

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: Transportation

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

5. Summary: This bill authorizes DMV to impose and collect a reasonable surcharge, up to \$10, for issuance or renewal of annual-fee special license plates and license plates with reserved numbers or letters. This bill would not affect one-time-fee or no-fee special license plates that are not personalized. Personalized special license plates would only be subject to one surcharge. The surcharge permitted under this bill is 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. Given this, the Department of Motor Vehicles (DMV) may pursue a much smaller and more incremental imposition of the surcharge 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 DMV an opportunity to mitigate some of those reductions with a modest and suitably timed imposition of the surcharge.

Should DMV opt to impose a surcharge under this authorization, a one-time cost of approximately \$55,000 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 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: 2/12/09/jlv

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cc: Secretary of Transportation