

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 2178
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: APRIL 3, 2023

SUMMARY

Synopsis: Authorizes creation of Domestic Violence Awareness license plates.

Type of Impact: Annual State revenue and expenditure increases.

Agencies Affected: New Jersey Motor Vehicle Commission; The Department of Children and Families

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Thereafter</u>
State Expenditure Increase	\$65,700	Indeterminate
State Revenue Increase	\$50,000	At least \$15,700

- The Office of Legislative Services (OLS) finds that the bill will produce annual State revenue and expenditures increases that will largely offset one another. The OLS cannot quantify the annual increases because it is unclear how many applications for the Domestic Violence Awareness license plate the New Jersey Motor Vehicle Commission will receive. The OLS notes, however, that the implementation of the bill is conditioned upon the receipt by the commission of a minimum of 500 applications for the Domestic Violence Awareness license plate.
- The bill establishes the Domestic Violence Awareness license plate program in such a manner that the commission may fully recover the expenses incurred in administering the program. The commission has identified its initial cost of designing and establishing a new license plate series as \$62,000, which is largely attributable to computer system changes, and the per plate cost of an initial 550 plate run at \$6.60 per license plate, for a total cost of \$65,700.
- The commission will receive a \$50 Domestic Violence Awareness license plate application fee in addition to a \$10 annual renewal fee for each Domestic Violence Awareness license plate. Initial fee collections will reimburse the commission for the expenses it incurs in administering the program. In addition, the commission will have to receive an initial payment of up to \$25,000 and a minimum of 500 license plate applications for a total of \$50,000 to offset initial

costs before license plate production begins. The commission will then be permitted to retain additional fee amounts until its costs are fully reimbursed.

- After the commission's cost recovery, indeterminate excess application and renewal fee collections will be appropriated to the Department of Children and Families.

BILL DESCRIPTION

This bill authorizes the Chief Administrator of the commission to issue special Domestic Violence Awareness license plates.

In addition to the required motor vehicle registration fees, there is an application fee of \$50 and an annual renewal fee of \$10 for the Domestic Violence Awareness license plates. After the deduction of the commission's costs of designing, producing, issuing, renewing, and publicizing the plates and of any computer programming changes that are necessary to implement the license plate program, in an amount not to exceed \$150,000, the additional fees collected will be deposited into a special non-lapsing fund known as the "Domestic Violence Awareness License Plate Fund." The proceeds of the fund are to be annually appropriated to the Department of Children and Families to provide grant funding to organizations and non-profit agencies that support victims of domestic violence.

State or other public funds are not to be used for the initial cost to establish the Domestic Violence Awareness license plate program. Accordingly, the commission is required to implement the program only if the following conditions are met in the first 12 months following the date of enactment: (1) an individual or entity designated by the department has provided the commission with money necessary to offset the initial cost incurred by the commission to establish the program; and (2) the liaison appointed by the department has provided the commission with a minimum of 500 completed applications for the Domestic Violence Awareness license plates.

The commission is required to annually certify the average cost of producing, issuing, renewing, and publicizing the availability of the specialty license plates. If the average cost per plate exceeds \$50 in two consecutive fiscal years, the commission may discontinue the license plate program.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Executive has not submitted a formal, written fiscal note for this bill. However, in response to an OLS Discussion Point in the FY 2017-2018 Department of Transportation and Motor Vehicle Commission Budget Analysis, the commission indicated that its upfront cost was \$65,700 to set up a license plate program, which includes computer changes and the initial print run of 550 pairs of plates.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill will produce annual State revenue and expenditure increases that will largely offset one another. The OLS cannot quantify the annual increases because it is unclear how many applications for the new specialty license plate the commission will receive.

The bill establishes the Domestic Violence Awareness license plate program in such a manner that the commission may fully recover the expenses it incurs in administering the program. If the number of license plate applications is below 500 in the first 12 months following the effective date, the bill will expire without the creation of the license plate program. Conversely, if the number of applications is equal to or greater than 500, the commission will be able to recover its costs within no more than three years of the creation of the program.

Before the commission begins designing and producing the license plates, the department is required to provide up to \$25,000 and pre-register 500 applicants for the license plates. This requirement ensures that the commission will be able to recover its initial costs to produce the license plates, and if enough funds are not provided, the commission will not be required to produce the license plates. The payment of up to \$25,000 is required to come from private sources.

Upon production of the license plates, the commission may still discontinue the program if the production cost exceeds \$50 per license plate, which is the initial fee that the commission will collect for each plate. This ensures that the commission will not experience any net costs in the administration of this license plate program. The current cost to produce specialty plates for the commission is \$6.60 per pair, so it is unlikely that the commission will experience any net cost in the administration of the program.

The commission indicated in response to an FY 2017-2018 OLS Discussion Point that it faced an upfront cost of \$65,700 to set up a specialty license plate program, which includes computer changes and the initial print run of 550 pairs of license plates. The requirements of the bill would provide the commission with the first \$50,000 of those costs through the initial \$25,000 payment and the first 500 Domestic Violence Awareness license plate sales. The remaining \$15,700 would either be recovered through the sale of additional Domestic Violence Awareness license plates or by retaining collections from the \$10 annual fee. The first 500 plate sales will generate \$5,000 per year from the \$10 annual renewal fee. Therefore, in the event that no other plates were purchased under the program, the commission would largely recover the remaining costs after three years of collecting the annual fee.

The bill prevents the commission from realizing net revenues in administering the program because the bill requires the commission to deposit all program fees into a special fund to be appropriated to the department once the commission has subtracted its costs in administering the program. The combination of guaranteed fee collection for the commission and the limit on retaining any fees greater than its cost creates a scenario where there is likely to be no net fiscal impact to the commission in the administration of this license plate program.

Section: Authorities, Utilities, Transportation, and Communications

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).