

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: SB1167

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Watkins

3. Committee: Finance

4. Title: **Transportation surcharge; special license plates; license plates bearing reserved numbers or letters**

5. Summary: This bill authorizes the Department of Motor Vehicles to increase fees for certain special license plates and personalized license plates up to a total increase in each fee of \$10. This bill would not affect one-time-fee or no-fee special license plates that are not personalized. The increases permitted under this bill are not mandatory.

6. Fiscal impact estimates: Preliminary. See Item #8.

7. Budget amendment necessary: No.

8. Fiscal implications: Since special and reserved plates are discretionary purchases, an increase in the fee will have varying effects on the total revenue generated versus revenue lost from citizens who choose to discontinue their plate. Based on previous analysis, it is anticipated that if the full \$10 was implemented, a net increase in revenue of \$1.5 million could be expected. This takes into account the projected number of customers who would discontinue their special plates and/or personalized plates, as well as the negative impact on future plate sales. A more prudent implementation of the legislation would suggest a much smaller and more incremental increase at a time when the environment for these discretionary purchases improves.

It should be noted that the agency has seen substantial downward revisions in revenue and the permissive nature of this bill could allow the Department of Motor Vehicles (DMV) an opportunity to mitigate some of those reductions with a modest and suitably timed increase.

Should DMV opt to increase fees under this authorization, a one-time cost of \$55,485 can be anticipated for changes to the agency's automated system to support the provisions of the bill.

9. Specific agency or political subdivisions affected: Department of Motor Vehicles. This bill could also potentially affect agencies and organizations that participate in the special plate revenue sharing program to the extent some citizens may discontinue their registrations.

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 2/2/09/jlv

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cc: Secretary of Transportation