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**FISCAL IMPACT STATEMENT**

**LS 7298**

**BILL NUMBER:** HB 1279

**NOTE PREPARED:** Feb 11, 2013

**BILL AMENDED:** Feb 11, 2013

**SUBJECT:** Special Group and National Guard License Plates.

**FIRST AUTHOR:** Rep. Soliday

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FIRST SPONSOR:**

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill has the following provisions:

- (1) Creates the Special Group Recognition License Plate Committee consisting of eight members of the General Assembly, and specifies that the primary purpose of the committee is to make recommendations to the Bureau of Motor Vehicles (BMV) regarding special group recognition license plates.
- (2) Specifies the criteria to be met by a special group for the issuance of a plate.
- (3) Specifies procedures for continued participation in the special group recognition license plate program by a special group, including sales requirements.
- (4) Provides that a person who is an active member of the Army or Air National Guard may apply for and receive one or more National Guard license plates. (Current law requires that the person must be an active member of the Indiana Army or Air National Guard.)
- (5) Requires the BMV to design a National Guard license plate.
- (6) Removes the restriction that not more than two disabled Hoosier Veteran license plates may be issued to one person.
- (7) Requires the BMV to design and issue a Vietnam Veterans Trust license plate and establishes the Operation Homefront Trust Fund, to be funded by an annual supplemental fee from the applicant for a Vietnam Veterans Trust license plate.
- (8) Makes conforming amendments.

**Effective Date:** Upon passage; July 1, 2013.

**Explanation of State Expenditures:** This bill will increase state expenditures to establish the Special Group

Recognition License Plate Committee. The Committee is to consist of 8 members of the General Assembly who would be entitled to the same per diem, mileage, and travel reimbursement as paid to members of interim study committees. In the past, Legislative Council resolutions have established interim study committee budgets of \$9,500 for committees with 16 or fewer members.

(Revised) PEN PRODUCTS, the manufacturing arm of prison-made products, will charge the Bureau of Motor Vehicles \$3.67 per plate if the plate is a multi-color plate, \$3.19 per plate for a truck plate and other one-color plates, \$3.55 for a standard plate, or \$2.70 for a motorcycle plate to issue a Vietnam Veteran Trust license plate. The funds affected are the PEN PRODUCTS Revolving Fund and the Motor Vehicle Highway Account, which supports the BMV. It is unknown at this time the number of individuals who might qualify or choose to purchase the new license plate.

**Explanation of State Revenues:** *Summary:* This bill could reduce revenue collected from the \$15 special group license plate administrative fee for plates that do not meet minimum sales requirements and/or are terminated after review by the Special Group License Plate Committee.

The annual revenue reduction from the \$15 administrative fee could be approximately \$68,100 for plates that did not sell more than 500 plates based on FY 2011 and FY 2012 data (this estimate does not include possible revenue losses from license plates terminated by the Committee). Of this amount, revenue to the BMV, State License Branch Fund, and the Crossroads 2000 Fund could decrease by approximately \$22,700, \$40,900, and \$4,500, respectively.

By allowing any member of the National Guard (not just members of the Indiana National Guard) to receive a National Guard license plate, the sale of other license plates with special group fees and administrative fees may be affected.

(Revised) If the Vietnam Veteran Trust license plate is operated in a similar fashion to other military license plates listed in IC 9-18-25-1, the state is not expected to receive additional revenue from administrative fees for sales of this license plate. However, the introduction of this license plate may (1) decrease sales of other license plates where the state does receive revenue from administrative fees and (2) may increase sales of personalized license plates (PLP) in the state (where the state also receives additional revenue from fees). Any impact on state revenue collected from fees for specialty license plates and PLPs is indeterminable.

**Additional Information:**

*National Guard License Plate:* The BMV reports the current Indiana National Guard license plate bears a reference to the "National Guard" and not the "Indiana National Guard". The BMV reports the requirements of the bill can be accomplished without a redesign of the current National Guard license plate.

Currently, the Indiana National Guard license plate does not have a special group fee or administrative fee. To the extent the introduction of this license plate reduces license plate sales of other plates where administrative fees are collected, state revenue could decrease. Any decrease in state revenue from administrative fees collected from other license plates is indeterminable.

For FY 2012, the lowest-selling specialty license plate (plates with group fees) sold 100 license plates (Earlham College), generating \$1,500 in revenue from administrative and group fees. The highest-selling specialty license

plate sold 49,762 (Indiana University), generating approximately \$746,000 in revenue from administrative fees and approximately \$1.2 M in revenue from group fees.

