

COMMONWEALTH OF PENNSYLVANIA
HOUSE TRANSPORTATION COMMITTEE
SUBCOMMITTEE ON TRANSPORTATION SAFETY

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In re: Public Hearing On License Plates

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Stenographic report of hearing
held in the House Majority Caucus Room
Main Capitol Building, Harrisburg,
Pennsylvania

Wednesday,
April 27, 1994
10:00 A.M.

HON. KEITH R. MCCALL, CHAIRMAN

MEMBERS OF THE HOUSE TRANSPORTATION COMMITTEE

Hon. Thomas Tigue	Hon. Joseph W. Battisto
Hon. Frank Dermody	Hon. Ronald S. Marsico
Hon. Teresa E. Brown	Hon. Dennis E. Leh
Hon. Dick L. Hess	

ALSO PRESENT:

Robert Hollis
Paul Parsells
Paul Landis

SPEAKERS

**Howard Yerusalim, Secretary Pa Department of
Transportation**

Representative Frank Lagrotta

**William Cox, Director of Merchandising Pittsburgh
Penguins**

Ed Katz, Chief of Police - Penbrook, Chairman PCA

**Ralph Davis, Assistant Commissioner, Virginia
Department of Motor Vehicles**

**Frank Felbaum, Executive Director Wild Resources
Conservation Fund**

**Nicholas T. Gordon, Jr. National Manager License Plate
Systems**

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THE HONORABLE KEITH MCCALL: Good morning. My name is Representative Keith McCall, and I'm Subcommittee Chairman of the House Committee on Transportation and Safety.

With me I'd like to introduce the members. To my left, going right, is Representative Dick Hess; Representative Dennis Leh; Representative Teresa Brown; Representative Ron Marsico; Representative Joe Battisto and Representative Tom Tigue.

I've called this meeting of our Subcommittee to consider a matter that plays a central role in transportation safety in our Commonwealth; our license plates.

In the past, we've heard from numerous law enforcement officials who have told us about the importance of clearly visible and readable license plates, enforcing safety on our roadways.

Now a recent development suggests that this is an issue that we should consider again and consider perhaps from a few different perspectives.

The development of which I'm speaking, of course, is the unexpected but welcomed success of the new Wildlife Resource Conservation Fund license plate. This plate was launched as part of an experiment, designed to raise funds for wildlife conservation in

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1 Pennsylvania.

2 Our hope was that we would sell 150,000 of them
3 over three years, which would raise five million two
4 hundred fifty-thousand dollars. Of that amount, two
5 million two hundred twenty-five thousand was to go to
6 the Wildlife Conservation Fund and another three
7 million was to go to PennDOT.

8 Well, as I'm sure you know by now, sales of the
9 new plates are exceeding all expectations. I'm told,
10 that sales will hit the hundred thousand dollar mark
11 any day now, and that's after just a few months of the
12 plate being on the market.

13 We already have other kinds of special license
14 plates in Pennsylvania. We have the so-called vanity
15 plates which enable people to select their own license
16 plate messages. We also have alumni plates, such as
17 the one with the Nittany Lion of Penn State.

18 Other states have plates for special purposes,
19 as well, and the success of our wildlife plates
20 suggests that this is an area that deserves further
21 attention.

22 While we are examining the issue of special
23 plates, I think we should consider the full spectrum
24 of the license plate issues. For example, as I
25 mentioned a moment ago, we should consider whether our

2 1 current plates are visible enough to meet the needs of
2 Pennsylvania's Law Enforcement Community and whether
3 we are taking advantage of the technological advances
4 in the manufacture of license plates that have
5 occurred since we introduced the current plates back
6 in the early '80's.

7 We also should consider whether the success of
8 the wildlife plate suggests that there are other such
9 opportunities we might pursue. We could, for example,
10 have special plates to celebrate some of
11 Pennsylvania's historical sites and tourist
12 attractions, such as the Poconoes, the battle fields
13 of Gettysburg, the Liberty Bell and to show our
14 support for some more of our colleges, for our tourist
15 industries or even our favorite professional sports
16 teams, such as the Steelers and the Phillies, and, of
17 course, our colleague', Mr. Lagrotta's, beloved
18 Penguins.

19 Some special plates, of course, to generate
20 additional revenue, so it also would be appropriate to
21 for us to consider how such monies might be used.

