

## Special License Plates

This information brief provides an overview and discussion of special license plates, particularly with respect to “donation plates” that provide funding for a specific program or organization from a contribution that is provided in addition to a typical plate fee. The brief includes a review of types of license plates, license plate issuances, financing, plate costs and revenues, current donation plates, policy questions in creating a new special plate, and general trends in other states.

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## Executive Summary

**Types of plates.** License plates can be categorized into three general types: (1) regular plates issued for passenger automobiles (such as cars and SUVs); (2) special plates containing a special design, issued for passenger autos and in some cases other vehicles instead of a regular plate; and (3) various other plates for specific types of vehicles such as trailers or buses. Special plates can be further divided into several classes that each contain different plate offerings. The classes consist of:

- Collector plates for older vehicles;
- Donation plates that require an additional contribution for a specific group or program;
- Organizational affiliation plates reflecting membership in a particular group;
- Personalized plates bearing a unique sequence of numbers and letters set by the person requesting the plate;
- Veteran and military plates representing separate military conflicts and veteran statuses; and
- Other special plates for a particular status or type of vehicle.

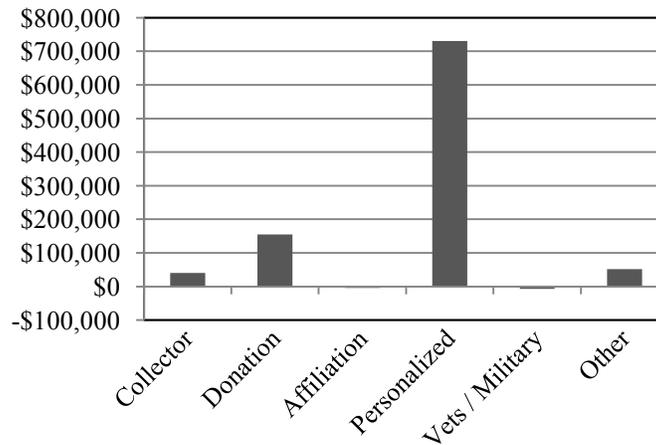
**Plate issuances.** Of the 1.06 million plates issued in fiscal year 2010, regular plates accounted for roughly 76.4 percent and special plates accounted for about 8.4 percent (with other plates making up about 15.3 percent). The number of special plate issuances ranged from just over 44,000 for the critical habitat plate (with all design options combined) to less than 500 for a number of plates. Plates are issued for a period of years, so issuances in a given fiscal year only reflect a portion of the total registered vehicles bearing the plate. Plate issuances are discussed further starting on page 5.

**Plate finance.** License plates carry a fee for issuance, following a “fee-based” system that is generally set to match the costs of Driver and Vehicle Services (DVS) in the Department of Public Safety for administration. The fee for regular passenger plates is \$6 while special plates generally carry a \$10 fee.

While license plate fees are designed to match overall agency costs, a particular plate can carry a cost or produce revenue. In many cases the degree to which a plate carries a cost or yields revenue is small: in fiscal year 2010, most plates had a net cost or net revenue of under \$30,000.

In fiscal year 2010 for all plates combined, total revenue after costs amounted to a little under \$475,000. Regular passenger plates yielded a net cost of \$674,000, and special plates yielded \$967,000 in revenue. Among special plates, personalized plates were the main revenue generator at about \$731,000 in revenue. This more than offset those special plates that carried a net cost. The chart below summarizes net costs and revenues by class of special plate (where each class represents a number of plate offerings).

**Cost/Revenue by Special Plate Class**  
FY 2010 (\$967,000 Net Revenue)



License plate finances are reviewed in greater detail beginning on page 6.

**Donation plates.** In addition to a plate fee, donation plates require a contribution that goes towards a particular organization (such as a university) or program. The contribution amount is set in law, and for current plates is (1) a onetime amount of \$25 or \$30, or (2) \$25 or \$30, due annually. There are five donation plates that yielded a total of \$5.04 million in contributions in fiscal year 2010. Of this amount, the majority (at \$3.99 million) comes from the critical habitat plate. Each donation plate is reviewed starting on page 9.

**New special plate proposals.** New special plates must be enacted in law, and there are regularly legislative proposals to add plates. Under a 2003 law that was modified in 2010, proponents for a new special plate must submit an application to the Department of Public Safety that includes information on the plate, a proposed plate fee amount, an analysis of likely plate purchasers, an application fee to cover administrative costs, and a plate marketing plan. The department must provide information to the legislature on each special plate proposal, including determination of whether the application requirements have been met. [Minn. Stat. § 168.1293](#). Additional information begins on page 12.

