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FISCAL IMPACT STATEMENT

LS 7318

BILL NUMBER: SB 457

NOTE PREPARED: Feb 3, 2009

BILL AMENDED: Feb 3, 2009

SUBJECT: Various Motor Vehicle Registration Matters.

FIRST AUTHOR: Sen. Merritt

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill:

- (1) removes provisions requiring the Bureau of Motor Vehicles (BMV) to adopt rules providing that a license plate issued for certain vehicles be valid for five years;
- (2) removes provisions requiring that a registration for a Personalized License Plate (PLP) must be completed before May 1 of each year;
- (3) requires the reservation of a low-numbered motor vehicle registration plate or a special-numbered motor vehicle registration plate to be completed before October 31 of the year before issuance or renewal of the low-numbered vehicle registration plate or the special-numbered motor vehicle registration plate;
- (4) requires the BMV to adopt rules providing that a special group that is not currently participating in the special group recognition license plate program be eligible to petition the BMV for qualification in participation in the special group recognition license plate program under certain time frames;
- (5) makes technical corrections; and
- (6) removes outdated language.

Effective Date: July 1, 2009.

Explanation of State Expenditures: (1) Removing the five-year requirement for the validity of certain license plates may save funds for the BMV.

By way of example, with an eight-year production cycle, there would be five complete production cycles over a 40-year period versus seven complete production cycles under the current five-year program. This would reduce the production of license plates by approximately 9.4 million over the 40-year period. Using the current standard per plate charge of \$3.55, this would translate into a savings of \$33.37 M over 40 years.

[This estimate assumes constant sales and production costs.] The funds affected are the Motor Vehicle Highway Account from which license plate production is paid and the PEN PRODUCTS Revolving Fund. PEN PRODUCTS is the manufacturing and sales arm of prison made products.

(2) Allowing the acceptance of PLP applications throughout the year and (3) requiring the reservation date for a low-numbered or a special-numbered plate be completed before October 31 should streamline the renewal process for these plates and potentially save money. For example, as of January 9, 2009, the BMV reports that they have an inventory of approximately 31,000 low-digit license plates and about 49,000 personalized license plates, or a total of 80,000 license plates. These represent license plates produced, but not sold. The cost of each plate is \$3.69. This would translate into potential savings of approximately \$295,000. The fund affected is the Motor Vehicle Highway Account.

(4) Requiring the BMV to adopt rules regarding special groups and special group license plates to once every five years likely will reduce the number of special recognition plates.

Background Information: The number of plates produced in the 1998 cycle for renewal was 6,274,351. In 2003, the quantity produced was 6,197,200. For the 2008 cycle, 7,610,247 plates were produced. For the 2013 cycle, an estimated 6,000,000 plates will be produced. PEN PRODUCTS reports that the other four years in the current plate cycle average 1.3 million plates produced per year.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: BMV; PEN PRODUCTS (Department of Correction).

Local Agencies Affected:

Information Sources: Sarah Meyer, Legislative Liaison, BMV, 317-232-1936.

Fiscal Analyst: James Sperlik, 317-232-9866.