22 Proceeds from the Wildlife plate, as I
23 mentioned, are shared by the Wildlife Conservation
24 Fund and PennDOT. We might want to do the same with
25 other plates, dedicating their proceeds for specific

2 1 purposes, we might just want to use them for the
2 transportation for general revenue purposes.

3 Once we get into the question of revenue, it
4 might be appropriate to evaluate the current fee
5 structure for vanity and special license plates and
6 the revenue it produces.

7 Finally, we might consider the potential
8 benefits of a statewide reissuance of license plates.
9 As significant as such an undertaking would be, it
10 could produce numerous transportation benefits such as
11 helping to reduce the numbers of unlicensed,
12 unregistered, uninsured and uninspected vehicles on
13 our roadways.

14 Overall, I think we need to consider why the
15 unexpected success of the Wildlife license plate has
16 created an environment that we can take advantage of
17 to do some or all of these things at once. We also
18 should consider how we as a Committee might be
19 involved in such an undertaking.

20 Based upon the testimony we receive here today,
21 it will greatly assist as we pursue this issue. I've
22 invited several witnesses to appear before us today
23 and I hope they will address these and any other
24 matters that they see are relevant to some of the
25 issues I've just mentioned.

2 1 With all that said, I'd like to now call on
2 Secretary Howard Yerusolim, Secretary of Pennsylvania
3 Department of Transportation.

4 MR. YERUSALIM: Thank you, Mr. Chairman and
5 ladies and gentleman of the Subcommittee.

6 I'm pleased to be here today as I always am to
7 work with the members of the legislature on all
8 issues.

9 You have my written testimony and I'm not going
10 to get into all the details of my written testimony.
11 I'm going to give my oral testimony on just a few
12 subjects. But let me start with something that I
13 really don't have any notes written down on but it's
14 something that the chairman brought up last.

15 I think we should always be willing to explore
16 new opportunities. I think we should be willing to
17 look into other options in everything that we do,
18 whether it be license plates or whether it be the way
19 we pave highways, or the amount of highways we pave,
20 or whether it be an issue that's been hot in this
21 area, protection of our citizens during our
22 reconstruction efforts. So I'm certainly open to all
23 the issues you've raised in your comments, Mr.
24 Chairman.

25 I was going to restrict my oral testimony to

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1 two issues: One is the general reissue of the license
2 plates and second the safety issue which is basically,
3 as I see it, the difference between fully
4 reflectorized plates and beads-on-paint, to tie it
5 down to exactly what we are talking about here.

6 Let me start with the complete reissue of the
7 license plates. If we were to completely reissue the
8 license plates just on the rear as we have them today,
9 it would cost us 20 million dollars for that effort.
10 If we were to provide a front and rear plate, it would
11 cost 30 million dollars.

12 I personally don't believe that is needed for
13 our nine million vehicles. Most of our license plates
14 are less than ten years old. I know you will receive
15 other testimony today and other written testimony
16 regarding the condition of our license plates.

17 Police officers can require that when they see
18 a vehicle with a license plate that is worn out and
19 not legible, that within 48 hours that individual must
20 apply for replacement plates which they can receive
21 for \$5. And I think they are important measures when
22 you look at spending 20 or 30 million dollars on a
23 complete reissue, if legibility is the issue that we
24 are addressing here.

25 As far as the second issue, which is

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1 beads-on-paint versus fully reflectorized plates, we
2 have not chosen one over the other. As you know, we
3 have a free enterprise system and we have allowed them
4 to be equal alternates in the bidding process.

5 In each case starting with the 1983 bid, the
6 beads-on-paint were lower than the fully reflectorized
7 plates, which saved us \$275,000 in the first year of
8 their issuance.

9 In 1988 there was a re-bid, The beads-on-paint
10 again were the lower price. The Department saved
11 \$90,000 in that case in the first year, just on the
12 plates alone.

13 In that case the bids for the fully
14 reflectorized vender included a substrata of steel and
15 if the plates were steel with a fully reflectorized
16 front, they are much heavier, and we have estimated
17 that based on today's postal rates, the first year of
18 using that alternate would have cost us about \$150,000
19 a year more in the cost of mailing cost. So the cost
20 of mailing would have been a bigger difference than
21 the cost of just the difference between the two
22 plates, although that was not included in our
23 specifications, so we would have gone with the lowest
24 bid.

25 As far as the safety issue, you'll hear lots of

3 1 arguments on both sides of this. I don't believe that
2 there is any concrete proof that fully reflectorized
3 plates result in any safety benefits.