**Donation plate legislation.** Although there are several policy questions in crafting legislation authorizing a new special plate (discussed starting on page 14), some key questions are listed below.

- If it is a donation plate, what should be the minimum donation required? Also, should the donation be onetime or annual?
- Should there be a mechanism built in for DVS to recoup its administrative start-up costs?
- Should donated funds supplement an existing state program, be used to create a new program, or go towards an existing or new grant-making endeavor?
- Should a particular group or entity have a say in the design of the plate?

# Types of License Plates

## General Types

Minnesota offers a variety of license plates issued for motor vehicles, which are generally obtained in conjunction with vehicle registration. Although plate offerings are diverse, they can be categorized into three general types.

- **Regular passenger plates** constitute the default plate for passenger automobiles such as cars, SUVs, minivans, and station wagons.
- **Special plates** contain some type of nonstandard design and can be obtained by request for passenger autos. In some cases a special plate is also available for motorcycles, one-ton pickup trucks, or recreational vehicles.<sup>1</sup>
- **Other vehicle plates** are mostly issued (1) for specific types of vehicles such as motorcycles, trucks, various trailers, farm vehicles, buses, and recreational vehicles; or (2) under a special status (such as for dealers or ownership by a tax-exempt entity). Except for motorcycles and recreational vehicles, there is not a choice of plate type so no special plates are issued (for instance, personalized plates are not available for a bus or trailer). There are about 20 classes for the other vehicle plates.

## Special Plates

Special plates, as the term is used in this publication, are distinct from a regular passenger plate in two basic ways: (1) they contain a different inscription, emblem, color scheme, or background; and (2) they are optional (that is, while a vehicle must have license plates mounted on it, no one is required to obtain a special plate). Each plate is specifically authorized by statute. The plates are only available for passenger automobiles and in some cases motorcycles, one-ton pickup trucks, or recreational vehicles.

Special plates are commonly purchased in order to support or express a special interest. The plates in Minnesota range from a number of different veterans plates to those for firefighters, amateur radio license holders, classic cars, persons with disabilities, and a number of colleges. Many carry a specific requirement in order to obtain the plate, such as past military service or some type of membership. Disability emblems and plates for motorcycles are available for some of the special plate offerings.

Currently there are nearly 50 distinct special plates, plus additional emblems and design offerings for some types of plates. The special plates can be divided into a few basic classes:

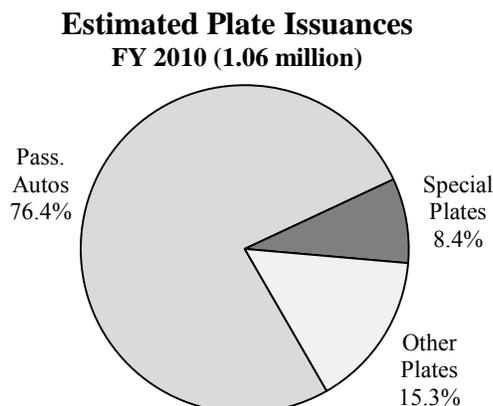
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<sup>1</sup> For vehicle registration tax purposes, a distinction is made between one-ton versus smaller pickup trucks, and license plate offerings generally follow the classification of the vehicle for registration. Three-quarter ton and smaller pickup trucks are registered as “passenger automobiles” and are eligible for the same special plates as cars, SUVs, and minivans. Until a 2008 law change goes into effect in March 2012, one-ton pickup trucks are only eligible for a special plate if specifically authorized. Laws 2010, ch. 351, § 65; Laws 2008, ch. 350, art. 1, § 5.

- **Collector** class plates are available as five distinct plate designs and can only be obtained for particular older motor vehicle models.
- **Donation** plates require a contribution, in addition to a plate fee, which supports a specific program. There are five basic donation plates, with numerous distinct plate designs available (they are discussed in detail starting on page 9). The critical habitat plate is available with six different images, and collegiate plates are issued with emblems for about 25 schools.
- **Organization or group affiliation** plates generally relate to group or organizational membership. This class includes ones for amateur radio, volunteer firefighters, and volunteer ambulance attendants. Many of these plates can only be obtained if the vehicle owner seeking the plates meets membership or other criteria.
- **Personalized plates** allow individuals to customize the letters and numbers instead of receiving a random sequence on the plate. These are sometimes referred to as “vanity plates.” Regular passenger plates, collector plates, commuter van plates, plates for motorcycles and motor scooters, and some plates for other vehicle types can be personalized.
- **Veterans and military** plates are available only to certain kinds of veterans or military personnel. There are about 25 distinct plates, including ones for specific military conflicts, certain armed services medals, National Guard or ready reserve membership, and membership in a veterans service group.
- **Other special plates** reflect an applicant’s special status or a specific type of vehicle, including disability plates, limousines, commuter vans, and special registration plates for impounded vehicles (known as “whiskey plates”).

