



Consumers for Auto Reliability and Safety

June 23, 2015

Honorable Jim Beall
Chairperson, California Senate Committee on Transportation and Housing
State Capitol, Room 5066
Sacramento, CA 95814

Re: AB 516 (Mullin)
Position: Oppose unless amended

Dear Senator Beall:

Consumers for Auto Reliability and Safety regrets that we must oppose AB 516, which would unfairly penalize consumers who, through no fault of their own, do not receive their permanent license plates within 90 days.

We support the intent of the bill to provide temporary license tags, in order to make cars identifiable for law enforcement and other legitimate purposes. However, as CARS pointed out last year in opposing AB 2197, it is unfair to penalize consumers by making it illegal for them to drive their own cars, when they have not received their permanent license plates because of circumstances beyond their control, such as: 1) dealers going out of business without submitting registration documents to the Department of Motor Vehicles; 2) dealers who fail to obtain proper title to vehicles prior to sale; 3) first-line service providers who fail to process documents and send permanent license plates to the correct address in a timely fashion; 3) computer errors or other mistakes made by the DMV.

AB 516 would add this provision to the Vehicle Code: *“Section 5202 A...temporary license plate issued in lieu of permanent license plates shall be attached and displayed on the vehicle for which the...temporary license plate was issued until the temporary license plate...expires, or the permanent license plates are received, whichever occurs first.”*

However, there is no requirement for dealers and service providers to ensure that the plates are delivered to the proper address prior to when the temporary tags expire. There are also no exceptions to this arbitrary time period, to take into account circumstances beyond the consumer's control. This is quite unreasonable, particularly in light of the harsh penalties innocent consumers face if they do not receive their permanent plates in time. Not being able to operate a vehicle legally subjects the owner to a myriad of severe sanctions, including possible ticketing, costly fines, arrest, prosecution, imprisonment, and / or loss of a job.

In addition, the bill would make merely altering a temporary tag a ***felony*** offense, punishable by

hefty fines and imprisonment. This means that someone who is an innocent victim of delays caused by the dealer, service provider, or DMV could be imprisoned for a felony offense, if they merely change the date on a temporary tag, in an attempt to avoid being pulled over and ticketed as they drive to work – even when they have been making good faith attempts to obtain their permanent plates.

While the proponents of AB 516 may claim that the incidence of auto dealers failing to submit registration documents and deliver permanent plates on time is extremely rare, that is not credible. One need look no further than the fallout from the last economic downturn, when thousands of new and used car dealers went out of business without paying off outstanding liens or submitting paperwork to the DMV, leaving their customers in the lurch. In response, the California District Attorneys Association sponsored legislation to establish a fund for consumers victimized by deadbeat dealers.

In addition, it is important to note that auto dealers are permitted to collect taxes on behalf of the state, and consistently rank among the top offenders in the Board of Equalization's list of Top 500 Sales and Use Tax Delinquencies in California. This is a significant indication of how prevalent the failure to submit the correct paperwork to government agencies is, among car dealers, and how many consumers are affected by their illegal behavior. For example, according to the BOE, one dealer owes more than \$5,751,000; another owes \$3,476,000; a third owes over \$2,740,000 in taxes. Dozens of other dealers continue to owe large amounts of taxes to the State. It is highly unlikely that they would submit registration documents to the DMV, but fail to pay taxes, given the fact the penalties for the latter offense tend to be significantly higher.

There are sometimes also serious problems among even well-established large new car dealerships, which may lack adequate staff trained to handle vehicle registrations properly, or engage in an illegal practice known as “yo-yo” financing – using various threats, including the threat of not submitting registrations in a timely fashion – to coerce consumers into signing subsequent purchase contracts with higher down payments, higher interest rates, or other terms that favor the dealer at the expense of the consumer.

We also have concerns about the funding for the DMV to establish the new system, which would include new additional higher fees, without any statutory limit on how high the fees may be.

For the reasons stated, we must oppose AB 516 unless it is amended to provide reasonable protections for car buyers from the arbitrary deadline for displaying permanent plates, when they experience delays through no fault of their own; to eliminate the new felony penalty; and to set a reasonable cap on the fees. Thank you for your consideration of our concerns with the bill. Should you or your staff have any questions regarding our position, please do not hesitate to contact me directly.

Sincerely,

A handwritten signature in black ink that reads "Rosemary Shahan". The signature is written in a cursive, flowing style.

Rosemary Shahan
President

CC: Assemblymembers Mullin and Chiu and Senator Hill