



## Fiscal Estimate Narratives

DOT 3/2/2004

LRB Number	03-3155/1	Introduction Number	SB-493	Estimate Type	Original
<b>Subject</b>					
Breast cancer license plates					

### Assumptions Used in Arriving at Fiscal Estimate

Several special license plates, whose purpose is to raise funds for particular causes, are enumerated in statute.

This bill creates a special license plate that raises funds for the Susan G. Komen Breast Cancer Foundation. The bill establishes a contribution amount of \$25 annually, in addition to regular registration fee. The bill requires the Susan G. Komen Breast Cancer Foundation to provide, without fee and as a condition of receiving the contributions, any license or approval needed for use of trademark, logo, name, etc., for the special plate.

Under the bill, DOT would retain an amount of contributions sufficient to reimburse initial costs of production. After DOT has been reimbursed, all additional contributions go to the Susan G. Komen Breast Cancer Foundation. Since the Foundation must provide license or approval to use the trademark, etc., no funds would be diverted to pay licensing fees.

Like all special license plates, this plate would require – under current law – a one-time \$15 fee for issuance or reissuance of the special plate.

#### One-time cost:

DMV will migrate to a redesigned motor vehicle registration system in late 2004. This fiscal estimate assumes that programming changes will be done only in the new environment. If programming changes were done in the current environment, the cost would be extremely high, and moreover the system would be obsolete in a few months.

In the new environment, programming modifications would require 26 days of programmer staff time, for a cost of \$20,400. In addition, DMV would incur costs of \$7,200 to design the new license plate and get it into production. Total one-time cost is \$27,600.

The bill allows DOT to retain contributions sufficient to reimburse one-time production costs. Thus, the bill funds the cost. However, contributions are retained in the unappropriated balance of the Transportation Fund; funds are not appropriated to the DMV appropriation, where the expenditures will be incurred. The cost cannot be absorbed within DMV's current budget.

#### Volume:

Since groups must pay the cost of establishing their special plates, the projected and annual sales volume is critical in determining when the group will begin to receive contributions. Based on the one-time cost of \$27,600, the break-even point is 1,100 plates sold – that is, after 1,100 plates are sold, DOT costs would be reimbursed and the group would begin to receive the contributions.

Historically, most fund-raising plates experience their highest volume within the first 2 years of availability. The following data is the actual plate sales obtained in the first year of issuance for our 5 fund-raising plates:

- Endangered Resources: 13,000
- Celebrate Children: 2,200
- University system: 900
- Green Bay Packer: 8,357 (the Packers estimated 40,000 plates)
- Ducks Unlimited: 985 (DU estimated 10,000)

Based on actual sales volumes of these other fund-raising plates, DOT estimates that Susan G. Komen fund-raising plate sales of 500 would occur in the first year.

**Annual cost:**

DMV's cost to issue a special plate is on average slightly more than \$16 per transaction. This includes the cost of the plate, validation stickers, postage, and staff cost to process the transaction.

If 500 plates were sold in the first year of plate availability, DOT would incur a cost of \$8,000. The bill does not increase the DMV appropriation to cover this cost.

**Annual revenue:**

An issuance fee of \$15 is charged for issuance of all special plates. If 500 plates were sold in the first year, the revenue generated would be \$7,500. The revenue is deposited in the unappropriated balance of the Transportation Fund.

**Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 03-3155/1		<b>Introduction Number</b> SB-493	
<b>Subject</b>			
Breast cancer license plates			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
DMV would incur one-time cost of \$27,600, to modify data processing program and get the plate into production. While the bill directs that DOT retain contributions sufficient to cover DOT's initial production cost, the contributions are deposited in the Transportation Fund and are not appropriated to DMV appropriation. DMV cannot absorb this cost within its current budget.			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes		\$3,800	
(FTE Position Changes)			
State Operations - Other Costs		4,200	
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$8,000</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
SEG/SEG-S		8,000	
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S		7,500	
<b>TOTAL State Revenues</b>		<b>\$7,500</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
NET CHANGE IN COSTS		\$8,000	\$
NET CHANGE IN REVENUE		\$7,500	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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