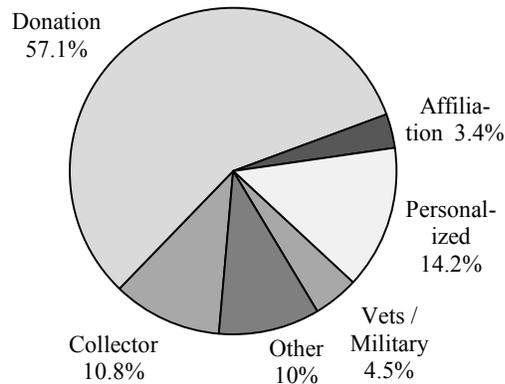
## License Plate Issuances

The following charts summarize plate issuances for all license plates as well as for the special plate classes. They are based on information provided by DVS in the Department of Public Safety, the state agency charged with administering driver licensing and vehicle registration and collecting some motor vehicle taxes. Note that a given plate is issued for a number of years, so the charts only reflect issuances in fiscal year 2010 and do not represent the total count or mix of plates currently found within the state. (The information includes some data that uses estimates.)



Overall, regular plates for passenger automobiles have the most issuances, at just under 807,000 in fiscal year 2010 and accounting for about 76 percent of the plates issued. Special plates accounted for around 8 percent of total issuances, amounting to about 88,000.<sup>2</sup>

**Estimated Special Plate Issuances  
FY 2010 (Approx. 88,000)**



Among the special plates, the single most popular one is the critical habitat plate, which in fiscal year 2010 had over 44,000 issuances (across all critical habitat plate designs). Personalized plates accounted for the next largest category with a little under 13,000 issuances. DVS issued fewer than 10,000 plates from the collector class and issued nearly 4,000 plates in the veterans and military class. There are a number of individual plates for which less than 500 issuances were made in 2010, including ones for amateur radio, classic cars, Gold Star families, Purple Heart recipients, veterans service groups, volunteer ambulance attendants, and various motorcycle plates.

## License Plate Finance

### Fees and Donations

Almost all license plates carry a “plate fee” for issuance. The financing structure for both driver licensing and vehicle registration is fee-based, and the plate fees are generally set to cover the overall costs of program administration.<sup>3</sup> The fee for special plates is typically higher than for regular plates, at \$10 for most special plates compared to \$6 for regular passenger plates (excluding other associated fees). However, the fees vary. For instance, the fee for an initial personalized plate is \$100 and \$14 for plate replacements. [Minn. Stat. § 168.12](#), subs. 2a and 5. Automobile plates in the collector class carry a \$15 plate fee (plus an additional onetime \$25 tax

<sup>2</sup> As of the end of fiscal year 2010, there is a total of a little under 510,000 special plates in use throughout the state.

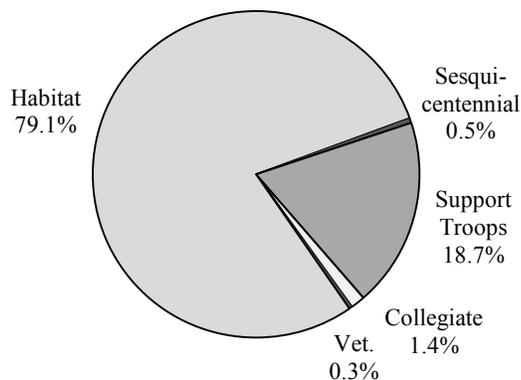
<sup>3</sup> There are also registration taxes and filing fees as well as various other fees for particular types of motor vehicle transactions, which are not discussed here.

that is in lieu of an annual registration tax).<sup>4</sup> Disability plates carry a \$6 fee, and special registration (“whiskey”) plates have a \$50 fee.

Funds collected from license plates are generally handled in two ways. First, following the fee-based financing framework for license plates, money from the plate fee is deposited in the vehicle services operating account. This account funds motor vehicle registration, license plates, and titling by DVS. [Minn. Stat. § 168.013](#), subd. 8. The funds are appropriated to the department biennially in the transportation budget. See [Laws 2009, ch. 36](#), art. 1, § 5, subd. 4.

