LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 2639

STATE OF NEW JERSEY
219th LEGISLATURE

DATED: OCTOBER 30, 2020

SUMMARY

Synopsis: Authorizes issuance of Rowan University alumni license plates.

Types of Impact: Annual State revenue and expenditure increases.

Agencies Affected: New Jersey Motor Vehicle Commission; Rowan University.

Office of Legislative Services Estimate

Fiscal Impact	Year 1	Thereafter
State Cost 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 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 New Jersey Motor Vehicle Commission (MVC) will receive. The OLS notes, however, that the implementation of the bill is conditioned upon the receipt by the MVC of a minimum of 500 applications for the new specialty license plate.

- The bill establishes the Rowan University license plate program in such a manner that the MVC may fully recover the expenses incurred in administering the program. The MVC has identified its initial cost of designing and establishing a new license plate series as $65,700, which is largely attributable to computer system changes, and the initial print run of 550 plates.

- The MVC will receive a $50 license plate application fee in addition to a $10 annual renewal fee. Initial fee collections will reimburse the MVC for the expenses it incurs in administering the program. In addition, the MVC 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 MVC will then be permitted to retain additional fee amounts until its costs are fully reimbursed.

- After the MVC's cost recovery, indeterminate excess application and renewal fee collections will be appropriated to the Rowan University Alumni Organization.

BILL DESCRIPTION

This bill authorizes the Chief Administrator of the MVC to issue special Rowan University alumni license plates.

In addition to all fees otherwise required by law for the registration of a motor vehicle, there is an application fee of $50 and an annual renewal fee of $10 for the Rowan University alumni license plates. After the deduction of the MVC costs to implement the program, additional fees are to be deposited into a special non-lapsing fund known as the "Rowan University License Plate Fund." The proceeds of the fund are to be annually appropriated to the Rowan University Alumni Association to be used to support the organization's mission and programs.

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 provides that State or other public funds are not to be used by the commission for the initial cost to implement the Rowan University alumni license plate program. The bill requires the Rowan University Alumni Association or an individual or entity designated by the association 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 computer programming changes which may be necessary to implement the program. The bill authorizes the Rowan University Alumni Association to receive funds from private sources to be used to offset the initial costs.

The commission is not required to design, produce, issue, or publicize the availability of the license plates or make any necessary programming changes, until: (1) the Rowan University Alumni Association or the individual or entity designated by the association has provided the commission with the money necessary to offset the initial costs incurred by the commission in establishing the license plate program; and (2) the Rowan University Alumni Association liaison has provided the commission with a minimum of 500 completed applications for the license plates.

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 MVC 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 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 MVC will receive.

The bill establishes the Rowan University license plate program in such a manner that the MVC 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 MVC will be able to recover its costs within no more than three years of the creation of the program.

Before the MVC begins designing and producing the license plates, the Rowan University Alumni Association is required to provide up to $25,000 and pre-register 500 applicants for the license plates. This requirement ensures that the MVC will be able to recover its initial costs in producing the license plates, and if enough funds are not provided, the MVC will not be required to produce the license plates. The payment of up to $25,000 is required to come from private sources so the amount will not be a State or local cost.

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

The MVC indicated in response to an FY 2017-2018 OLS Discussion Point that it faced an upfront cost of $65,700 to set up a license plate program, which includes computer changes and the initial print run of 550 license plates. The requirements of the bill would provide the MVC with the first $50,000 of those costs through the initial $25,000 payment and the first 500 license plate sales. The remaining $15,700 would either be recovered through the sale of additional Rowan University 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. So in the event that no other plates were purchased under the program, the MVC would largely recover the remaining costs after three years of collecting the annual fee.

The bill prevents the MVC from realizing net revenues in administering the program because the bill requires the MVC to deposit all program fees into a special fund to be appropriated to the Rowan University Alumni Association, once the MVC has subtracted its costs in administering the program. The combination of guaranteed fee collection for the MVC 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 MVC 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.).