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California State Senate

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May 2, 2011
Upon call of the Chair
State Capitol, Room 3191

Budget and Fiscal Review Hearing

S.B. No. 94 Committee on Budget and Fiscal Review.
Vehicle License Fee Law: vehicle registration.

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Mark Leno, Chair

Bill No:	SB 94
Author:	Committee on Budget and Fiscal Review
As Amended:	April 15, 2011
Consultant:	Brian Annis
Fiscal:	Yes
Hearing Date:	May 2, 2011

Subject: Vehicle License Fee Law: vehicle registration.

Summary: This bill contains necessary changes to the Department of Motor Vehicles (DMV) vehicle registration process to facilitate solutions contained in the 2011-12 budget package.

Background: The DMV collects fees annually from the owners of motor vehicles for registration that support the operation of the DMV and the California Highway Patrol, among other departments. As part of the vehicle registration collection, the DMV also collects the Vehicle License Fee (VLF) which is an in-lieu local property tax based on the value of the vehicle. The VLF rate was set at 2.0 percent of a vehicle's value for a 50-year period ending in 1998. The VLF rate was reduced over time to a new base rate of 0.65 percent, and the State General Fund backfills revenue loss to local governments of approximately \$6 billion annually. Legislation enacted in 2009 (AB X3 3, Chapter 18), increased the VLF rate to 1.15 percent for a period ending June 30, 2011, after which the rate returns to 0.65 percent. The temporary rate increase provides approximately \$1.4 billion to the State General Fund, including about \$500 million to support local law enforcement programs.

Current law directs DMV in the administration of vehicle registration. Among other requirements, the DMV is directed to bill vehicle owners at least 60-days in advance of the payment due date for registration and the VLF.

The Governor's January Budget proposed to maintain the current 1.15 percent VLF rate for an additional five-year period to support his state-local realignment proposal. Within the realignment proposal is the continuation of about \$500 million in funding for local law enforcement grants. This budget proposal was adopted by the Budget Conference Committee, but to-date has not been approved by the full Legislature.

Proposed Law: As part of the Governor's Budget, this budget trailer bill was proposed to provide DMV additional administrative flexibility as the budget is deliberated and the VLF rate is set for 2011-12. With these administrative flexibilities, DMV will be able to avoid erroneous billing, multiple billing, or other confusion.

This bill includes the following provisions:

1. Requires the DMV to make changes to its procedures related to car registration for a limited period ending January 1, 2012.
2. Suspends the existing statutory requirement that requires notification of registration renewal 60-days prior to the payment due date.
3. Requires DMV to waive late payment penalties, for payments received within 30 days after the due date.

4. Delays vehicle registration expiration enforcement to instead begin on the first day of the second month after the vehicle's registration due date.
5. Prohibits any early payment of car registration and VLF until the bill is mailed by the DMV.

Fiscal Effect: No budget augmentation is associated with this bill; however, if this bill is not enacted and future legislation extends the current VLF rate, the DMV could incur additional cost from double-billing and additional programming costs. This bill appropriates \$1,000 from the General Fund to the DMV to comply with the requirement of Proposition 25 for a budget trailer bill.

Support: Unknown

Opposed: Unknown

Comments: The Administration indicates this proposal represents the best option for car owners to avoid erroneous billing, double billing, or other confusion. All the provisions of this bill are temporary, and the current-law provisions for car registration would be re-established on January 1, 2012.

AMENDED IN ASSEMBLY APRIL 15, 2011

SENATE BILL

No. 94

Introduced by Committee on Budget and Fiscal Review

January 10, 2011

~~An act relating to the Budget Act of 2011.~~ *An act to amend Sections 1661, 4000, 4601, 5902.5, and 9554 of the Vehicle Code, relating to vehicles, and making an appropriation therefor, to take effect immediately, bill related to the budget.*

LEGISLATIVE COUNSEL'S DIGEST

SB 94, as amended, Committee on Budget and Fiscal Review. ~~Budget Act of 2011.~~ *Vehicle License Fee Law: vehicle registration.*

(1) Existing law establishes fees for original and renewal registration of vehicles to be collected by the Department of Motor Vehicles. Existing law requires the department, with a specified exception, to notify the registered owner of each vehicle of the date that registration renewal fees for the vehicle are due, at least 60 days prior to that due date, and to indicate the fact that the required notice was mailed by a notation in the department's records.

This bill would, commencing on May 1, 2011, and operative until January 1, 2012, require that the department's time period for notification that vehicle registration renewal fees are due does not apply to vehicles with registration expiring on or after July 1, 2011.

