

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2402

STATE OF NEW JERSEY

DATED: JUNE 24, 2024

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2402.

This bill authorizes the Chief Administrator (chief administrator) of the New Jersey Motor Vehicle Commission (MVC) to issue United States Coast Guard license plates to current and former members of the United States Coast Guard (USCG) and to the spouse and parents of current and former members of the USCG. The design of the license plate is to be chosen by the chief administrator, in consultation with the USCG.

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 license plates. After deducting the costs to implement the license plate program, the additional fees collected are to be deposited into the "United States Coast Guard License Plate Fund." The proceeds of the fund are to be appropriated annually to the USCG.

The chief administrator 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 chief administrator may discontinue the license plate program. The bill also requires that the USCG appoint a liaison to represent the USCG in all communications with the MVC regarding the license plates.

The bill prohibits State or other public funds from being used to cover the initial cost to implement the license plate program. The bill requires the USCG, or an individual or entity designated by the USCG, to contribute non-public monies, not to exceed \$25,000, to offset the initial costs to design, produce, issue, and publicize the license plates and for any computer programming necessary to implement the program. The bill authorizes the USCG to receive funds from private sources to be used to offset the initial costs.

The MVC is prohibited from designing, producing, issuing, or publicizing the availability of the license plates, or making any necessary programming changes, until: (1) the USCG, or an individual or entity designated by the USCG, has provided the MVC with the money necessary to offset the initial costs incurred by the MVC in establishing the license plate program; and (2) the USCG, or its designee, has provided the MVC with a minimum of 500 completed

applications for the license plates, upon the availability for purchase of those license plates.

The provisions of the bill will remain inoperative until the first day of the 13th month after the date on which appropriate applications and fees required to offset the initial costs incurred by the MVC are provided by the USCG or its designee. The bill expires on the last day of the 12th month after enactment if sufficient applications and fees to offset the initial costs are not received by that date.

FISCAL IMPACT:

The Office of Legislative Services (OLS) finds that the bill will potentially 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 the New Jersey Motor Vehicle Commission will receive for the new United States Coast Guard license plate. However, the OLS notes that the commission is required to receive a minimum of 500 applications for the new specialty plate to implement the bill.

The bill establishes the United States Coast Guard 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 \$46,423, which is largely attributable to computer system changes and an initial print run of 900 plates.

The commission will receive a \$50 application fee and a \$10 annual renewal fee for the United States Coast Guard license plate. Initial fee collections will reimburse the commission for the expenses incurred in administering the program. In addition, the commission is required to receive an initial payment of up to \$25,000 and a minimum of 500 license plate applications, for a total collection of \$50,000 to offset initial costs before license plate production begins.

After the commission's cost recovery, indeterminate excess application renewal fee collections will be appropriated to the United States Coast Guard.