



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #932

Special License Plate Issuance Fees (DOT -- Motor Vehicles)

[LFB 2001-03 Budget Summary: Page 671, #8]

CURRENT LAW

Members of authorized special groups may obtain special license plates whose design and words indicate that the vehicle is owned by a member of the applicable special group. A fee, in addition to the regular registration fee, is assessed for the issuance or reissuance of most special plates. Currently, this fee is \$15 for UW System plates, celebrate children plates, Green Bay Packers plates and Ducks Unlimited plates. There is either no issuance or reissuance fee or a lower fee for other types of special plates, such as the endangered resources plates, military group plates, amateur radio plates and vehicle collector plates.

GOVERNOR

Increase special license plate issuance and reissuance fees to provide a uniform fee of \$15 for most special license plates, as follows: (a) from \$0 to \$15 for endangered resources and Somalia War veterans plates; (b) from \$5 to \$15 for vehicle collector plates; and (c) from \$10 to \$15 for military group, National Guard, amateur radio and fire fighter/EMT/rescue squad plates and for a second or subsequent set of prisoner of war plates (the first set of prisoner of war plates would continue to have no fee). Specify that the fee for National Guard plates would also apply to the reissuance of those plates (there is currently no fee for reissuance of National Guard plates). Specify that these fee increases would take effect on the first day of the seventh month beginning after the effective date of the bill. Increase estimated transportation fund revenue by \$19,600 in 2001-02 and \$550,200 in 2002-03.

DISCUSSION POINTS

1. DOT indicates that the cost of issuing or reissuing special license plates, including the cost to process the application and manufacture and deliver the plates, is \$16.90 per plate set. The legislation creating the most recently-authorized special plates, such as the celebrate children plates, Ducks Unlimited plates and Green Bay Packers plates, has created a \$15 issuance and reissuance fee, with the intention of reimbursing the transportation fund for the higher cost associated with these plates.

2. Some of the plates that currently have lower issuance and reissuance fees were created earlier, when the cost of issuing the plates was likely not as high. The vehicle collector plate, for instance, was created in 1976, with a fee of \$5. Military group plates were first created in 1980, with an issuance fee of \$10. The issuance and reissuance fees have not been adjusted for inflation since that time. Therefore, increasing the fee to \$15 for these plates may be consistent with the original intent, which was to require holders of these plates to pay for the cost of their issuance.

3. Endangered resources plates were created in 1994 to generate revenue for the endangered resources programs within the Department of Natural Resources. Holders of these plates pay an additional, annual fee of \$25, which goes to DNR, but no issuance or reissuance fee is charged. In creating this plate, it may have been the intent of the Legislature to not charge an issuance fee in order to encourage the sale of these plates to generate revenue for DNR. If the Committee decides to retain the policy of no issuance or reissuance fees for this plate, this could be done while still increasing the fee for the other special plates to \$15. In this case, estimated transportation fund revenues would be decreased by \$9,900 in 2001-02 and \$382,600 in 2002-03, compared to the Governor's recommendation.

4. Creating an issuance and reissuance fee for the endangered resources plate may be justified since these plates are well established. The endangered resources plate is the most popular special plate currently issued, with nearly 24,000 sets in use. Furthermore, other revenue-producing plates, such as the UW system plates, celebrate children plates, Ducks Unlimited plates and Green Bay Packers plates all have a \$15 issuance and reissuance fee.

5. The Somalia War Veterans plate, which is not a revenue-producing plate like the endangered resources plate, was created with no issuance or reissuance fee. If the fee for the other military group plates is increased to \$15, it would seem to be consistent to create a \$15 fee for this plate as well. There are currently 27 sets of these plates in use.

6. Revenues that would be generated by the increases in the special plate issuance and reissuance fees in 2002-03 are higher than in the first year because DOT is planning to reissue most special license plate types in that year. When special license plates are replaced, the holder of those plates must pay the reissuance fee, so increasing the fee would generate additional revenue. Amateur radio and vehicle collector plates have already been reissued, but the other special plates for which the fee would be increased by the bill are expected to be replaced in 2002-03.

7. DOT indicates that the cost of reissuing a special plate is about the same as the cost

to initially issue the plate. Therefore, the reissuance fee, like the issuance fee, is intended to compensate the transportation fund for the additional cost. However, since the state is making the decision to replace special license plates (as required by statute), rather than the holder of the plate, it could be decided that that the holder of the plate should not be required to pay the additional cost of the plate. There is no reissuance fee for the replacement of regular license plates.

8. If the reissuance fee is waived when special plates are replaced as part of the standard plate replacement cycle, transportation fund revenue would be reduced. This would affect plate types, such as the UW system plates, that already have a fee of \$15, as well as the plates that currently have a lower fee. Relative to the bill, estimated transportation fund revenue would be reduced by \$848,200 in 2002-03. Relative to the base, the reduction would be \$337,100 in that year.

9. A reestimate of revenue produced by increasing the issuance and reissuance fees to \$15 would increase the amount in 2002-03 by \$10,800, to \$561,000. The estimate reflected in the bill assumed that a \$10 reissuance fee would be charged under current law for the reissuance of National Guard plates. However, there currently is no reissuance fee for National Guard plates. The bill would create a \$15 reissuance fee, generating \$15 for each set replaced, instead of a \$5 increment, as had been assumed.

ALTERNATIVES

1. Approve the Governor’s recommendation to increase special license plate issuance and reissuance fees to provide a uniform fee of \$15 for most special license plates, as follows: (a) from \$0 to \$15 for endangered resources and Somalia War veterans plates; (b) from \$5 to \$15 for vehicle collector plates; and (c) from \$10 to \$15 for military group, National Guard, amateur radio and fire fighter/EMT/rescue squad plates and for a second or subsequent set of prisoner of war plates (the first set of prisoner of war plates would continue to have no fee). Specify that the fee for National Guard plates would also apply to the reissuance of those plates. Specify that these fee increases would take effect on the first day of the seventh month beginning after the effective date of the bill. Increase estimated transportation fund revenue by \$19,600 in 2001-02 and \$561,000 in 2002-03. (The revenue estimate reflects a reestimate of the revenue generated by the bill’s provisions.)

Alternative 1	SEG
2001-03 REVENUE (Change to Bill)	\$10,800

2. Modify the Governor’s recommendation by retaining current law with respect to endangered resources plates, which do not currently have an issuance or reissuance fee. Decrease estimated transportation fund revenue by \$9,900 in 2001-02 and \$371,800 in 2002-03 to reflect this change (-\$9,900 in 2001-02 and -\$382,600 in 2002-03) and a reestimate of revenue generated by the bill’s provisions (\$10,800 in 2002-03).

Alternative 2	SEG
2001-03 REVENUE (Change to Bill)	- \$381,700

3. Modify the Governor's recommendation by requiring DOT to waive the reissuance fee if the special license plate is being replaced in the course of a general plate replacement cycle. Reduce estimated transportation fund revenue by \$848,200 in 2002-03 to reflect this change.

Alternative 3	SEG
2001-03 REVENUE (Change to Bill)	- \$848,200

4. Maintain current law. Reduce estimated transportation fund revenue by \$19,600 in 2001-02 and \$550,200 in 2002-03.

Alternative 4	SEG
2001-03 REVENUE (Change to Bill)	- \$569,800

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