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Office

H.B. 74
136th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 74's Bill Analysis](#)

Version: As Introduced

Primary Sponsors: Reps. K. Miller and Ghanbari

Local Impact Statement Procedure Required: No

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Highlights

- The Bureau of Motor Vehicles (BMV) may incur both one-time and ongoing costs related to contracting with a private vendor to issue specialty license plates and to oversee that program. The actual magnitude of those costs would depend on the terms of the executed contract.
- The BMV may gain certain fee and contribution revenues under the terms of the contract negotiated with the vendor. Fees to cover the cost of the contract would be deposited to the Public Safety – Highway Purposes Fund (Fund 5TM0) and the Public Safety Specialty License Plate Contract Fund (created under the bill). Contributions established by the BMV are to be credited to the Drug Law Enforcement Fund (Fund 5ET0).
- Any increase in administrative workload experienced by the Controlling Board related to the approval of specialty license plates is expected to be minimal and absorbed utilizing existing staff and resources.

Detailed Analysis

The bill requires the Registrar of Motor Vehicles to select a vendor, using a competitive selection process, to operate a specialty license plate program. The bill specifies certain terms and conditions of the contract, including requiring the Registrar to set and collect fees and contributions that are in addition to any applicable motor vehicle registration taxes and fees. The bill limits any such contract to be for a period not to exceed two years and may be extended for additional two-year terms.

Under the bill, the privately operated specialty license plate program would exist alongside the current specialty license plate process, meaning that a person could choose to obtain a specialty license plate through the Registrar or through the private vendor. The issuance

of any specialty license plate and validation sticker and the collection of taxes and fees associated with the specialty license plate program remain the responsibility of the Registrar.

Fiscal effect

Bureau of Motor Vehicles

The Bureau of Motor Vehicles (BMV) will incur costs related to (1) adopting rules for the specialty license plate program, (2) selecting a qualified vendor via a competitive selection process, and (3) then connecting the awarded vendor's information technology (IT) systems to the BMV systems. Additionally, the BMV may incur ongoing costs to manage and oversee the contract if one is awarded.

Offsetting revenues for operating the program

One-time and ongoing program costs are likely to be offset, either in whole or in part, by the collection of additional fees that apply to specialty license plates obtained through the private vendor. These fees will be set by the contract but the bill stipulates that one fee will be credited to the Public Safety – Highway Purposes Fund (Fund 5TM0), which may be used to defray the BMV's general operating expenses. An additional fee is also authorized to be assessed to compensate the private vendor for the performance of its duties under the contract. Those fees are to be credited to the Public Safety Specialty License Plate Contract Fund, a new fund under the bill. The amount of the fee and magnitude of any revenue generated for the private vendor will depend on the terms of the contract and the number of people who choose to obtain a specialty license plate through the vendor.

Contributions to the Drug Law Enforcement Fund (Fund 5ET0)

Under the terms of the contract, the Registrar is required to set a contribution amount to be deposited to the Drug Law Enforcement Fund (Fund 5ET0). The bill may result in an increase in revenue to Fund 5ET0, which is used by the Office of Criminal Justice Services located within the Department of Public Safety, to provide grants to local drug task forces to offset the costs incurred related to the enforcement of the state's drug laws and other state laws related to illegal drug activity. The magnitude of any increase will ultimately depend on the number of people who choose to utilize the services provided by the private vendor and the amount of the contribution that would apply to specialty license plates obtained through the vendor.

Controlling Board

The bill requires the Registrar to submit all specialty license plates created under the Specialty License Plate Program to the Controlling Board for review and approval. The Controlling Board will have final authority over the design and content of these plates. While the bill adds to the Controlling Board's duties, it is anticipated that the resulting administrative workload will be minimal and can be absorbed utilizing existing staff and resources. The Controlling Board is required to meet at least once monthly but usually meets every other Monday and members are paid a per diem of \$150, plus necessary travel expenses. Presumably the approval or disapproval of specialty license plates would be handled during a regular meeting and no additional per diem or reimbursement would be necessary.