

# Research Department

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# Minnesota House of Representatives

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TO: Transportation Finance and Policy Division Members

FROM: Matt Burress, Legislative Analyst (651-296-5045)

RE: September 23, 2009 hearing – special license plates topic overview

In conjunction with one of the discussion topics for the committee hearing on September 23, 2009, this memo provides a brief overview of license plates with a focus on special plates.

## Types of License Plates

Minnesota offers a variety of license plates that are issued along with registration of a motor vehicle. Although plate offerings are diverse, they can be categorized into three general types:

- **Regular passenger plates** constitute the default plate for passenger automobiles, and are the most typical among Minnesota cars, SUVs, and pickup trucks
- **Special plates** contain some type of non-standard design, and can be obtained by request for passenger autos and in some cases motorcycles, pickup trucks, and recreational vehicles
- **Other vehicle plates** are mostly issued for specific types of vehicles (such as motorcycles, trucks, various trailers, farm vehicles, buses, limousines, and recreational vehicles)

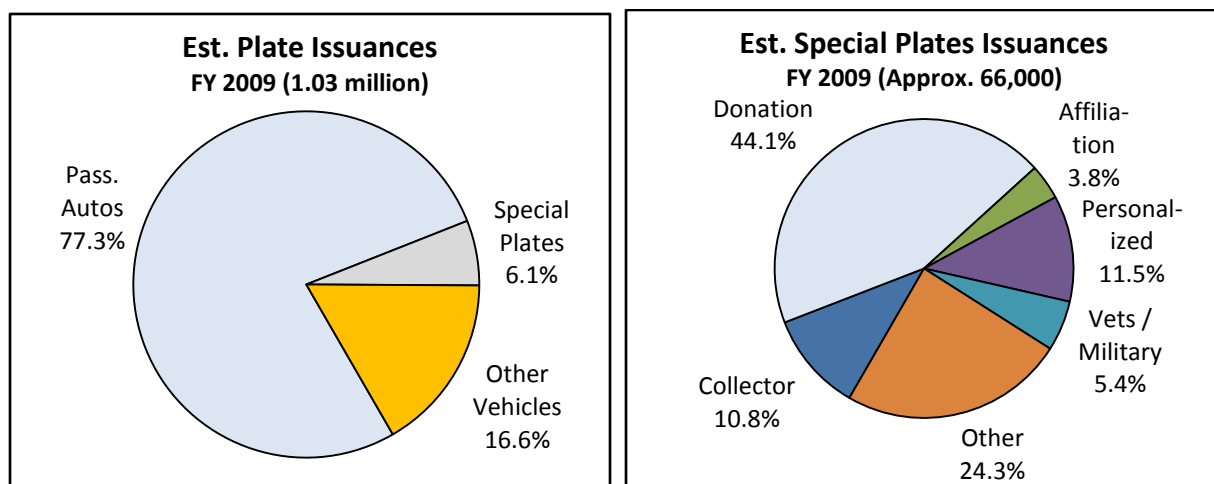
## Special Plates

**Overview.** Special plates are distinct from a regular passenger plate through a different inscription, emblem, color scheme, or background. They are commonly purchased in order to support or express a special interest. The plates range from a number of different veterans plates to those for firefighters, amateur radio license holders, rotary members, 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 and motorcycle plate versions are available for some of the special plates.

**Classes.** The special plates can be divided into a few basic classes:

- **Collector** plates are available as five distinct plate designs for some older vehicle models.
- **Donation** plates require a contribution, in addition to a plate fee, which supports a specific program. There are five donation plates (discussed further below). Numerous distinct plate designs are available. The critical habitat plate is available with six different images. Collegiate plates are issued with different designs for about 25 schools.
- **Organization or group affiliation** plates generally relate to group or organizational membership, and include ones for amateur radio, volunteer firefighters, and volunteer ambulance attendants.
- **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 and collector plates can be personalized.
- **Veterans and military** plates are available only to certain veterans or military personnel. There are about 20 distinct plates, including ones for specific military conflicts, National Guard or ready reserve membership, and membership in a veterans service group.
- **Other 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”).

**Plate issuances.** The following charts summarize fiscal year 2009 plate issuances for all license plates as well as for special plate classes. Note that the information includes some data that is not finalized and the charts therefore constitute close estimates. Note also that plate issuance is for a number of years, so the charts do not represent the total count or mix of plates in the state.



Overall, regular plates for passenger automobiles have the most issuances, at over 790,000 in fiscal year 2009. Of the special plates, the single most popular one is the critical habitat plate, which in fiscal year 2009 had over 18,000 issuances (for all critical habitat plate designs). Personalized plates accounted for the next largest category with just over 7,100 issuances. In

fiscal year 2009, the department issued around 6,700 plates from the collector class and issued nearly 3,400 plates in the veterans and military class. There are a number of individual plates for which less than 100 issuances were made in 2009, including ones for classic cars, Pearl Harbor survivors, veterans service groups, and various motorcycle plates.

**License Plate Finance**

**Fees and donations.** Almost all license plates carry a fee for issuance. Both driver licensing and vehicle registration are fee-based, and the plate fees are generally set to cover the overall costs of administration by Driver and Vehicle Services. The fee for special plates is typically higher than for regular plates, at \$10 or \$15 for special plates compared to \$6 for regular passenger plates (excluding other associated fees). However, there is variety in the fee structure. For instance, plates in the collector class carry a higher plate fee plus an additional \$25 application fee but do not need to be replaced every seven years.

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 the Department of Public Safety. Minn. Stat. § 168.013, subd. 8. The funds are appropriated to the department biennially in the transportation budget.

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. Donations totaled about \$4.75 million in fiscal year 2009. The donated funds are administered and distributed in different ways based on statutory requirements put into place by the enabling legislation for each plate. The five plates that require a donation are summarized in the table below.

**Donation Plate Summary**

<b>Special Plate</b>	<b>Donation</b>	<b>Basic Use</b>	<b>FY 2009 Donations</b>
Collegiate	\$25 annual	Scholarship programs for MN colleges and universities	\$69,917
Critical habitat	\$30 annual	Acquisition of critical habitats for plants, wildlife, and fish	3,679,427
Proud to be a Veteran	\$30 onetime	World War II memorial construction costs; assistance for veterans	12,225
Sesquicentennial	\$25 onetime	Minnesota sesquicentennial activities; state capitol restoration	54,435
Support our Troops	\$30 annual	Financial assistance and outreach for military personnel and veterans	930,064
<b>Total</b>			<b>\$4,746,067</b>

**Costs and revenues.** The amount of net revenue of net cost to the Department of Public Safety for the various license plates varies on a plate-by-plate basis. Overall, passenger plates carry a net cost, special plates are revenue generators, and other vehicle plates (taken together) also have positive revenue. The special plates with positive net revenues, especially personalized plates,

more than cover those plates that carry a net cost. The degree of net revenue or cost for a particular plate is often small. Based on initial estimates from a department cost analysis, in fiscal year 2009 most plates had a net cost or net revenue that is under \$30,000.

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