



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 2632

PRINTERS NO. 3461

PRIME SPONSOR: Delozier

COST / (SAVINGS)

FUND	FY 2022/23	FY 2023/24
Motor License Fund	See "Fiscal Impact"	See "Fiscal Impact"

SUMMARY: Requires PennDOT to contract with a private vendor to market, sell and manufacture vendor-designed registration plates sold and issued for a motorcycle, passenger car or truck with a registered gross weight of not more than 14,000 pounds. This legislation would take effect in 180 days.

ANALYSIS: This legislation creates a new section 1341.2 (relating to vendor-designed registration plates) in Title 75 (Vehicles) to allow a private vendor to market, sell and manufacture vendor-designed registration plates. Vendor-designed registration plates may only be sold and issued for a motorcycle or a passenger car or truck with a registered gross weight of not more than 14,000 pounds.

Under the new section, PennDOT must select a private vendor (vendor) and enter into a contract with the vendor for the marketing and sale of vendor-designed registration plates within 12 months of the effective date of this section. The selected vendor must be able to fulfill the requirements of the section. The term of the contract shall be for not less than five years and be renewable by the same vendor for no less than two successive five year terms. The contract must require the private vendor to:

1. Market and sell the vendor-designed registration plates on their public website.
2. Process the purchase and issuance of vendor-designed registration plates hosted on their public website and pay any associated costs and fees.
3. Permit a vendor-designed registration plate that is purchased from their website to be personalized.
4. Provide to PennDOT, at least monthly, periodic accounts that accurately detail all material transactions, including information reasonably required by PennDOT to support fees that are collected by the vendor, and regularly remit all money payable to PennDOT under the contract.
5. Establish an electronic infrastructure coordinated and compatible with PennDOT's systems, by which motor vehicle owners may electronically send and receive applications, other documents or required payments, and that, when secure access is necessary, can be electronically validated by PennDOT.
6. Establish the amounts to be received by PennDOT from the fees imposed as negotiated with and agreed upon by PennDOT.

7. Comply with the provisions of section 1331(relating to issuance and reissuance of registration plates).
8. Manufacture the vendor-designed registration plates in accordance with current PennDOT practices.
9. Provide for a minimum revenue guarantee within the first five years of the contract. The guarantee shall be negotiated between PennDOT and the vendor.
10. Comply with any other requirement established by PennDOT, subject to the contract limitations.

PennDOT is prohibited from unreasonably:

1. disapproving or limiting an aspect of a vendor's marketing and sales plan;
2. interfering with the selection, assignment or management by the vendor of the vendor's employees, agents or subcontractors;
3. restricting the ability of the vendor to offer a variety of plate designs with personalized and non-personalized alphanumeric patterns;
4. disapproving or limiting the ability of the vendor to offer vendor-designed registration plate renewal terms of more than one year; or
5. disapproving or limiting the ability of the vendor to offer symbols on a vendor-designed registration plate that are not part of the registration plate's alphanumeric pattern.

Initially, 12 vendor-designed registration plate designs are to be made available by the vendor for purchase by the motoring public. After 12 months from the initial date the private vendor makes approved vendor-designed registration plates available for purchase by the motoring public, PennDOT may approve additional vendor-designed registration plate designs in excess of the 12 plate limitation.

A vendor-designed registration plate may not substantially mimic PennDOT's standard white, blue and yellow registration plate or any future standard-issue registration plates provided by PennDOT or other plates authorized.

PennDOT, in consultation with the PA State Police, has the authority to approve the designs and color combinations for vendor-designed registration plates provided that PennDOT does not restrict the background color, color combinations or color of plate numbers or letters of vendor-designed registration plates, except if it is determined that the restriction is necessary for law enforcement purposes. PennDOT may disapprove a design, cancel a vendor-designed registration plate or require the discontinuation of a vendor-designed registration plate or color combination if PennDOT determines the disapproval, cancellation or discontinuation is in the best interest of the Commonwealth or the motoring public. PennDOT retains ownership of each approved vendor-designed registration plate.

The fees for vendor-designed registration plates established by the vendor, in consultation with PennDOT, must be sufficient to allow the vendor to recoup costs, allow for a profit for the vendor, allow for PennDOT to recoup administrative costs and receive additional revenue. The fee is in addition to the registration fee and personalization fee. All fees received by PennDOT shall be deposited into the Motor License Fund.

In the event the vendor ceases operations, PennDOT may fulfill the duties of the vendor until they select another vendor and the private vendor's share of the fee shall be credited to the Motor License Fund until the new vendor is selected.

FISCAL IMPACT: This legislation would provide for the sale of new license plate options for drivers within the Commonwealth, thus generating new revenue for the Motor License Fund. Any estimate of such revenue is indeterminable at this point. This revenue would offset any costs to the Commonwealth, which would include IT infrastructure and new personnel as anticipated by PennDOT. It is important to note that the legislation provides that any contract entered into between PennDOT and the vendor must reimburse PennDOT for any costs incurred.

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House Appropriations Committee (R)

DATE: September 14, 2022

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.