

Department of Planning and Budget 2022 Fiscal Impact Statement

1. **Bill Number:** HB703

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

2. **Patron:** Keam

3. **Committee:** Transportation

4. **Title:** Special license plates; localities.

5. **Summary:** This bill authorizes localities to pay the initial issuance fee costs for the development and issuance of special license plates displaying the seal, symbol, emblem, or logotype of the locality in lieu of collecting 350 paid applications for such license plates.

6. **Budget Amendment Necessary:** No.

7. **Fiscal Impact Estimates:** Preliminary. See Item #8.

8. **Fiscal Implications:** To implement this bill, the Department of Motor Vehicles will incur programming costs estimated at \$5,892. The 80 staff hours required can be accomplished during the normal work schedules for DMV employees, given current workloads. The special plate revenue will cover the agency's anticipated costs.

9. **Specific Agency or Political Subdivisions Affected:** Department of Motor Vehicles.

10. **Technical Amendment Necessary:** No.

11. **Other Comments:** According to DMV, in 1993 the General Assembly authorized localities to apply directly to the Department of Motor Vehicles (DMV) to create special license plates displaying the seals, symbols, emblems, or logotypes of those localities. Initially, all plates created under this authorization were revenue-sharing and required 1,000 prepaid applications in order to be produced. Each plate carried a \$25 plate fee, with \$15 going to the locality. In 1996, the applications requirement was reduced to the current 350. The last update to the statute in 2005 gave localities the option to request either revenue-sharing or nonrevenue-sharing (\$10) plates.

While the prepaid applications are intended to help cover the initial costs of development and production of the plates, which a flat fee would also do, the applications also demonstrate that there is a public interest in the plates. Under Virginia Code § 46.2-725, DMV is required to stop the sale of plates that, after five years of issuance, have fewer than 200 active registrations. Producing plates simply because the initial costs are generally covered does not ensure those plates will be requested by vehicle owners. After five years, DMV will stop

sales if the issuance numbers are too low. At that point, the General Assembly typically repeals the authorizations.

The Department of Motor Vehicles notes that the current special plate authorization rules were an attempt by the General Assembly to minimize authorizing plates only to repeal them later. It is not clear if allowing localities to cover the cost of 350 paid applications will potentially result in more plates having to be repealed due to those plates having fewer than 200 active registrations.