Second, a few special plates require that, in addition to the plate fee, the registrant must make an annual donation. These are the donation plates. Each law establishing a donation plate sets a required contribution level, which varies from \$25 onetime to \$30 annually. Donations totaled about \$5 million in fiscal year 2010. The following chart provides the allocation of donated funds by plate.

**Contributions by Donation Plate**  
FY 2010 (\$5.04 million)



### Costs and Revenues for Existing Plates<sup>5</sup>

The amount of net cost or net revenue to the Department of Public Safety for the license plates varies on a plate-by-plate basis. DVS has estimated in a cost analysis that in fiscal year 2010 there was net revenue of just under \$475,000 across all types of plates combined.<sup>6</sup> Those special plates having positive net revenues, especially personalized plates, more than cover the plates that carry a net cost. Thus when split out by the general type of plate:

- regular passenger plates carry a net cost (of a little under \$674,000);
- special plates all together generate revenue (of nearly \$967,000); and

<sup>4</sup> Further, plates in the collector class are issued for the life of the vehicle rather than for seven years, which is the length of issuance for most other plates for passenger vehicles.

<sup>5</sup> Amounts provided in this section are rounded to thousands.

<sup>6</sup> This estimate, and other cost and revenue amounts provided in this brief, are from a 2010 DVS cost-allocation analysis that estimated sales and allocated costs for each plate based on costs incurred by the agency for manufacturing, handling, mailing, and other indirect costs.

- other vehicle plates taken together also yield positive revenue (at about \$182,000).

The extent of net cost or revenue for a particular plate is in many cases small. Based on DVS estimates, in fiscal year 2010 most plates had a net cost or net revenue of under \$30,000. However, a handful of plates carry larger total costs or revenues. The largest amount of net cost from a plate is about \$674,000 for regular passenger plates, and the largest net revenue is around \$731,000 for personalized plates.

The following table summarizes costs and revenues on newly issued plates in fiscal year 2010. There are some items to note. First, issuance in a fiscal year reflects just a portion of valid Minnesota plates, since plates are not reissued annually. Second, the amounts reflect expenditures and revenues for the Department of Public Safety and do not include required contributions for the donation plates. Finally, the data includes some estimated values.

### Costs and Revenues Summary, FY 2010

Plate Type / Class	Issuances	Est. DVS Net Revenue/(Cost)
Regular passenger plates	807,000	\$(674,000)
Special plates <sup>1</sup>		
Collector	10,000	40,000
Donation <sup>2</sup>	50,000	155,000
Organizations and groups	3,000	(4,000)
Personalized plates	13,000	731,000
Veterans and military	4,000	(7,000)
Other	9,000	52,000
<i>Special plates subtotal</i>	<i>88,000</i>	<i>967,000</i>
Other vehicle plates	161,000	182,000
<b>Total</b>	<b>1,056,000</b>	<b>\$475,000</b>
<b>Notes</b>		
<sup>1</sup> Each special plate class includes disability and motorcycle plates issued for that special plate.		
<sup>2</sup> Revenue excludes additional contributions required for the plate.		
Amounts are rounded to the nearest thousand.		
Source: Minnesota Department of Public Safety, Driver and Vehicle Services.		

### Costs and Revenues for a New Special Plate

The initial administrative cost of a new special plate would depend on the specifics of the legislation, but a rough estimate is \$10,000 to \$20,000. This includes agency computer programming and startup costs from the plate manufacturer.

The amount of special revenue that would be yielded by a new donation plate would depend on the contribution amount, fee structure for the plate, and its popularity. To take some examples, if the plate had a required yearly minimum donation of \$30 and it was issued to 2,000 people, the annual revenue would be at least \$60,000. Issuance to 5,000 people would yield at least \$150,000 in contribution revenue.

## Donation Plates

As noted, in fiscal year 2010, contributions resulting from the donation plates totaled about \$5 million. The donated funds are administered and distributed in different ways based on statutory requirements put into place by the legislation authorizing each plate. That is, funds from special plate donations can be used as directed by the enabling legislation. The five plates that require a donation are summarized in the table below, and the remainder of this section discusses each plate in detail.

