

HF1675 - 0 - Minnesota Agriculture Special Plates

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 Committee: **Transportation Finance and Policy**
 Date Completed: **3/11/2021 8:57:23 AM**
 Agency: **Public Safety Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024
Restrict Misc. Special Revenue	-	-	(1)	(1)	(1)
Total	-	-	(1)	(1)	(1)
Biennial Total			(1)		(2)

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Restrict Misc. Special Revenue	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Laura Cecko **Date:** 3/11/2021 8:57:23 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2021	FY2022	FY2023	FY2024	FY2025
Restrict Misc. Special Revenue	-	-	-	(1)	(1)	(1)
Total	-	-	-	(1)	(1)	(1)
Biennial Total				(1)		(2)
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Restrict Misc. Special Revenue	-	2	1	1	1	1
Total	-	2	1	1	1	1
Biennial Total			3			2
2 - Revenues, Transfers In*						
Restrict Misc. Special Revenue	-	2	2	2	2	2
Total	-	2	2	2	2	2
Biennial Total			4			4

Bill Description

Article 1, section 1 of this legislation establishes a special plate category for Minnesota agriculture. The commissioner of Public Safety must issue special license plates or a single motorcycle plate to an applicant who is a registered owner of a passenger automobile, noncommercial one-ton pickup truck, motorcycle, or recreational vehicle.

Assumptions

Assume an effective date of 1/1/2022.

Assume the bill creates an additional special plate category.

Assume the special plate is authorized for passenger automobile, noncommercial one-ton pickup truck, motorcycle, or recreational motor vehicles.

Design costs for the standard size plates range from \$500-\$1,000. Plate design must adopt a design that includes a depiction of lands and activity related to agriculture. Final design cost will depend on the complexity of the design and possible revisions. Note, the smaller size motorcycle plate makes many designs impractical.

Assume the Minnesota agriculture special plate will require an additional fee of \$10 for each set of plates as noted in Section 1, subdivision 1 (2).

The cost of special plates = \$12.50 (double)/\$11.00 (single) through Fiscal Year 2022. Beginning in Fiscal Year 2023 the cost of special plates = \$11.50 (double)/\$10.00 (single) -- Minnesota Statutes, section 168.12, subdivision 5.

Assume the minimum \$20 annual contribution will require updated accounting codes and administration.

Assume contributions must be deposited in the Minnesota agriculture account, which is established in the special revenue fund. Assume the amount necessary for the costs of administering the special plate is appropriated from the active transportation account to the commissioner of public safety.

Assume that the remaining funds are distributed to (1) the Minnesota FFA Foundation and (2) the University of Minnesota Extension Service to support Minnesota 4-H programming and activities. Assume the commissioner must annually consult with the Minnesota FFA and University of Minnesota Extension Service on how to allocate the funds.

Assume upon application and payment of a transfer fee of \$5 to the commissioner of public safety, the special plates may be transferred to another qualified motor vehicle provided the subsequent vehicle is qualified to bear special plates

and is registered to the same individual to whom the original special plates were issued.

Assume that since the request for the issuance of Minnesota agriculture special license plates or a single motorcycle plate is exempt from Minnesota Statutes, section 168.1293, subd 2, DVS will not be required to conduct a marketing study to estimate the number of plates that will be requested.

Assume 100 plates will be requested for Fiscal Year 2022, 2023, 2024, and 2025.

The current cost of license plate production for a pair of plates is:

Plate Pair with sheeting = \$6.39
Minnacor Handling = \$0.09
Central Mail Postage Handling fee = \$0.18
Validation sticker = \$0.30
Mailing = \$3.65 (pair)

Total cost of plate production = \$10.61/pair of plates

Assume that 40 programming hours are required at a rate of \$200/hour for a total of \$8,000 to configure the new plate type and fee rules for registrations, configure new plate type for inventory, and configure related accounting fund types and fee-distribution rules. Assume programming costs will be absorbed in the current maintenance and support contract with FAST Enterprises at no additional cost to DVS.

Expenditure and/or Revenue Formula

Fiscal Year 2022

Expenditures

Restricted Miscellaneous Special Revenue Fund Vehicle Services Operating Account

Cost to design plate: \$1,000

Cost of plate production & mailing (100 plates x \$10.61/plate) = \$1,061

Total Special Revenue Fund Expenditures FY 2022 = \$2,061

Restricted Miscellaneous Special Revenue Fund Vehicle Services Operating Account

Revenue

100 plates x \$12.50 plate fee = \$1,250

100 plates x \$10.00 additional fee = \$1,000

Total Special Revenue Fund Revenues = \$2,250

Fiscal Year 2023 & beyond

Expenditures

Restricted Miscellaneous Special Revenue Fund Vehicle Services Operating Account

Cost of plate production & mailing (100 plates x \$10.61/plate) = \$1,061

Total Special Revenue Fund Expenditures FY 2023 & beyond = \$1,061

Restricted Miscellaneous Special Revenue Fund Vehicle Services Operating Account

Revenue

100 plates x \$11.50 plate fee = \$1,150

100 plates x \$10.00 additional fee = \$1,000

Total Special Revenue Fund Revenues = \$2,150

Long-Term Fiscal Considerations

The DVS budget is fee-based and must cover the cost of business through fees collected. Any increase in expenses may require increasing fees.

Local Fiscal Impact

References/Sources

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