(2) Existing law prohibits a person from driving, moving, or leaving standing upon a highway, or in an offstreet public parking facility, any motor vehicle, trailer, semitrailer, pole or pipe dolly, or logging dolly, unless it is registered and the appropriate fees have been paid under the Vehicle Code or registered under the permanent trailer identification program, except as specified.

This bill would require, beginning July 1, 2011, and operative until January 1, 2012, that enforcement of the above-specified provisions commence on the first day of the 2nd month following the month of expiration of the vehicle's registration.

(3) Existing law requires that the renewal of registration for a vehicle that is either currently registered or for which a specified certification is filed be obtained not more than 75 days prior to the expiration of the current registration or certification.

This bill would, notwithstanding any other law, commencing on the date of its enactment and operative until January 1, 2012, instead apply the above-specified requirement only to the renewal of registration for any vehicle that expires on or before June 30, 2011, and would require that the renewal of registration for a vehicle that expires on or after July 1, 2011, or for which a specified certification is filed, may not be obtained until the expiration of the current registration or certification or until the department has issued a notice of renewal, whichever occurs first.

(4) Existing law requires that if an application for a registration transaction is filed with the Department of Motor Vehicles during the 30 days immediately preceding the date of expiration of registration of the vehicle, the application be accompanied by the full renewal fees for the ensuing registration year in addition to any other fees that are due and payable.

This bill would provide that, until January 1, 2012, the above-specified provisions should not apply if the expiration of the registration occurs on or after July 1, 2011.

(5) Existing law requires that a penalty be added on any application for renewal of registration made later than midnight of the date of expiration or on or after the date penalties become due and requires that the penalties and any fee be computed pursuant to a specified formula and that the penalties be collected with the fee.

This bill would require, commencing on July 1, 2011, and operative until January 1, 2012, that a penalty not be added if an application for renewal of registration, or an application for renewal of special license plates, is made within 30 days after midnight of the expiration date of the registration or the special plates.

(6) This bill would appropriate \$1,000 from the General Fund to the Department of Motor Vehicles for administrative operations.

(7) The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for

that purpose. Governor Schwarzenegger issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on December 6, 2010. Governor Brown issued a proclamation on January 20, 2011, declaring and reaffirming that a fiscal emergency exists and stating that his proclamation supersedes the earlier proclamation for purpose of that constitutional provision.

This bill would state that it addresses the fiscal emergency declared and reaffirmed by the Governor by proclamation issued on January 20, 2011, pursuant to the California Constitution.

(8) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2011.~~

Vote: majority. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature declares and finds all of the
2 following:

3 (a) It is the intent of the Legislature to allow additional time
4 for the Legislature and the people to consider extending the current
5 vehicle license fees. Therefore, the Department of Motor Vehicles
6 should delay sending notices for vehicle registrations that come
7 due during the 2011–12 fiscal year while the fee proposals are
8 being considered until such rate extension occurs, does not occur
9 by operation of law, or is rejected by the voters.

10 (b) It is the intent of the Legislature that no inaccurate notices
11 be sent nor incorrect payments be accepted.

12 SEC. 2. Section 1661 of the Vehicle Code is amended to read:

13 1661. (a) Except for vehicles registered pursuant to Article 5
14 (commencing with Section 9700) of Chapter 6 of Division 3, the
15 department shall notify the registered owner of each vehicle of the
16 date that the registration renewal fees~~of~~ for the vehicle are due, at
17 least 60 days prior to that due date. The *department shall indicate*
18 *the fact that the required notice was mailed*~~shall be indicated~~ by a
19 notation in the department’s records.

20 (b) The department shall include in any final notice of delinquent
21 registration provided to the registered owner of a vehicle whose
22 registration has not been properly renewed as required under this

1 code, information relating to the potential removal and
 2 impoundment of that vehicle under subdivision (o) of Section
 3 22651.

4 *(c) Commencing on May 1, 2011, subdivision (a) shall not apply*
 5 *to vehicles with registration expiring on or after July 1, 2011. This*
 6 *subdivision shall become inoperative on January 1, 2012.*

7 *SEC. 3. Section 4000 of the Vehicle Code is amended to read:*

8 4000. (a) (1) ~~No~~A person shall not drive, move, or leave
 9 standing upon a highway, or in an offstreet public parking facility,
 10 any motor vehicle, trailer, semitrailer, pole or pipe dolly, or logging
 11 dolly, unless it is registered and the appropriate fees have been
 12 paid under this code or registered under the permanent trailer
 13 identification program, except that an off-highway motor vehicle
 14 which displays an identification plate or device issued by the
 15 department pursuant to Section 38010 may be driven, moved, or
 16 left standing in an offstreet public parking facility without being
 17 registered or paying registration fees.

