

BILL ANALYSIS

Date of Hearing: June 21, 2010

ASSEMBLY COMMITTEE ON TRANSPORTATION
Bonnie Lowenthal, Chair
SB 1453 (Price) - As Amended: May 20, 2010

_ SENATE VOTE _ : 25-0

_ SUBJECT _ : Electronic license plates

_ SUMMARY _ : Allows the Department of Motor Vehicles (DMV) to explore the utilization of electronic license plates.

Specifically, _ this bill _ :

- 1) Makes findings and declarations regarding DMV's interaction with millions of California drivers and vehicle owners each year vis-a-vis the budget reductions, furloughs, and other cost-saving measures being implemented to alleviate the current and expected budget financial crisis of the state.
- 2) Allows DMV to consider the use and development of existing or emerging technologies for the creation of a digital electronic license plate for the purpose of generating revenue for itself and state.
- 3) Allows DMV to enter into request for proposals, memoranda of understanding, letters of intent, or other appropriate instruments for this purpose.
- 4) Allows DMV to enter into a contract with a private vendor for the purposes of researching, developing, acquiring, and exploring the utilization of a digital electronic license plate.
- 5) Requires DMV, on or before January 1, 2013, to submit to the Legislature a report on its investigation of the utilization of digital electronic license plates containing all of the following information:
 - a) An explanation of how digital electric license plates could function as both a vehicle identifier and a mobile message display unit, including all of the following:
 - i) Restrictions that DMV may impose upon the message

displayed on the digital electronic license plate;

ii) The control that a registered owner may have over the message displayed on the digital electronic license plate;

iii) The control that a legal owner may have over the message displayed on the digital electronic license plate; and,

iv) Options for the driver of the vehicle to display and to change the messages displayed on the digital electronic license plate.

b) The effects of the use of the digital electronic license plates on traffic safety, including, in consultation with the California Highway Patrol (CHP), a consideration of the onroad safety impacts of digital electronic license plates through onroad testing of these plates authorized by the CHP.

c) The revenues to the state that may be generated by the use of the digital electronic license plates, if any.

d) Cost savings that may be realized by DMV through improved efficiency in the registration of vehicles, if any.

e) The security and reliability of the digital electronic license plates.

f) Recommendations on the future use of digital electronic license plates.

6) Requires the report to be financed by the private vendor as part of the above-referenced contract.

7) Defines, for the purposes of this bill, "digital electronic license plate" to mean a license plate that may be used secondarily as a mobile message display unit and that complies with statutory requirements regarding reflectorization of license plates while in vehicle identification mode.

EXISTING LAW :

1) Requires DMV to issue to each motor vehicle, upon initial

registration, two reflectorized license plates or devices to identify the vehicle.

2) Requires each plate to display the word "California" plus the vehicle's registration number and the year for which its registration is valid.

3) Requires plates, other than those for motorcycles, to be rectangular in shape, 12 inches in length and six inches in width.

4) Requires characters on the plate to be at least 2 inches high and 1 inches high and have at least 5/16 inch of space between them.

FISCAL EFFECT : According to the Senate Appropriations Committee analysis, the staff cost for the required report would be approximately \$200,000, which would be borne by the private vendor.

COMMENTS : Digital electronic license plates look and function like a computer screen that displays a facsimile of a license plate, but is capable of displaying other images. At least one company, Smart Plate, is in the process of developing such a plate but has yet to produce these plates for demonstration or other purposes.

Smart Plate indicates it holds a patent on its digital electronic license plate, which would take on the size and appearance of a standard California license plate (i.e., a 12" by 6" white, reflectorized rectangle with blue characters and "California" in red across the top) when a vehicle is moving. Once a vehicle comes to a stop for four seconds or longer, such as at a stoplight or in a traffic jam, the image on the plate would be replaced with a scrolling set of messages, including advertisements for private businesses, educational institutions, or other organizations that would enter into contracts with DMV to display their messages on these plates. Electronic plates would be used only on those vehicles where the owners have agreed to use them and those owners would choose which messages to display based on their preferences, affiliations, and perhaps rewards from those businesses or organizations. The plate would access messages from a "computing cloud" or other wireless network rather than an on-board or on-plate chip.

The author introduced this bill in order to allow DMV to work

with Smart Plate or other companies to investigate the creation and use of this type of license plate and report to the Legislature on that investigation. The ultimate goal is to produce a revenue stream for both the plate manufacturers and DMV while providing vehicle owners the opportunity to display messages of support for organizations they favor and/or earn rewards from commercial interests.

The bill raises a host of operational concerns, perhaps to be addressed by the CHP's participation in the study. One is the ability of law enforcement to identify the ownership and status of a vehicle if the license plate is put into its advertisement mode, either automatically or deliberately. Such identification was, of course, the primary purpose for requiring license plates in the first place. A second concern would be the ability of a driver to disable the identifying numbers on the plate in an effort to avoid detection during commission of a crime or while going through a toll facility. Third would be the unintentional disabling of the plates' numbers due to malfunction, accident or vandalism. Fourth, should an electronic plate for some reason remain in the advertising mode while the vehicle is in motion, it would create a safety hazard by distracting the attention of motorists following a vehicle so equipped. While each of these issues can theoretically be addressed through technological means, those solutions are only as sound and reliable as the technology itself. It is likely that law enforcement agencies would have other questions as well that might or might not be addressed by the study envisioned by the bill.

It should also be noted that in a 2004 federal court decision, *Women's Resource Network v. Gourley*, E.D. Cal 2004, F.Supp.2d, 2004 U.S. Dist., the court declared California's special interest license plates unconstitutional because they violate the First Amendment right to freedom of speech. The court specifically objected to the state "picking and choosing" special license plates that private organizations propose, in essence promoting the message of some organizations while denying this right to others. It is likely, therefore, that DMV would be required to accept any non-obscene message from any organization that wants to advertise or promote itself through the plates this bill contemplates, should they ever enter general use.

Finally, there is a generalized concern that in a society that is perceived by some to be vastly overcommercialized, this bill represents the breaching of yet another barrier between public

and private functions.

All of these concerns aside, the bill does not by itself establish an electronic license plate program or even mandate that DMV study its establishment. It merely authorizes that such a study take place.

Suggested committee amendment : This bill contains an internal inconsistency in that it simply allows DMV to consider the creation of digital electronic license plates, yet it requires DMV to report on its investigation of this issue. If DMV chooses not to consider digital plates (a choice implicitly authorized by the bill), there would be nothing on which to base a report. The bill should therefore be amended to make the report requirement contingent upon the investigation actually taking place.