4 Let me read some things that came about from a
5 result of the Inspector General's investigation in the
6 State of New York from the Post Standard, dated August
7 9th of 1993. You may have seen it. The headline is
8 State Plates Reflect a Higher Price. "New York could
9 save millions of dollars on the stuff that makes
10 license plates shine at night.

11 For two decades state motorists have spent tens
12 of millions of dollars more than they had to for
13 license plates, because New York used a costly method
14 of relectorization when a cheaper one was available
15 according to the State Inspector General."

16 And I will go a little further. If you want a
17 copy of this article, I have a copy of the Inspector
18 General's report, and I'll be glad to give you both.

19 If the state switches to a cheaper material,
20 New York motorists could save two million dollars a
21 year according to the IG.

22 The article further goes on to state, and this
23 comes from a quote in the Inspector General's report.
24 "DMV, Department of Motor Vehicles, estimated the new
25 plates could save up to 58 lives a year."

3 1 Here's what the Inspector General said: "After
2 2 looking at numerous studies from other states,
3 3 however, the IG's office found no proof that
4 4 reflective plates have done that." By the time New
5 5 York issued its first reflective plates, they had
6 6 become a redundant safety device anyway. Several
7 7 months before New York's law took effect, the Federal
8 8 Government began requiring all new cars to be equipped
9 9 with built-in red and amber reflectorization panels.

10 And that's what the research that I see to date
11 says that from a safety standpoint the item that you
12 see in the back of the vehicles are either the
13 reflectors or the lights, not the license plate.

14 I think the Wild Resources plate is a
15 wonderful, wonderful plate. It has been a great
4 16 success story. I think that we need to explore the
17 opportunities to expand possible additional special
18 plates in that area.

19 Frank Lagrotta, I will be rooting for the
20 Pittsburgh Penguins to win that sixth game and then
21 that seventh game, so again come back from that three
22 one deficit.

23 We have in addition worked with -- in Penn
24 State there is a Mid-Atlantic University
25 Transportation Consortium which involves many states.

4 1 It's called MAUTC, and we are working with them to
2 conduct another study on the safety differences
3 between the fully reflectorized and the
4 beads-on-paint, we expect that will start in the
5 '94/'95 fiscal year some time late in 1994. And I
6 don't have the exact date when that will be completed,
7 because we are going to have to work with Penn State
8 at their MAUTC Center to work that out.

9 In summary, I'm always open to ideas for new
10 and better ways to get things done. I certainly am
11 for safety, but you have to realize if we spend 20 or
12 30 million dollars on license plates, perhaps that 20
13 or 30 million dollars could save more lives by
14 improving our roads and bridges.

15 I'll close there and be open for any questions.

16 MR. MCCALL: Do any Committee Members have any
17 questions?

18 Representative Battisto.

19 MR. BATTISTO: Good morning, Mr. Secretary.
20 You referred to the study in New York State, and I
21 really don't know how many states have reflectorized
22 licensed plates as oppose to to beads-on-paint.

23 Is there any other information nationwide from
24 other states with respect to having used reflectorized
25 plates for a period of time and any statistics with

4 1 respect to the highway death rate?

2 Do you have any other information besides that
3 New York State study?

4 MR. YERUSALIM: Representative Battisto, while
5 I'm not the expert on that, later today I'm sure you
6 will hear the results of the Pennsylvania Economy
7 League' study.

8 I'm biting my tongue, because I don't want to
9 say it about the study, but I'm going to say it about
10 something else. There's an issue that came up in my
11 appropriations hearing, not this year but the year
12 before, and I was being grilled by a senator and it
13 had to do with something completely different than
14 this.

15 Finally another senator turned to that senator
16 and said "who funded that study"? I will not say any
17 more.

18 There are other studies. We feel more studies
19 are needed, but I don't believe there's any proof that
20 fully reflectorized plates will decrease the safety or
21 that the costs of the fully reflectorized plates is
22 worth it.

23 Another item that I might bring up, by the way,
24 when we went to the Wild Resources plate, we didn't
25 pick the plate, but we gave six samples, and believe

4 1 it or not the beads-on-paint had some of those samples
2 and they were just as pretty as the fully
3 reflectorized.

4 The fully reflectorized was selected by the
5 committee, and that was the way the program was set
6 up, so I have no objection to that at all. But you
7 can make a beautiful plate with beads on paint, also.