18 (2) For purposes of this subdivision, “offstreet public parking
 19 facility” means either of the following:

- 20 (A) Any publicly owned parking facility.
- 21 (B) Any privately owned parking facility for which no fee for
 22 the privilege to park is charged and which is held open for the
 23 common public use of retail customers.

24 (3) This subdivision does not apply to any motor vehicle stored
 25 in a privately owned offstreet parking facility by, or with the
 26 express permission of, the owner of the privately owned offstreet
 27 parking facility.

28 *(4) Beginning July 1, 2011, the enforcement of paragraph (1)*
 29 *shall commence on the first day of the second month following the*
 30 *month of expiration of the vehicle’s registration. This paragraph*
 31 *shall become inoperative on January 1, 2012.*

32 (b) No person shall drive, move, or leave standing upon a
 33 highway any motor vehicle, as defined in Chapter 2 (commencing
 34 with Section 39010) of Part 1 of Division 26 of the Health and
 35 Safety Code, which has been registered in violation of Part 5
 36 (commencing with Section 43000) of that Division 26.

37 (c) Subdivisions (a) and (b) do not apply to off-highway motor
 38 vehicles operated pursuant to Sections 38025 and 38026.5.

39 (d) This section does not apply, following payment of fees due
 40 for registration, during the time that registration and transfer is

1 being withheld by the department pending the investigation of any
2 use tax due under the Revenue and Taxation Code.

3 (e) Subdivision (a) does not apply to a vehicle that is towed by
4 a tow truck on the order of a sheriff, marshal, or other official
5 acting pursuant to a court order or on the order of a peace officer
6 acting pursuant to this code.

7 (f) Subdivision (a) applies to a vehicle that is towed from a
8 highway or offstreet parking facility under the direction of a
9 highway service organization when that organization is providing
10 emergency roadside assistance to that vehicle. However, the
11 operator of a tow truck providing that assistance to that vehicle is
12 not responsible for the violation of subdivision (a) with respect to
13 that vehicle. The owner of an unregistered vehicle that is disabled
14 and located on private property, shall obtain a permit from the
15 department pursuant to Section 4003 prior to having the vehicle
16 towed on the highway.

17 (g) For purposes of this section, possession of a California
18 driver's license by the registered owner of a vehicle shall give rise
19 to a rebuttable presumption that the owner is a resident of
20 California.

21 *SEC. 4. Section 4601 of the Vehicle Code is amended to read:*

22 4601. (a) Except as otherwise provided in this code, every
23 vehicle registration and registration card expires at midnight on
24 the expiration date designated by the director pursuant to Section
25 1651.5, and shall be renewed prior to the expiration of the
26 registration year. The department may, upon payment of the proper
27 fees, renew the registration of vehicles.

28 (b) Notwithstanding any other provision of law, renewal of
29 registration for any vehicle that is either currently registered or for
30 which a certification pursuant to Section 4604 has been filed may
31 be obtained not more than 75 days prior to the expiration of the
32 current registration or certification.

33 (c) *Notwithstanding subdivision (b) or any other law,*
34 *commencing upon the effective date of the act that added this*
35 *subdivision, the renewal of registration for a vehicle that expires*
36 *on or before June 30, 2011, may be obtained not more than 75*
37 *days prior to the expiration of the current registration or*
38 *certification and the renewal of registration for a vehicle that*
39 *expires on or after July 1, 2011, or for which a certification,*
40 *pursuant to Section 4604, has been filed, may not be obtained until*

1 *the expiration of the current registration or certification or until*
2 *the department has issued a notice of renewal, whichever occurs*
3 *first. This subdivision shall become inoperative on January 1,*
4 *2012.*

5 *SEC. 5. Section 5902.5 of the Vehicle Code is amended to read:*

6 *5902.5. ~~Whenever any~~(a) If an application for a registration*
7 *transaction is filed with the department during the 30 days*
8 *immediately preceding the date of expiration of registration of the*
9 *vehicle, the application shall be accompanied by the full renewal*
10 *fees for the ensuing registration year in addition to any other fees*
11 *that are due and payable.*

12 *(b) The requirements of subdivision (a) shall not apply if the*
13 *expiration of registration occurs on or after July 1, 2011. This*
14 *subdivision shall become inoperative on January 1, 2012.*

15 *SEC. 6. Section 9554 of the Vehicle Code is amended to read:*

16 *9554. (a) (1) A penalty shall be added on any application for*
17 *renewal of registration made later than midnight of the date of*
18 *expiration or on or after the date penalties become due. Penalties*
19 *shall be computed as provided in Section 9559 and shall be*
20 *collected with the fee.*

