



METROPOLITAN  
TRANSPORTATION  
COMMISSION

Agenda Item 4b

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*Memorandum*

TO: Legislation Committee

DATE: March 7, 2014

FR: Executive Director

W. I. 1131

RE: AB 2197 (Mullin): Temporary License Plate Program

**Background**

Since 2010, MTC has sought a legislative remedy to restore fairness and address the fact that over a million trips are taken on our bridges each year by vehicles without payment or a license plate. The drivers of these vehicles are the ultimate “free riders,” enjoying the benefit of seismic improvements and other investments throughout the bridge corridors by toll payers, without making any contribution themselves. In FY 2012-13, the revenue lost due to toll violations from vehicles without a plate on the seven state-owned bridges reached \$6.8 million. Coupled with the Golden Gate Bridge, the region lost out on almost \$8 million in foregone transportation revenue.

In response to our earlier efforts to seek reform, in 2011 the Legislature passed Assembly Bill 1215 (Blumenfeld), which shortened the allowable time period for driving a vehicle without a plate from 180 days to 90 days. Unfortunately, the bill had little impact, relying as it did on the consumer to put their plates on their vehicle upon receipt and providing no penalty for not doing so beyond a “fix-it ticket.” Driving without a license plate is simply commonplace in California.

Assembly Bill 2197 (Mullin) is sponsored by MTC and the Golden Gate Bridge, Highway and Transportation District and requires the establishment of a temporary license plate program consistent with our 2014 Advocacy Program. The bill requires new and used car dealers to print on a standard laser printer and install using weather proof paper a unique temporary license plate on any vehicle sold without a permanent metal plate. Modeled on the best practices of other states and the official policy of the American Association of Motor Vehicle Administrators, the legislation requires that the license plate information be entered into an electronic database in real time at the point of sale so that law enforcement and toll agencies can access the relevant information needed to provide for public safety and process toll violations.

**Recommendation: Support**

**Discussion**

Since enactment of AB 1215, staff has been in discussions with the DMV, the California State Transportation Agency, other toll operators, law enforcement, the first line service providers and other interested parties in an effort to develop a program that all key parties can support. AB 2197 takes a comprehensive approach to this problem, operating from the simple premise that all vehicles should have a clearly identifiable unique number on their license plate at all times, with very limited exceptions.

The bill builds on the existing Business Partner Automation (BPA) program at the DMV which has been in operation for over a decade. Under this program, the DMV designates certain companies that meet numerous requirements as First Line Service Providers authorized to work directly with dealers to provide vehicle related services to consumers, including vehicle registration. Because new car dealers are already *required* by AB 1215 to register vehicles electronically, the bill would have minimal impact on the steps a new vehicle dealership follows when selling a car. Indeed, most if not all of the first line service providers in California are already providing temporary license plate services in other states so adding this new feature to the service they already offer here is viewed as straightforward and a welcome business opportunity.

The situation is different for used car dealerships, which have the option to participate in BPA, but usually do not as the volume of their business is manageable enough that they have not sought help from third parties. To date, conversations with the Independent Auto Dealers Association of California have been very positive and we are hopeful the bill can be crafted in a manner that achieves our goals without imposing undue burden on small, independent auto dealers.

With respect to cost, the program is designed to be self-financing via transaction fees associated with the temporary license plate. Specifically, each temporary license plate issued would have a transaction fee associated with it that would accrue to the first-line service provider. Dealers would be authorized to pass that fee on to consumers. The bill does not specify or cap the amount of the fee, but typically other states have set it in the \$2-4 range. Discussions are ongoing on this point but will hopefully be resolved within the next couple of months. A related outstanding question is the cost of developing and maintaining the “back-end” temporary license plate system itself, which would stand apart from the permanent motor vehicle registration database. As the technology is considered “off the shelf,” the design and maintenance of this system should be either minimal one-time costs or covered by the transaction fee.

While MTC is already an official sponsor of the bill, to ensure that the Commission and our partners are fully engaged and informed about this effort, staff recommends that you forward a recommendation of support to the Commission.

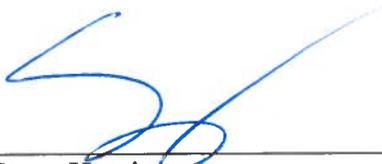
### **Known Positions**

#### **Support**

MTC (sponsor)  
Golden Gate Bridge, Transportation & Highway District

#### **Oppose**

None on file



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Steve Heminger

SH: RL