8 MR. BATTISTO: One more question, if I may.
9 With respect to the other kinds of different plates
10 like the Penn State plates and other kinds of vanity
11 plates, do we break even when we match what we charge
12 for these plates as opposed to the manufacturing of a
13 special line of plates?

14 Do we at least break even?

15 MR. YERUSALIM: I would like to have a business
16 that breaks that even. They cost us a few dollars and
17 we charge \$20, so we do, in fact, make money on the
18 vanity plates.

19 MR. BATTISTO: I think we said generally
20 speaking we set a limit of usually 500 at least --

21 MR. YERUSALIM: That is the minimum before we
22 start to make the plates.

23 One of the things that I didn't bring up, I
24 instructed the Deputy Secretary to get with the
25 Department of Corrections to make sure they have the

4 1 capability to greatly expand our program, because I
2 think the Wild Resources plate is such a success
3 story, but we have to make sure that the Department of
4 Corrections could handle that, and if they can't, we
5 have to look at how it can be handled, because that is
6 a real success story for the Wild Resources Fund.

7 MR. BATTISTO: Thank you.

8 MR. MCCALL: Representative Marsico.

9 MR. MARSICO: Thank you, Mr. Chairman.

10 I was wondering, you were advocating additional
11 plates, such as suggested here possibly the Liberty
12 Bell, Gettysburg Battlefield, etcetera, would that
13 create a logistical nightmare for our Department if
14 you had 10 or 15 additional plates that were
15 authorized?

16 MR. YERUSALIM: Representative Marsico, I said
17 I'm advocating looking into the possibility of
18 additional plates.

19 I don't believe it would be a logistical
20 nightmare, because you already have 90 different types
21 of organizational plates, so they are all different
22 plates, and of course the vanity plates are just
23 normal plates with a different name. I might put my
24 name or some other name on it.

25 We do have organizational plates, so we already

4 1 have -- I forget the exact number. 45 different
2 organizations that already have different plates.

3 MR. MARSICO: Would they create additional
4 needs for monies to add staff?

5 MR. YERUSALIM: My bigger concern isn't having
6 staffs at PennDOT, Representative Marsico, it's
7 whether the Corrections' industry can handle that.

8 When they do their regular plates, they do
9 Number 1, Number 2, Number 3 or Letter A-123 or
10 AB-123.

11 When they do their vanity plates, it takes them
12 longer because they have to put, like, "Howard" on it,
13 and that takes special time.

14 One of the issues that's come up is why can't
15 we have an organizational plate that is also a vanity
16 plate, and the reason we have not embraced that is
17 because of the extra time it would take, and our
18 concern is that the Department of Corrections would
19 not have the ability to handle that.

20 So I think the bigger issue to the best of my
21 knowledge would be those who make the plates, rather
22 than the problems within PennDOT.

23 MR. MCCALL: Representative Leh.

24 MR. LEH: Thank you, Mr. Chairman.

25 One quick question, and forgive me if you

5 1 already addressed this. I couldn't keep my hand up
2 with your mouth in trying to write some of this down.

3 Would the Department permit the State Police
4 and the Commission for a limited period of time to use
5 a fully reflectorized plate to do a study to check its
6 effectiveness?

7 MR. YERUSALIM: The Department will do whatever
8 the law tells us to do. I am not in favor of this at
9 this point and time. As you'll hear today through
10 testimony, even the police have different opinions as
11 to whether fully reflectorized is better from a safety
12 standpoint or from a police standpoint.

13 I think you'll hear from one group and the
14 other group sent you a letter to be entered into this
15 document.

16 I'd rather see what happens with this MAUTC
17 study that we are already going to have performed for
18 us before we get into any additional efforts.

19 If there were such legislation and it became
20 law, I would certainly would support any law.

21 MR. LEH: Thank you, Mr. Secretary.

22 MR. MCCALL: Representative Tigue.

23 MR. TIGUE: Thank you, Mr. Chairman.

24 Mr. Secretary, in your written testimony, it's
25 mentioned the last bid was in '92 there was only one

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1 bidder.

2 How many companies are involved in either
3 reflectorized or the beads-on-paint?

4 MR. YERUSALIM: We know of Flex-O-Lite which is
5 a beads-on-paint and 3M which is fully reflectorized.

6 I think I read some data that there is
7 competition for fully reflectorized with another
8 company. I'm not sure if that's true, but perhaps
9 someone later can respond. If not, I would be glad to
10 check into it and provide a written response.