**Donation Plates Summary, FY 2010**

Plate	Basic Use	Issuances	Donation Amount	Total Donations
Collegiate	Scholarship programs administered by MN colleges and universities	500	\$25 annual	\$72,000
Critical Habitat	Acquisition of critical habitats for plants, wildlife, and fish	44,000	\$30 annual	3,986,000
Proud To Be A Veteran	Assistance for veterans; World War II memorial construction costs	500	\$30 onetime	15,000
Support Our Troops	Financial assistance and outreach for military personnel and veterans	4,000	\$30 annual	944,000
Sesqui-centennial	Minnesota sesquicentennial activities; state Capitol restoration	700	\$25 onetime	24,000
<b>Total</b>		<b>50,000</b>		<b>\$5,040,000</b>
<b>Notes:</b> Amounts are rounded to the nearest thousand (or hundred). Issuances and donations are for all design options of each plate, including motorcycles.				

### Collegiate Plates

A number of plate designs representing 24 different Minnesota colleges and universities are available. Each plate requires an annual donation of at least \$25 to a scholarship account benefiting that school. [Minn. Stat. § 168.129](#). Funds from each scholarship account are appropriated to the governing body of the school, which handles administration of scholarship funds. There is no legislative reporting requirement that schools or postsecondary systems must meet regarding administration of the scholarship funds. The Department of Public Safety can retain 1 percent of the funds for administrative costs and must maintain records of plates issued. Donations to the schools amounted to just over \$72,000 in fiscal year 2010.

### Critical Habitat Plate

This plate, which consists of multiple designs promoting Minnesota wildlife, requires a minimum \$30 annual donation to the Minnesota critical habitat private sector matching account, which funds the Reinvest in Minnesota Critical Habitat Program. [Minn. Stat. §§ 84.943; 168.1296](#). The provision includes a standing appropriation of funds in the account to the

Commissioner of Natural Resources. In fiscal year 2010, the critical habitat plate yielded \$3.99 million in contributions.

Funds in the matching account coming from the required special plate donation, or from other legislative actions, may only be expended when there are one-to-one matching funds. The match must be from (1) private sources, or (2) contributions to a separate nongame wildlife management account. [Minn. Stat. § 84.943](#), subd. 3. Landowners or environmental groups typically provide the match, and it can be in the form of cash or in-kind donations such as land.

Funds may be used “only for the direct acquisition or improvement of land or interests in land” following acquisition and maintenance priorities established in law. [Minn. Stat. § 84.943](#), subd. 5. Funds can be expended for improvements to the land (such as planting winter cover and restoring wetlands), but the primary focus of the program is acquisition of critical habitats for plants, wildlife, and fish. While an environmental group may be a partner in establishing new habitat, the Department of Natural Resources (DNR) owns and manages the acquired land.

Because of the match requirement, the program is not solely funded through plate donations. However, the funding stream from the license plates has served to establish a new program administered by the DNR.

### **Proud To Be a Veteran Plate**

This plate is only available to veterans and requires a onetime \$30 contribution. [Minn. Stat. § 168.1255](#). The donations amounted to just over \$15,000 in fiscal year 2010, funding three uses. First, the Department of Public Safety retains an amount necessary to cover the agency’s costs of plate development and issuance. Second, funds go into a World War II donation match account to be used towards the state’s share of construction costs of the World War II memorial located on the state Capitol grounds. Third, after memorial construction costs are paid, subsequent funds are provided (via a standing appropriation) to the Department of Veterans Affairs for “services and programs for veterans and their families.” [Minn. Stat. § 168.1255](#), subd. 6. Further requirements on use of the funds are not specified in statute, and there is no reporting requirement.

### **Support Our Troops Plate**

The \$30 contribution required for the “Support Our Troops” plate is annual. Revenue goes into the Minnesota support our troops account. [Minn. Stat. § 168.1298](#). The fiscal year 2010 contributions for the plate totaled around \$944,000.

State law dictates allowable uses of the contribution funds. Following legislative changes made in 2008 and 2009, the funds are distributed to two state agencies via a standing appropriation. Half of the funding goes towards military affairs, providing financial assistance to military personnel. This portion is administered by the Department of Military Affairs (which houses the Minnesota National Guard). The other half goes to veterans affairs, managed by the Department of Veterans Affairs, and is used to provide aid to veterans organizations and to fund outreach efforts by the department.

**Military affairs portion.** Of the portion for military affairs, the funds may only go towards four uses:

- Grants made directly to individuals, including (1) certain Minnesota National Guard and military reserve unit members who are in active military service, (2) immediate family members (such as a spouse, minor children, and certain other dependants), and (3) a former military member who served in active service and “has current financial needs directly related to that service”
- Grants made to foundations, which must meet certain requirements such as being tax exempt and having a purpose that includes providing financial assistance to armed forces members and their families
- Funding for veterans’ services
- Grants to family readiness groups chartered by the National Guard. [Minn. Stat. § 190.19](#), subd. 2.

