

HF2107 - 0 - Rental Vehicle License Plates Established

Chief Author: **Nolan West**
 Committee: **Transportation Finance and Policy**
 Date Completed: **3/18/2025 7:44:25 PM**
 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	
	FY2025	FY2026	FY2027	FY2028	FY2029
Dollars in Thousands					
Restrict Misc Special Revenue	-	3	1	1	1
Total	-	3	1	1	1
Biennial Total			4		2

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
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:** 3/18/2025 7:44:25 PM
Phone: 651-284-6543 **Email:** laura.cecko@lbo.mn.gov

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		FY2025	FY2026	FY2027	FY2028	FY2029
Restrict Misc Special Revenue	-	3	1	1	1	1
Total	-	3	1	1	1	1
Biennial Total			4			2
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Restrict Misc Special Revenue						
Expenditures	-	64	1	1	1	1
Absorbed Costs	-	(61)	-	-	-	-
Total	-	3	1	1	1	1
Biennial Total			4			2
2 - Revenues, Transfers In*						
Restrict Misc Special Revenue	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill will create an additional special plate category establishing rental motor vehicle license plates; proposing coding for new law in Minnesota Statutes, chapter 168.

Assumptions

This bill will be effective July 1, 2026, or on the date DVS makes rental plates available, whichever is sooner.

This bill will create an additional special plate category.

DVS will design a plate available to auto rental companies who rent at least 50 motor vehicles regularly at per diem rates.

Technical note: The plate design will most likely be like the current fleet plate or dealer plate design and display the message "RENTAL" at the bottom between the bolt holes. The smaller sized motorcycle and motorized bicycle plates make many designs impractical, and any inscriptions would need to fit between the bolt holes at the bottom of the plate. Long inscriptions require smaller print, making the inscription less easy to read.

These plates will be available for use on rental passenger vehicles, vans, pickup trucks, motorcycles, motorized bicycles and recreational vehicles.

The plate image setup costs for the standard size plates range from \$500 to \$1,000 per design. The final design costs will depend on the complexity of the design and possible revisions. Note, the smaller motorcycle plates make many designs impractical. DVS will assume the higher design cost for this fiscal note.

The current manufacture and issuance cost per plate is \$13.554. This cost includes plate pair with sheeting, service fees and mailing costs. This cost does not include validation stickers.

The United States Postal Service (USPS) adjusts rates each January and July. Mailing costs will increase in July and again in January by an unknown amount, and total mailing costs will be higher.

These fees are based on on-demand fulfillment of plate orders. If bulk plate orders will be distributed to deputy offices, freight charges will be incurred and would be difficult to determine due to the many variables involved including, but not limited to, the order quantity, location of the deputy office, and the date ordered.

Standard plate fees would be applied for each plate, which is currently \$15.50 for standard plates and \$13.50 for single and motorcycle/motorized bicycle plates.

This special plate is exempt from Minn. Stat. 168.1293, subdivision 2; therefore, no marketing study has been done to estimate the number of plates that will be requested. Assume that 100 plates will be request for fiscal years 2026, 2027, and beyond.

MNDrive programming for system upgrades and configuration will be required at a cost of \$61,152.

Standard registration fees would be paid for each vehicle an auto rental company registers with these plates; however, no registration stickers bearing the year of expiration will be displayed on the plates.

The standard plate replacement time frame of 7 years would be applicable.

Rental plates may be transferred from one vehicle to another provided the vehicle the plate is transferred to qualifies for the plate and is owned by the same auto rental company. Registration tax must be paid on the vehicle the plate is transferred to based on the current formula outlined in Minn. Stat. 168.017.

The filing fee will be retained by the deputy registrar if the application fee is received in the deputy registrar office and the plate transfer fee will be retained by DVS to maintain the DVS ecosystem.

The rental plates will be removed from a vehicle when sold and placed in held for resale status.

The driver of a vehicle and the auto rental company will comply with requirements set forth in Minn. Stat. 169.7995.

Expenditure and/or Revenue Formula

Expenditures

Driver and Vehicle Services Technology Account

\$61,152 for MNDrive programming - (280 hours at \$218.40 per hour = \$61,152) (Onetime - absorbed)

Driver and Vehicle Services Operating Account

\$1,000 for plate design

\$1,355.40 for plate production and mailing (100 plates x \$13.554/plate = \$1,355.40, final estimated cost)

Revenue

\$1,550 for 100 rental plates (\$15.50 plate fee x 100 plates = \$1,550 - total revenue dependent on the number of plates requested)

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Driver and Vehicle Services

Agency Contact: Pong Xiong

Agency Fiscal Note Coordinator Signature: Brian Awsumb

Phone: 651-539-3387

Date: 3/18/2025 6:42:36 PM

Email: brian.awsumb@state.mn.us