

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7656

BILL NUMBER: HB 1793

NOTE PREPARED: Jan 23, 2003

BILL AMENDED:

SUBJECT: Two License Plates on Vehicles.

FIRST AUTHOR: Rep. Scholer

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED:

X

**GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: This bill requires the Bureau of Motor Vehicles (BMV) to issue two license plates for all vehicles other than motorcycles, trailers, yard trailers, and semitrailers. It requires that license plates be displayed on the front and rear of a vehicle if two license plates have been issued for the vehicle. The bill makes conforming changes in related statutes. It establishes the Motor Vehicle Replating Fund. It specifies that the Bureau may set a fee to cover the costs of issuance of a second license plate and specifies that this fee be deposited in the Motor Vehicle Replating Fund.

Effective Date: July 1, 2003.

Explanation of State Expenditures: The BMV will purchase additional license plates. In addition, a second monthly sticker will be needed for the front license plate. In renewal years, two renewal stickers will be issued rather than one. There are approximately 5.3 million vehicles affected by the two-plate requirement. Below is a table which shows the prices of license plates and stickers. Postage for one plate is \$1.06, and \$1.75 for two plates. In CY 2000, there were approximately 1.2 million mailed transactions. The BMV estimates that there will be 260,000 new plates issued in a sticker year. A sticker year is a year in which the recipient receives only a sticker and not a new plate. CY 2003 is a new plate year. The bill provides that the additional license plates are not required before January 1, 2004. Everyone who received a plate in 2003 will need to receive a second plate. The mailing cost will be for one plate.

The following table shows the costs of the items involved.

Digital License Plate (DLP)	Embossed	Difference
Single Plates \$3.80 each (current)	\$2.60 each (current)	\$1.20
\$5.80 pair	\$3.60 pair	\$2.20
Stickers (1 plate issue) \$0.14 each current price	\$0.14 each	na
Stickers (2 plate issue) \$0.13 each	\$0.13 each	\$0.12
Stickers (BMV issued annual renewal)	\$0.25 each	na

Plate prices include freight to the branch or BMV warehouse.

A digital license plate (DLP) is printed rather than embossed and painted. The DLP is the new technology in plates. Currently, the BMV is issuing both types of plates as the DLP is phased in. However, BMV will eventually convert to all DLPs during the next plate cycle. Timing of that conversion is determined by BMV. Quantities that would be ordered of each type of plate also would be determined by BMV.

The following table shows the estimated costs for two plates in a plate year (FY 2004) and a sticker year (FY 2005).

Items	FY 2004	FY 2005
Mailing	\$5,618,000	
Envelopes	\$265,000	
Plates	\$20,140,000	
Stickers/monthly	\$636,000	
Stickers/validation	\$1,325,000	
Total	\$27,984,000	
Additional plates/sticker year		\$520,000
Additional Monthly stickers		\$636,000
Additional Validation stickers		\$65,000
Total		\$1,221,000

The funds affected are the Motor Vehicle Highway Account, the Motor Vehicle Replating Fund, and the PEN Products Revolving Fund.

Explanation of State Revenues: The proposal allows the BMV to set by rule an additional fee to register

a vehicle with two license plates. The fee is to reimburse the cost of issuing two license plates for a vehicle. In addition, the Motor Vehicle Replating Fund is created. Money in the newly created fund is to be used only to pay the costs resulting from the issuance of two license plates. The BMV is to administer the newly created fund. Money in the fund does not revert to the state General Fund at the end of a state fiscal year. Money in the Motor Vehicle Replating Fund is continuously appropriated. Potential revenue will depend upon the fee established and the number of vehicles subject to the fee.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Bureau of Motor Vehicles; Department of Correction (PEN Products).

Local Agencies Affected:

Information Sources: BMV budget and registration data; Becky Gillam, Director of Sales and Marketing for PEN Products, 387-8580, ext. 220; Jane Morrical, Director of Treasury, BMV, 232-2822.

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