

## Department of Planning and Budget 2009 Fiscal Impact Statement

**1. Bill Number:** SB1167

House of Origin      X      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 imposes a transportation surcharge of \$25 per year on the issuance or renewal of most special license plates and license plates bearing reserved numbers or letters.

**6. Fiscal impact estimates:** Preliminary.

**6a. Expenditure impact:** See Item #8 below.

**6b. Revenue impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2009	-	-
2010	(\$1,234,229)	NGF
2011	(\$1,234,229)	NGF
2012	(\$1,234,229)	NGF
2013	(\$1,234,229)	NGF
2014	(\$1,234,229)	NGF
2015	(\$1,234,229)	NGF

**7. Budget amendment necessary:** No.

**8. Fiscal implications:** The Virginia Department of Taxation estimates that approximately 70 percent of special and reserve license plate holders will surrender their current plates in exchange for standard license plates as a result of this bill. The expenditure impact would include a one-time surge in the cost to the Department of Motor Vehicles (DMV) of exchanging surrendered special and reserved license plates for standard license plates and the estimated cost of changes to DMV's automated system to support the provisions of this bill. This cost could total \$2.8 million over a one to three year period, depending upon renewal cycles and timing.

The revenue impact reflects the estimated effect of this bill on the special and personalized license plate program. Special license plates and license plates with reserved numbers or letters (personalized plates) are a discretionary purchase. Over the past year, DMV has seen a decrease in special license plate and personalized license plate purchases due to increases in vehicle registration fees and, presumably, to the widespread economic downturn. DMV

would expect an additional \$25 surcharge for these plates to cause a significant decrease in both new and existing registrations for these types of plates.

For plate holders who choose to keep their plates and pay the surcharge, DMV would expect the number of multi-year (two- and three-year) registrations to decline because single-year registrations will exceed \$100 for some plates.

The expected decrease in personalized and special plate registrations would, in turn, impact DMV's special plate revenue-sharing program, through which a large number of Commonwealth agencies and political subdivisions, public and private colleges and universities, and non-profit organizations receive a portion of the revenue from certain special plates to support their operations and programs in Virginia. In FY 2008, DMV disbursed \$2,779,810 through the special plate revenue-sharing program.

The Department of Taxation estimates that the \$25 surcharge would result in an approximate \$1.4 million annual loss in revenue overall. This revenue loss includes participants in the revenue-sharing plate program. DMV's share of the revenue loss would be \$1,234,229.

- 9. Specific agency or political subdivisions affected:** This bill would reduce revenue used for Department of Motor Vehicles operations. In addition, it would result in a reduction in plate sharing revenue for the following agencies: Virginia Department of Health, Chesapeake Bay Program, Department of Transportation, Department of State Police, Department of Agriculture, Department of Game and Inland Fisheries, numerous localities (participating through the "Animal Friendly" and individual locality plates), as well as all participating public colleges and universities and many charitable community organizations.

**10. Technical amendment necessary:** No.

**11. Other comments:** None.

**Date:** 1/23/09/jlv

**Document:** G:\08-10\09 FIS\SB1167.Doc Janet Vogelgesang

cc: Secretary of Transportation