduct collections of delinquent fees and penalties. DMV indicates that this process would be a manual and labor-intensive process, and that there is currently no internal link between vehicle ownership and driver's license records, which may be recorded under different names. In some cases these costs would exceed the amount of delinquent charges that could potentially be collected. (MVA)

- DMV anticipates major vehicle registration fee and penalty losses as a result of the mandatory waiver of delinquent fees and penalties upon transfer of ownership. Precise revenue losses are unknown, but likely in the millions annually. Staff notes that these revenue losses could be partially offset to the extent the department is able to successfully collect delinquent fees and penalties from sellers when they attempt to register another vehicle or renew a driver's license. (primarily MVA and Motor Vehicle License Fee Account, but also local funds and other special funds)

SUPPORT: (Verified 10/3/25)

AAA Northern California, Nevada & Utah
Automobile Club of Southern California
Chino Valley Chamber of Commerce
Consumers for Auto Reliability & Safety

OPPOSITION: (Verified 10/3/25)

None received

GOVERNOR'S VETO MESSAGE:

Beginning January 1, 2030, this bill would require the Department of Motor Vehicles (DMV) to waive delinquent vehicle registration fees and penalties that became due before a private vehicle sale when the purchaser applied for transfer. The DMV would instead be required to recover those fees and penalties from the seller or transferor when they next register another vehicle or renew a driver's license.

This bill would exacerbate the structural insolvency of the Motor Vehicle Account (MVA), the primary funding source for the DMV and CHP. Shifting collection responsibility away from purchasers would reduce

revenues, increase administrative costs, and deepen long-term deficits. In doing so, it would diminish resources available to support the CHP's critical public safety initiatives— including newly launched Crime Suppression Teams and regional crime-reduction partnerships — while also straining the DMV's digital transformation by imposing new duties even as funding is reduced.

As with other measures affecting the MVA, moving the operative date to a future year does not solve the underlying fiscal challenges — it only delays them.

We must set a very high bar for any significant new fiscal commitments until the MVA structural deficit is addressed in a sustainable way.

For these reasons, I cannot sign this bill.

ASSEMBLY FLOOR: 75-0, 9/4/25

AYES: Addis, Aguiar-Curry, Alanis, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Jackson, Kalra, Krell, Lackey, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NO VOTE RECORDED: Ahrens, Alvarez, Irwin, Lee

Prepared by: Isabelle LaSalle / TRANS. / (916) 651-4121
10/6/25 10:37:20

**** END ****