State statute caps grants at \$2,000 per individual in a calendar year, including grants made directly as well as via a foundation.

The Department of Military Affairs passes along most of the money to the Minnesota Military Family Foundation via a grant agreement that specifies allowable uses of the funds. The Minnesota Military Family Foundation is a nonprofit organization that provides, based on hardship, small amounts of financial assistance to military personnel and their families for short-term emergency purposes. The foundation verifies grant eligibility, determines grant award amounts, and annually reports to the department on use of donation funds.

In effect, the Department of Military Affairs serves as an oversight body and a conduit of funds to a nonprofit foundation, which disburses the funding as direct aid to individuals. The adjutant general of the Minnesota National Guard must also report annually to the legislature on grants made by the agency using “Support Our Troops” plate funds. [Minn. Stat. § 190.19](#), subd. 3.

**Veterans affairs portion.** State law also specifies allowable uses for the half of the donation plate funds appropriated to the Department of Veterans Affairs. The funding can only go to (1) grants to veterans service organizations, (2) outreach to underserved veterans, or (3) transfers to fund administrative start-up costs in establishing a new Gold Star plate (which was authorized in 2009 and is for parents and spouses of military personnel who died in active service). [Minn. Stat. § 190.19](#), subd. 2a. The bulk of the funds are retained by the department and used for its veterans outreach efforts. The allocation of plate funds to veterans affairs does not carry a legislative reporting requirement.

The department provides annual funding to several veterans organizations, including Disabled American Veterans, Veterans of Foreign Wars, and the Military Order of the Purple Heart. Funding is provided through an allocation formula, and the donation plate funds are used to augment the department’s other funding sources for the organizations. Oversight is through a memorandum of understanding, and the service organizations must annually provide information on their respective use of donation plate funds before receiving an allocation for the following fiscal year.

## Sesquicentennial Plate

A special plate commemorating Minnesota's sesquicentennial was enacted by the legislature in 2008. [Laws 2008, ch. 350](#), art. 1, § 13. The plate carries a minimum onetime donation of \$25. In fiscal year 2010, the plate yielded nearly \$24,000 in donations. The plate is unusual in that it will only be available for a limited period of time: it went into effect in May 2008, and issuance of the plate will expire after three years, on June 30, 2011.

Contributed funds go towards two uses. First, the money goes into a sesquicentennial account and is appropriated (via a standing appropriation) to the Minnesota Sesquicentennial Commission. It can be used "in performance of the commission's powers and duties," which include providing grants for capital improvement to historic buildings, organizing and obtaining funding for Minnesota statehood celebrations, and encouraging public engagement in celebratory activities. [Laws 2005, 1<sup>st</sup> spec. sess.](#), ch. 1, art. 4, § 121; [Laws 2008, ch. 350](#), art. 1, § 13, subd. 6.

Second, after the commission's expiration, donated funds go to the Capitol Area Architectural and Planning Board (again through a standing appropriation). The funds are available for restoration and renovation of the state Capitol. The Minnesota Sesquicentennial Commission appears to have expired January 30, 2009, and all donation revenue for fiscal years 2010 and 2011 is set to go to state Capitol renovation.

## New Special Plate Proposals

This section discusses legislative proposals for new special plates. It provides some background context for such proposals, reviews current law requirements for initiating proposed legislation, and identifies policy issues in crafting special donation plate legislation.

### Background

Proposals to establish additional special plates (which must be enacted in statute in order to be established by DVS) are regularly made. [Minn. Stat. § 168.1293](#), subd. 1a. Despite a number of bills introduced proposing new special plates, only a few have been heard by legislative committees or enacted in recent years. The 2009 Legislature established a Gold Star plate that went into effect October 1, 2009, and is available to surviving parents or spouses of a person who has died in military service. [Minn. Stat. § 168.1253](#). In 2010, the legislature enacted various changes to the plate proposal process, created a vertical motorcycle plate category, expanded eligibility for the Purple Heart plate, authorized the Proud To Be a Veteran plate for recreational vehicles and one-ton pickup trucks, repealed a duplicative veterans plate, and established a number of new veterans plate categories (for Bronze Star and Silver Star recipients, Armed Forces Expeditionary Medal recipients, and Korean Defense Service Medal recipients). [Laws 2010, ch. 333](#), art. 2, §§ 7 and 26; [Laws 2010, ch. 351](#), §§ 15, 17-23.