*(Revised) Vietnam Veteran Trust license plate:* The introduction of the Vietnam Veteran Trust license plate may impact sales of other specialty license plates currently offered by the BMV. To the extent the introduction of this license plate reduces other license plate sales where administrative fees are collected, state revenue is expected to decrease. Any decrease in state revenue from administrative fees collected from other license plates is indeterminable.

The bill also establishes a \$25 fee for the Vietnam Veteran Trust license plate, which is designated for deposit in the Operation Homefront Trust Fund (also created by the bill). This fund is to be administered by the BMV Commission. Money in the fund is nonreverting and annually distributed to the Indiana chapter of Operation Homefront on June 30 of each year. Operation Homefront is a 501(c)(3) nonprofit organization that specializes in providing emergency financial and other assistance to the families of service members and wounded warriors.

The proposal provides for the Vietnam Veteran Trust license plate to also be issued as a personalized license plate (PLP) if the purchaser so decides. Since an individual can request a PLP for a number of plates currently offered by the BMV, allowing an individual to request a Vietnam Veteran Trust PLP is not expected to result in a significant increase in the number of PLP requests or additional revenue from PLP fees.

Currently, the BMV charges an additional fee of \$48 for a PLP. Of this amount, \$37 is deposited in the State License Branch Fund, \$7 in the Motor Vehicle Highway Account (MVHA), and \$4 in the Crossroads 2000 Fund.

The Vietnam Veteran Trust license plate is not subject to minimum sale requirements of 2,000 sales in a 4-year period. Annual license plate sales are unknown. However, the Department of Veterans' Affairs (DVA) reports approximately 173,000 Vietnam-era veterans currently reside in Indiana. The number of Vietnam veterans in the state that would be willing to purchase the Vietnam Veteran Trust license plate is unknown.

*Termination of Special Group License Plates:* The bill (1) allows the BMV to suspend a special group license plate for special groups that advocate or commit a violation of state or federal law, (2) requires the BMV to suspend a special group license plate in instances where 500 plates are not sold after a plate has been put on probation, and (3) specifies that special groups who did not sell more than 26 license plates in CY 2012 are not eligible for issuance in CY 2014.

Additionally, this bill requires the Special Group License Plate Committee to review all special group license plates offered by the BMV and recommend termination for plates that fail to adhere to requirements contained in the bill. As a result, this bill could reduce the number of specialty group license plates currently offered by the BMV.

Currently, the BMV charges \$40 in administrative fees per specialty group license plate. Of the \$40, \$25 is forwarded to a trust fund for the special group and the remaining \$15 is withheld by the BMV. Of the \$15 portion withheld by the BMV, \$5 is used for purposes of administering the special group license plate program, \$9 is deposited in the State License Branch Fund, and \$1 is deposited in the Crossroads 2000 Fund.

Individuals who currently own a license plate that is eliminated by the bill or by the Special Group License Plate Committee may either purchase another special group license plate or select a license plate where no

additional fees are collected. If an individual were to select another special group license plate, there would be no impact to state revenue from the loss of the \$15 administrative fee. However, if an individual were to select a license plate where no administrative fees are collected, revenue to the State License Branch Fund, the Crossroads 2000 Fund, and the BMV will decrease.

Of the specialty license plates offered between FY 2011 and FY 2012, 17 of the 92 different plates offered during both years did not surpass sales of 500 plates in either year.

<b>Special Group License Plate</b>	<b>FY 2011 Sales</b>	<b>FY 2012 Sales</b>
Earlham College	134	100
Grace College & Seminary	128	164
Teamsters	83	178
Tri-State University	156	183
Ex-POW	330	196
St. Mary's College	187	200
Bethel College	182	220
Rotary Club	221	271
Marian University	439	276
Blood Center	334	280
Indiana Institute of Technology	263	290
University of St. Francis	327	357
American Diabetes Association	170	382
IUPUI Fort Wayne	314	384
INCASA	299	419
Operating Engineer	370	422
Huntington College	400	426

Approximately 4,500 license plates could be terminated based on FY 2011 and FY 2012 sales (assuming their sales do not increase in the period of time after the effective date of the bill). The loss of \$15 in administrative fees per special group license plate could reduce state revenue by a maximum of approximately \$68,100. Of this amount, revenue to the BMV, State License Branch Fund, and the Crossroads 2000 Fund is expected to decrease by approximately \$22,700, \$40,900, and \$4,500, respectively.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Bureau of Motor Vehicles; PEN PRODUCTS.

**Local Agencies Affected:**

**Information Sources:** Mark Goodrich, BMV; Tom Applegate, former Director of the Indiana Department of Veterans' Affairs.

**Fiscal Analyst:** Bill Brumbach, 232-9559.