

**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE, No. 1268**  
**STATE OF NEW JERSEY**  
**221st LEGISLATURE**

DATED: AUGUST 2, 2024

**SUMMARY**

**Synopsis:** Authorizes special “We support the Arts” license plates with proceeds to New Jersey State Council on Arts.

**Type of Impact:** Potential annual State revenue and expenditure increases.

**Agencies Affected:** New Jersey Motor Vehicle Commission, New Jersey State Council on the Arts.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Thereafter</u></b>
<b>Potential State Expenditure Increase</b>	\$46,423	Indeterminate
<b>Potential State Revenue Increase</b>	\$50,000	At Least \$5,000

- The Office of Legislative Services (OLS) finds that the bill will potentially produce annual State revenue and expenditure increases that will largely offset one another. The OLS cannot quantify the annual increases because it is unclear how many applications the New Jersey Motor Vehicle Commission will receive for the new “We Support the Arts” license plate. However, the OLS notes that the commission is required to receive a minimum of 500 applications for the new specialty plate to implement the bill.
- The bill establishes the “We Support the Arts” license plate program in such a manner that the commission may fully recover the expenses incurred in administering the program. The commission has identified its initial cost of designing and establishing a new license plate series as \$46,423 which is largely attributable to computer system changes and an initial print run of 900 plates.
- The commission will receive a \$50 “We Support the Arts” license plate application fee and a \$10 annual renewal fee for each license plate issued under the program. Initial fee collections will reimburse the commission for the expenses incurred in administering the program. In addition, the commission is required to receive an initial payment of up to \$25,000 and a minimum of 500 license plate applications, for a total collection of \$50,000 to offset initial costs before license plate production begins.

- After the commission's cost recovery, indeterminate excess application renewal fee collections will be appropriated to the New Jersey State Council on the Arts to support the arts within the State.

## **BILL DESCRIPTION**

This bill requires the Motor Vehicle Commission to issue special "We Support the Arts" license plates, with proceeds dedicated to the New Jersey State Council on the Arts.

In addition to the required motor vehicle registration fees, there is an application fee of \$50 and an annual renewal fee of \$10 for the license plates. After deducting the costs to implement the license plate program, the fees collected will be deposited into the Support the Arts Fund established by this bill. The proceeds of the fund will be distributed to the council to support the arts in the State.

The commission is required to certify annually the average cost of producing, issuing, renewing, and publicizing the availability of the specialty license plates. If the average cost per plate exceeds \$50 in two consecutive fiscal years, the commission may discontinue the "We Support the Arts" license plate program. The bill prohibits the commission from using State or other public funds to cover the initial cost of implementing the "We Support the Arts" license plate program. The bill requires the council or an individual or entity designated by the council to contribute non-public monies, not to exceed \$25,000, to offset the initial costs to design, produce, issue, and publicize the license plates and for any computer programming necessary to implement the program. The bill also permits the council to receive funds from private sources to offset the initial costs.

The commission is not required to design, produce, issue, or publicize the availability of the license plates or make any necessary programming changes until: (1) the council or an individual or entity designated by the council has provided the commission with the money necessary to offset the initial costs incurred by the commission in establishing the license plate program; and (2) the council or an individual or entity designated by the council has provided the commission with a minimum of 500 completed applications for the license plates and the accompanying application fees.

The provisions of the bill will remain inoperative until the first day of the seventh month after the date when the appropriate applications and fees required to offset the initial costs incurred by the commission are provided to the commission. The bill expires on the last day of the 12th month after the bill's enactment if sufficient applications and fees to offset the initial costs are not received by that date.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS finds that the bill will potentially produce annual State revenue and expenditure increases that will largely offset one another. The OLS cannot quantify the annual increases

because it is unclear how many applications the commission will receive for the new specialty license plate.

The bill establishes the “We Support the Arts” license plate program in such a manner that the commission may fully recover the expenses it incurs in administering the program. If the number of license plate applications is below 500 in the first 12 months following the bill’s effective date, the bill will expire without the creation of the license plate program. Conversely, if the number of applications is equal to or greater than 500, the commission will be able to recover its costs within the first year of the program.

Before the commission begins designing and producing the license plates, an entity designated by the council is required to provide up to \$25,000 and pre-register 500 applicants for the license plates. This requirement ensures that the commission will be able to recover its initial costs of producing the license plates. If enough funds are not provided, the commission will not be required to produce the license plates. The payment of up to \$25,000 is required to come from private sources, so the amount would not be a State or local cost.

Upon production of the license plates, the commission may still discontinue the program if the production cost exceeds \$50 per license plate in two consecutive fiscal years, which is the initial fee that the commission will collect for each plate. This ensures that the commission will not experience any net costs in the administration of this license plate program. The current cost per plate to the commission is \$6.88, so it is unlikely that the commission will experience any net cost in the administration of the program.

<b>Motor Vehicle Commission: Computer Programming and Other Costs for New Plate Design</b>		
<b>Description of Work</b>	<b>Hours</b>	<b>Total</b>
Scope of Work Specifications	85	\$11,197.41
Development	145	\$16,255.45
System Testing	89.5	\$10,033.54
Production Implementation	24	\$2,705.47
<b>Total Computer Programming Costs</b>	<b>343.5</b>	<b>\$40,191.87</b>
<b>Plate Costs</b>		
Sample Plates (10 plates @3.90 each)		\$39.00
Initial Acquisition Plates (900 plates @ \$6.88 each)		\$6,192.00
<b>Total Specialty License Plate Costs</b>		<b>\$46,422.87</b>

In response to an FY 2025 OLS Discussion Point, the commission indicated that it faced an upfront cost of \$46,423 to set up a license plate program, which includes computer changes and an initial print run of 900 license plates. The requirements of the bill would provide the commission with \$50,000 through the initial \$25,000 payment and the first 500 license plate sales. Additionally, the first 500 plate sales will generate \$5,000 per year from the \$10 annual renewal fee.

The bill prevents the commission from realizing net revenues in administering the program because the bill requires the commission to deposit all program fees into a special fund to be distributed to the council to support the arts once the commission has subtracted its costs of administering the program. The combination of guaranteed fee collection for the commission and the limit on retaining any fees greater than its cost creates a scenario where there is likely to be no net fiscal impact on the commission for administering this license plate program.

*Section: Authorities, Utilities, Transportation and Communications.*

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).