One concern sometimes expressed with expanding Minnesota's plate offerings is that the principle behind license plates is to serve a public safety function, allowing peace officers to be

able to identify vehicles. A proliferation of types of plates could impact this function, such as by making it harder to identify invalid plates or the state of origin of a plate. Nationally, other concerns have been raised related to financial challenges (such as when plates are not sold in sufficient quantities to recoup production and administrative costs, and cases where reductions in plate sales led to funding shortfalls for an ongoing program); exceedingly large numbers of plate offerings; and politically or legally controversial special interest plates.

## Proposal Requirements

Minnesota enacted a law in 2003 establishing procedures for parties seeking a new license plate; this law was modified in 2010. [Laws 2010, ch. 351](#), §§ 15, 23. Any “person, legal entity, or other requester, however, organized” that plans to seek new license plate legislation or acts as a proponent for a special plate must first submit an application to the Department of Public Safety. [Minn. Stat. § 168.1293](#), subd. 2. The application must be submitted at least 120 days before the start of the legislative session in which the proposed legislation authorizing the plate is to be introduced. An application must consist of:

- A request for the plate to the Department of Public Safety describing the plate’s purpose and proposed fee;
- Results of a scientific survey of motorists showing that at least 10,000 people would purchase the plate at the proposed fee or contribution level;
- An application fee of \$20,000 to cover application review and plate development costs (although all but \$2,500 is be refunded if the proposed legislation to authorize the plate is not enacted, and the fee is waived if the plate proposal itself contains a mechanism for DVS to recoup its administrative costs); and
- A marketing strategy with marketing plans and a financial analysis of revenues and expenditures. [Minn. Stat. § 168.1293](#), subd. 2.

The required survey must be performed by an entity that has surveying experience and is independent of the group or individual proposing the plate. Further, the requester must report the planned survey to the department prior to its initiation.

If the legislature passes a law authorizing the plate, the requester of the plate must submit the proposed design of the plate within 120 days of the effective date of the law. The final selection of a design lies with the department. The requester may not submit a new design for five years after the date of first issuance unless the supply of the plate is exhausted.

Some recent special plate bills have overridden some or all of the above requirements. Since the provision was enacted, no group sponsoring a proposed plate appears to have paid the application fee or included submission of the required information to the Department of Public Safety. A number of current plates are issued to well below 10,000 people annually, so the plate sales test could pose a challenge for a new special plate proposal.

Under a 2010 change, the Department of Public Safety is required to provide information to the legislature on special plate proposals. For each special plate bill introduced, the department must submit a legislative briefing that summarizes special plate application requirements and

identifies whether the special plate being proposed has met the requirements. Further, the department must make efforts to testify at a legislative hearing in which the proposed new special plate is a subject of discussion (and the agency has to provide the information required in the legislative briefing).

## Policy Questions in Donation Allocation

As with setting the basic requirements, the author of a license plate bill that includes a mandatory contribution can determine the manner in which the donated funds are handled. What follows are policy questions that may be considered in crafting donation plate legislation. They are largely expressed as general questions (that would for the most part also be applicable to other policy areas such as state appropriations from the general fund).

- **Fiscal details.** What should be the plate fee amount and the minimum donation required, and should the donation be onetime or annual? Also, should there be a mechanism built in for DVS to recoup its administrative start-up costs (such as by receiving the first donation dollars up to the amount expended in instituting the plate)?
- **Basic type of program to be funded.** Although proponents of a new license plate typically have a general use in mind for the funds, there is still a question about the program to be augmented or established. Namely, should funds supplement an existing state program, be used to create a new program, or go towards an existing or new grant making endeavor?

Another way to consider this question is to identify whether the funds would go towards a need that is currently unmet, only partially met due to inadequate resources, or only partially met due to administrative or other policy issues. This may affect how legislation should implement or fund a program.

The chosen approach also affects the overall administrative costs. For instance, money from the special collegiate plates is provided to each school's existing scholarship funding, minimizing the overhead from implementing a new state-run scholastic grant program from scratch.

- **Program administration.** Plate fund administration issues deal with implementation of the program or grants. Who should administer the fund allocation? What should be the public accountability mechanism? Administration could be through a state agency or by another organization such as a nonprofit foundation. The critical habitat plate revenue is managed by the DNR and serves to augment other funding sources. The "Support Our Troops" plate funding mechanism actually contains examples of management by both a department and by a nonprofit foundation.
- **Program requirements and special limitations.** Requirements governing the use of funds could be set at various levels of detail. A basic policy question is: to what extent should the specifics of the program be established in statute, developed by a state agency, or delegated to another organization?

