



**DATE:** February 13, 2019

**TO:** Joint Committee on Transportation

**FROM:** Amy Joyce, Legislative Liaison

**SUBJECT:** HB 2576 – License Plate Transfers

## **INTRODUCTION**

Current law does not allow license plates from vehicles determined “totaled” to be transferred to another vehicle. Significant changes were made to the license plate transfer law in the 2018 session. This bill will provide additional customer benefit.

## **BACKGROUND**

For many years the law has allowed a DMV customer to transfer a license plate onto their vehicle with merely an application and \$6 fee. In addition to the plate itself, the registration period associated with the plate would also transfer to the new vehicle. Nothing in law required the owner of the vehicle to which the plate was assigned to be the person applying to transfer the plate onto a new vehicle.

This led to two issues. First, license plates were being stolen and then transferred onto other vehicles. Second, people were selling license plates – state property - with remaining registration tags for profit.

Recognizing these problems, during the 2018 session the Legislature made significant changes to the plate transfer law. Under that bill, license plate transfers were still allowed, but the registration went along with the plate in only one case: if the vehicles the plates came from, and were going to, were owned by the same person. This disincentivized plate theft and plate sales. Anecdotally, DMV’s staff saw a precipitous drop in complaints about plate theft.

As the agency implemented the 2018 bill, DMV determined it had been granting certain benefits that were specifically prohibited by statute. When a vehicle was declared “totaled,” DMV had been allowing its owner to transfer those license plates to another vehicle. However, the law clearly requires those plates to be “retired,” which means they could not be transferred.

## **DISCUSSION**

Under current law, when a vehicle is declared “totaled” that vehicle’s plates must be “retired.” This means they cannot be transferred or otherwise used, even if the registration was recently renewed. Rather, the owner of the totaled vehicle must start over with new plates and registration when they obtain a replacement vehicle or if they keep the “totaled” vehicle. Customers who see the value in transferring their old plates, or have a particular attachment to the plate, are frustrated by the enforcement of this law.

Almost certainly, the law requiring retirement of plates on a totaled vehicle developed when the determination of “total loss” effectively meant the vehicle was not drivable, and the vehicle should be scrapped. Today, a well-running vehicle could be declared totaled by an insurance company – because the cost of repair is more than the value of the vehicle – due to body damage in a low speed crash.

HB 2576 changes the law so that the owner of the license plates on a totaled vehicle may transfer those plates, and the remaining registration, onto another vehicle, or keep using their plates on a repairable vehicle. Also, the bill provides consumers the right to retrieve their license plates from a tow yard.

The -1 Amendment clarifies that vehicles declared “totaled” due to theft, but later recovered and returned to the owner, can also benefit from this provision. It also leaves this option open to customers using plates that are no longer current issue.

#### **SUMMARY**

HB 2576 provides consumers access to their license plates on their vehicle in a tow yard, and makes small, customer-friendly changes to the license plate transfer laws. The owner of a totaled vehicle will be able to maintain those plates on the totaled vehicle, or transfer those plates to another vehicle, just as any other owner may do.