

Fiscal Note

State of Alaska
2024 Legislative Session

Bill Version:	HCS CSSB 95(STA)
Fiscal Note Number:	3
(H) Publish Date:	5/9/2024

Identifier: SB95HCSCS(STA)-DOA-DMV-05-06-24
 Title: LIC. PLATES: SPECIALTY ORGS/PEACE OFFICER
 Sponsor: MERRICK
 Requester: House Finance

Department: Department of Administration
 Appropriation: Motor Vehicles
 Allocation: Motor Vehicles
 OMB Component Number: 2348

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2025	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2025 Request	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
OPERATING EXPENDITURES	FY 2025	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Personal Services							
Travel							
Services	266.0		266.0	266.0	266.0	266.0	266.0
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	266.0	0.0	266.0	266.0	266.0	266.0	266.0

Fund Source (Operating Only)

1005 GF/Prgm (DGF)	266.0		266.0	266.0	266.0	266.0	266.0
Total	266.0	0.0	266.0	266.0	266.0	266.0	266.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1004 Gen Fund (UGF)	386.0		386.0	386.0	386.0	386.0	386.0
Total	386.0	0.0	386.0	386.0	386.0	386.0	386.0

Estimated SUPPLEMENTAL (FY2024) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2025) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? no
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
 If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/24

Why this fiscal note differs from previous version/comments:

Expenses and revenue increased by \$42,000 to account for the 3 new plates called for in the Committee Substitute (\$14,000 for each new plate x 3 new plate types = \$42,000).

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 Agency: Department of Administration

Phone: (907)269-5574
 Date: 05/06/2024 05:21 PM
 Date: 05/06/24

REPORTED OUT OF
HFC 05/08/2024

Control Code: DpZxX

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2024 LEGISLATIVE SESSION

Analysis

This bill will change the authorization method of specialty organization license plates by removing the requirement that each plate go through the legislative process and gives DMV the authority to establish the criteria and procedures for plate development and design by regulation.

The Division of Motor Vehicles does not know what the demand will be from specialty organizations taking part in acquiring specialty plates in the future under the bill provisions, the total revenue generated per plate sold is unknown. However, for the purposes of this fiscal note, actual FY2022 specialty plate sales and participating current organizations were used to provide estimates.

DMV expects IT programming and user testing of DMV's database to cost 100 hours at \$125/hour for a total of \$12,500 per each new organization plate type requested. Creation of regulations, updates to training manuals, website, staff and law enforcement education, new forms, and public outreach will cost approximately \$1,500 per each new organization plate type; for a total development cost of \$14,000 per different plate.

Assumptions:

*For the purposes of this fiscal note, and the potential financial implications of the bill passage, the following assumptions were used in calculating the shown numbers:

1. Use actual FY2022 specialty plate sales = 833 total.
2. Use the actual number of different organizations that currently have specialty plates sales attributed to them (16) and reflect what those annual sales are if they applied for new plate designs under the new bill process (meaning: assume the universe of different organizations applying for new plate designs is 16, plus the 3 new specialty plates being proposed in this bill, annually (19 total).
3. Assume that those organizations will still want their current per plates premiums to be in effect. For example, if an organization is charging \$30 over and above normal plate charges as a revenue source, those same margins will be in effect with now charging \$100 per plate (per the provisions of the bill), plus the \$30 organizational premium on top of that.
4. Assume the current development costs of \$14,000, per different plate, times 19 new plate types per year.

Analysis:

* 833 plates sold times \$100 (as called for in the bill) = \$83,300 annually, plus \$36,730 annually charged by organizations as a dedicated plate premium = \$120,030 annually in revenue collected. (Assumption based on actual FY2022 sales, and actual FY2022 collected plate premiums.)

* Assume 19 submissions per year for new plates, with a development cost of \$14,000 per new plate type = \$266,000 annually. This figure would match expenses paid by new plate requesters in the development process called for in Section 1 (C) of the bill, annually.

Expenses incurred = \$266,000, Income paid by requesting entities = \$266,000.

Recap of bill fiscal impact: Annual expenses = \$266,000. Annual income = \$386,030 (\$120,030 + \$266,000).