

TITLE 13: DEPARTMENT OF MOTOR VEHICLES

Division 1, Chapter 1

Article 3.0 – Vehicle Registration and Titling

NOTICE IS HEREBY GIVEN

The California Department of Motor Vehicles (department) proposes to add section 158.50 in Article 3.0, Chapter 1, Division 1, Title 13 of the California Code of Regulations (CCR), relating to the Lien Sales program.

PUBLIC HEARING

A public hearing regarding this proposed regulatory action is not scheduled. However, a public hearing will be held if any interested person or his or her duly authorized representative requests a public hearing to be held relevant to the proposed action by submitting a written request to the contact person identified in this notice no later than fifteen (15) days prior to the close of the written comment period.

DEADLINE FOR WRITTEN COMMENTS

Any interested party or his or her duly authorized representative may submit written comments relevant to the proposed regulations to the contact person identified in this notice. All written comments must be received at the department no later than **November 4, 2024**, the final day of the written comment period, in order for them to be considered by the department before it adopts the proposed regulation.

AUTHORITY AND REFERENCE

The department proposes to adopt these regulations under the authority granted by Vehicle Code section 1651 and Civil Code section 3068, to implement, interpret, or make specific Civil Code sections 3067 through 3074, and Vehicle Code section 1811.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

The California Civil Code sections 3067 through 3074 detail the procedures for lien sales in California. Civil Code sections 3071 and 3072 bifurcate the process based on the value of a vehicle. Vehicles valued over \$4,000 are subject to the procedures established in Civil Code section 3071 and those valued at \$4,000 or less are subject to the procedures established in Civil Code section 3072. Vehicle Code section 22670 establishes that when a vehicle is towed at the request of a public agency the estimated value of that vehicle is established by the public agency who ordered the towing of the vehicle unless they opt to not set a value. The statute provides an alternative of the garage keeper or the garage keepers agent.

There is nothing in statute that determines, outside of a lien sale following the towing of a vehicle at the behest of a public agency, the value of a vehicle for lien sale purposes.

BENEFITS OF THE PROPOSED REGULATION

A lien sale is the process in which a vehicle may be sold to pay a debt that has not been satisfied. In a lien sale all interested parties are notified and the vehicle is then sold to the highest bidder. The California Civil Code outlines the procedures for a lien sale based on the value of a vehicle but is silent, except for in cases of a public agency ordered towing, as how the value is to be determined. Throughout the Civil Code the department is tasked with managing lien sales. Because the role of the department in the lien process changes based on the value of the vehicle it is imperative that there is a way to equitably establish a process to value vehicles. Currently, there is confusion and uncertainty regarding the valuation process of vehicles subject to a lien sale. The department has therefore determined that it is necessary to adopt a regulation to establish how value for lien sale vehicles is to be calculated. This will benefit the public and businesses when determining which procedure must be followed when selling a vehicle through the lien sale process.

CONSISTENCY AND COMPATIBILITY WITH STATE REGULATIONS

The department conducted a review of other state regulations and has concluded there are no other regulations that establish plate sponsor guidelines for the special interest or specialized license plate programs. Therefore, the proposed regulations are neither inconsistent nor incompatible with existing state regulations.

COMPARABLE FEDERAL STATUTES OR STATE REGULATIONS

The department has conducted a search and has determined that there are no compatible federal regulations or statutes related to vehicle valuation for lien sales.

DOCUMENTS INCORPORATED BY REFERENCE

There are no documents incorporated by reference.

ECONOMIC AND FISCAL IMPACT DETERMINATIONS

The department has made the following initial determinations concerning the proposed regulatory action:

- Cost or Savings to Any State Agency: None
- Other Non-Discretionary Cost or Savings to Local Agencies: None
- Costs or Savings in Federal Funding to the State: None
- Effects on Housing Costs: None
- Cost to any local agency or school district requiring reimbursement pursuant to Gov. Code section 17500 et seq.: None
- Cost Impact on Representative Private Persons or Businesses: The department is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

- **Small Business Impact:** This may impact small businesses if the small business is involved in the lien sale process.
- **Local Agency/School District Mandate:** The proposed regulatory action will not impose a mandate on local agencies or school districts, or a mandate that requires reimbursement pursuant to Part 7 (commencing with Section 17500) of Division 4 of the Government Code.
- **Significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states:** The department is not aware of any significant statewide adverse economic impact directly affecting businesses including the ability of California businesses to compete with businesses in other states.

RESULTS OF THE ECONOMIC IMPACT STATEMENT

The department has made the initial determination that this action will not impact, 1) the creation or elimination of jobs within the State of California, 2) the creation or elimination of existing businesses within the State of California, 3) the expansion of businesses currently doing business within the State of California, or 4) worker safety or the state's environment.

This regulatory proposal may benefit the health and welfare of California residents by increasing protections for consumers who may have vehicles subject to lien sale. The department has not identified a benefit to worker safety or the state's environment.

PUBLIC DISCUSSIONS OF PROPOSED REGULATIONS

A pre-notice workshop, pursuant to Government Code section 11346.45, is not required because the issues addressed in the proposal are not so complex or large in number that they cannot easily be reviewed during the comment period.

ALTERNATIVES CONSIDERED

The department must determine that no reasonable alternative considered by the department or that has otherwise been identified and brought to the attention of the department would be more effective in carrying out the purpose for which the action is proposed, or would be effective as and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provisions of law.

CONTACT PERSON

Any inquiries or comments concerning the proposed rulemaking action may be addressed to:

Randi Calkins, Regulations Specialist

Department of Motor Vehicles

Legal Affairs Division

PO Box 932382, MS C-244

Sacramento, CA 94232-3820

Any inquiries or comments concerning the proposed rulemaking action requiring more immediate response may use:

Telephone: (916) 282-7294

Facsimile: (916) 657-6243

E-Mail: LADRegulations@dmv.ca.gov

In the event the contact person is unavailable, inquiries should be directed to the following back-up person:

Peggy Gibson, Attorney IV

Department of Motor Vehicles

Telephone: (916) 657-6469

AVAILABILITY OF STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATIONS

The department has prepared an Initial Statement of Reasons for the proposed regulatory action and has available all the information upon which the proposal is based. The contact person identified in this notice shall make available to the public upon request the Express Terms of the proposed regulatory action using underline or italics to indicate additions to, and strikeout to indicate deletions from the California Code of Regulations.

The contact person identified in this notice shall also make available to the public, upon request, the Final Statement of Reasons and the location of public records, including reports, documentation and other materials related to the proposed action. In addition, the above-cited materials (the Notice of Proposed Regulatory Action, the Initial Statement of Reasons, and Express Terms) may be accessed at <https://www.dmv.ca.gov/portal/about-the-california-department-of-motor-vehicles/california-dmv-rulemaking-actions/>

AVAILABILITY OF MODIFIED TEXT

Following the written comment period, and the hearing if one is held, the department may adopt the proposed regulations substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the fully modified text, with changes clearly indicated, shall be made available to the public for at least 15 days prior to the date on which the department adopts the resulting regulations. Requests for copies of any modified regulations should be addressed to the department contact person identified in this notice. The department will accept written comments on the modified regulations for 15 days after the date on which they are first made available to the public.