21 *(2) Notwithstanding paragraph (1), commencing on July 1,*
22 *2011, a penalty shall not be added if an application for renewal*
23 *of registration, or an application for renewal of special license*
24 *plates, is made within 30 days after midnight of the expiration date*
25 *of the registration or special plates. This paragraph shall become*
26 *inoperative on January 1, 2012.*

27 *(b) The penalty assessment for the delinquent payment of the*
28 *registration fee specified in Section 9250 shall be as follows:*

29 *(1) Ten dollars (\$10) for a delinquency period of 10 days or*
30 *less.*

31 *(2) Fifteen dollars (\$15) for a delinquency period of more than*
32 *10 days, to and including 30 days.*

33 *(3) Thirty dollars (\$30) for a delinquency period of more than*
34 *30 days, to and including one year.*

35 *(4) Fifty dollars (\$50) for a delinquency period of more than*
36 *one year, to and including two years.*

37 *(5) One hundred dollars (\$100) for a delinquency period of more*
38 *than two years.*

39 *(c) The penalty assessment for the delinquent payment of the*
40 *weight fee specified in Section 9400 or 9400.1 and the vehicle*

1 license fee as specified in Section 10751 of the Revenue and
2 Taxation Code shall be as follows:

3 (1) Ten percent of the vehicle license fee, or the combined
4 amount of the vehicle license fee and the weight fee if the vehicle
5 is subject to both fees, for a delinquency period of 10 days or less.

6 (2) Twenty percent of the vehicle license fee, or the combined
7 amount of the vehicle license fee and the weight fee if the vehicle
8 is subject to both fees, for a delinquency period of more than 10
9 days, to and including 30 days.

10 (3) Sixty percent of the vehicle license fee, or the combined
11 amount of the vehicle license fee and the weight fee if the vehicle
12 is subject to both fees, for a delinquency period of more than 30
13 days, to and including one year.

14 (4) Eighty percent of the vehicle license fee, or the combined
15 amount of the vehicle license fee and the weight fee if the vehicle
16 is subject to both fees, for a delinquency period of more than one
17 year, to and including two years.

18 (5) One hundred sixty percent of the vehicle license fee, or the
19 combined amount of the vehicle license fee and the weight fee if
20 the vehicle is subject to both fees, for a delinquency period of more
21 than two years.

22 (d) On or after January 1, 2003, a penalty assessment for weight
23 fees not reported and not paid within 20 days as required by Section
24 9406 shall be applied to the difference in the weight fee as follows:

25 (1) Ten percent of the fee for a delinquency period of 10 days
26 or less.

27 (2) Twenty percent of the fee for a delinquency period more
28 than 10 days, to and including 30 days.

29 (3) Sixty percent of the fee for a delinquency period more than
30 30 days, to and including one year.

31 (4) Eighty percent of the fee for a delinquency period more than
32 one year, to and including two years.

33 (5) One hundred sixty percent for a delinquency period more
34 than two years.

35 (e) A single penalty assessment for the delinquent payment of
36 the fees specified in Sections 9250.8 and 9250.13 shall be as
37 follows:

38 (1) Ten dollars (\$10) for a delinquency period of 10 days or
39 less.

1 (2) Fifteen dollars (\$15) for a delinquency period of more than
2 10 days, to and including 30 days.

3 (3) Thirty dollars (\$30) for a delinquency period of more than
4 30 days, to and including one year.

5 (4) Fifty dollars (\$50) for a delinquency period of more than
6 one year, to and including two years.

7 (5) One hundred dollars (\$100) for a delinquency period of more
8 than two years.

9 (6) This subdivision applies to the renewal of registration for
10 vehicles with expiration dates on or after December 1, 2008.

11 ~~(f) This section shall become operative January 1, 2009.~~

12 *SEC. 7. The sum of one thousand dollars (\$1,000) is hereby*
13 *appropriated from the General Fund to the Department of Motor*
14 *Vehicles for administrative operations.*

15 *SEC. 8. This act addresses the fiscal emergency declared and*
16 *reaffirmed by the Governor by proclamation on January 20, 2011,*
17 *pursuant to subdivision (f) of Section 10 of Article IV of the*
18 *California Constitution.*

19 *SEC. 9. This act is a bill providing for appropriations related*
20 *to the Budget Bill within the meaning of subdivision (e) of Section*
21 *12 of Article IV of the California Constitution, has been identified*
22 *as related to the budget in the Budget Bill, and shall take effect*
23 *immediately.*

24 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~
25 ~~changes relating to the Budget Act of 2011.~~