Statutory language can establish high-level or core requirements, as well as require that an agency or other organization develop associated rules and policies.

Alternatively, program characteristics that are important to the legislature could be established in statute. The legislature may for instance want to identify limitations and specific uses of program or grant funds, or place a cap on the amount of grant funding distributed to a particular individual or group. Proponents of the license plate legislation may also have suggestions as part of their proposal.

Another option is to require an annual legislative report on the revenues and expenditures from the donated money (if reporting is not already required for an existing program).

- **Criteria and eligible recipients.** Criteria and eligibility are more detailed examples of the previous question concerning basic program requirements. For a grant or loan program, how should eligibility be determined? What characteristics should be required for particular individuals or groups to receive funding? Should the potential recipients be a targeted or broad-based group?

Another criteria question concerns the types of vehicles for which the plate should be available. Typically, special plates are authorized for passenger automobiles and motorcycles (including three-quarter ton and smaller pickup trucks), and in some cases they can be obtained for recreational vehicles and one-ton pickups trucks.

- **Plate design.** Should a particular group or entity have a say in the design of the plate? DVS is normally the final decision maker on plate design, but many designs require that the agency consult with other stakeholders.
- **Effectiveness of the funding stream.** An underlying question concerns the potential value of the plate: does the amount of new funding warrant a new license plate? Administration of a funding program requires agency time and expertise as well as possible costs from rulemaking. How does the amount of funding provided by the special plate compare to the agency costs as well as compare to the potential impact on overall needs that the added funding intends to address?

## Special Plates in Other States

All states offer some specialty license plates, ranging from less than 15 types in California, Nebraska, New Hampshire, Rhode Island, and Wyoming, to more than 700 in Maryland. A handful of states offer more than 100 types of special plates.<sup>7</sup> Themes for the plates include colleges and universities, the environment or natural resources, military personnel, and particular charitable, advocacy, or nonprofit organizations.

Bills proposing additional plates are common among state legislatures, as are requirements associated with creation of a new plate. Several states require a minimum number of expected plate sales before a new plate is issued. Florida's requirements parallel that of Minnesota, including an application fee, survey identifying a minimum number of interested purchasers, and a marketing strategy. In Massachusetts, the sponsoring group of a special license plate must post

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<sup>7</sup> "License Plate Information," National Conference of State Legislatures, September 2009, accessed May 13, 2010, <http://www.ncsl.org/default.aspx?tabid=18456>.

a bond of \$100,000 to ensure the state does not incur financial loss. If plate issuances do not surpass a minimum of 3,000, all or some of the bond can be forfeited.

Revenue resulting from specialty plates varies across states. Some plates never generate net profits, while others have been more successful. In Maryland around \$545,000 in contributions for fiscal year 2009 was generated for the Chesapeake Bay Trust, an organization that distributes funds to environmental groups. Contributions were down from fiscal year 2008, when the trust received nearly \$640,000.<sup>8</sup> In Virginia, \$2.78 million in revenue from special plates was generated for organizations in fiscal year 2009.<sup>9</sup>

The way in which specialty plate revenue is distributed also varies. Minnesota's donation plates include revenue that goes directly towards a state agency program and to nonstate organizations, and new plates are required to cover administrative costs through the application fee or structure of associated donations. In some states, any amount exceeding a per-plate administrative fee goes to an organization. In others, a per-plate distribution of dollars is made after a certain number of plates are sold. Some states contribute a percentage of revenue to organizations. A number of the financial structures seem designed to ensure that the plate's costs to the state do not exceed revenues retained by the state.

Special plates have also been a source for controversy, raising issues with protected speech and state sponsorship of political positions. At least 21 states offer a "Choose Life" license plate with proceeds generally going towards encouraging and supporting adoption. This type of plate has been subject to lawsuits in a number of states. Public controversy and lawsuits have also surrounded special plates on confederate heritage and religious belief.

*For more information about motor vehicles, visit the transportation area of our web site, [www.house.mn/hrd/hrd.htm](http://www.house.mn/hrd/hrd.htm).*

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<sup>8</sup> Chesapeake Bay Trust Financial Report, June 2009, accessed May 25, 2010, <http://www.cbtrust.org>.

<sup>9</sup> "Revenue-Sharing License Plates Benefit Variety of Organizations," Virginia Department of Motor Vehicles, May 2010, accessed May 25, 2010, <http://dmvnow.com/webdoc/general/news/news.asp?id=5928>.