11 MR. TIGUE: It seems like if there are only two
12 companies that are battling back and forth, I'm not
13 sure -- I'm just curious to see if there are any
14 other companies.

15 They're the only two also that applied for the
16 Wildlife Resource plate; is that right?

17 MR. YERUSALIM: To the best of my knowledge,
18 that is correct.

19 MR. MCCALL: Mr. Secretary, you mentioned the
20 MAUTC study, and I'm wondering if that is a study that
21 you commissioned as a result of the meetings we had in
22 June where you were going to really test the
23 effectiveness between the beads-on-paint and fully
24 reflectorized.

25 Is that as a result of that meeting?

5 1 MR. YERUSALIM: I really didn't know the
2 answer, but I'm told "yes".

3 MR. MCCALL: So we can expect that report --

4 MR. YERSALIM: Sometime in '95, and we will try
5 and expedite that process if that's the direction that
6 this takes.

7 MR. MCCALL: What about the 20 million dollars
8 for reissuance?

9 Can you explain why it's so much?

10 MR. YERUSALIM: Yes. There are nine million
11 registered vehicles, approximately nine million
12 registered vehicles in Pennsylvania. We would have to
13 issue nine million plates all at one time when you add
14 in the costs of the plates plus the mailing costs.

15 The other thing we would have to do unless we
16 staggered it like we do now, then it would cause a
17 major problem. There would be people needed to do all
18 this processing of nine million plates all at once in
19 addition to what would have to occur where they would
20 make the plates.

21 I'm not sure that there is any place in
22 Pennsylvania that would have the capability to make
23 that many plates in a short period of time.

24 MR. MCCALL: We've heard the arguments about
25 going after unlicensed, unregistered, uninsured

5 1 vehicles.

2 Would reissuance help in that regard?

3 MR. YERUSALIM: I'm not really sure. It could
4 help. Now that we've really checked on insurance when
5 people renew their registration, we know that almost
6 all the vehicles that are legally registered do, in
7 fact, have legal insurance.

8 We checked 25 percent of the renewal
9 applications on statewide and 50 percent within the
10 City of Philadelphia. Even the City of Philadelphia
11 where we have the biggest problem of vehicles that are
12 uninsured, the percentages are normally below five
13 percent. We look at that each and every month.

14 However, you have reason to have concern,
15 because I would say the bigger problem is in
16 Philadelphia today as we sit here, is that those who
17 can't afford insurance who don't have insurance, don't
18 register their vehicles.

19 Whether this would correct that or not, I don't
20 know. What is going on in Philadelphia is they are
21 getting someone else's license plates, or they are
22 getting someone else's sticker, they are stealing
23 stickers and then they are putting them on their
24 vehicles, so when we drive up the street it looks like
25 it's a valid, registered vehicle.

6 1 I'm not sure if we reissued these, the same
2 thing wouldn't occur, but perhaps it may help to some
3 extent. I really don't know the answer.

4 MR. MCCALL: So you don't know the percentages
5 of unregistered vehicles, unlicensed vehicles?

6 Do you have any idea what that number might be?

7 MR. YERUSALIM: It seems to me if we reissued
8 plates and we have different plates on the street, we
9 are going to be able to get those vehicles.

10 I'm getting coached here, and they are telling
11 me the question is how many are avoiding insurance by
12 not being registered and that's something we don't
13 know.

14 We would need a major effort, probably, walking
15 up and down the street and checking vehicle after
16 vehicle to really know that.

17 MR. MCCALL: Has PennDOT been surprised by the
18 success of the Wildlife Conservation plate?

19 MR. YERUSULIM: We are very pleasantly
20 surprised that as many have been sold. I was told
21 that as of yesterday, it was in the range of 81,000.
22 So your statement that we are approaching a hundred
23 thousand is certainly correct. It will be a hundred
24 thousand before long.

25 They do look pretty if you drive in back of

6 1 them. I would advocate that if you drive in back of
2 them, you tell me if you think you can see them better
3 than the beads-on-paint. I think you might find the
4 opposite to be true, because I've done that.

5 MR. MCCALL: Thank you, Mr. Secretary.

6 One more question from Representative Hess.

7 MR. HESS: Thank you, Mr. Chairman.

8 Mr. Secretary, on the special issuance of
9 plates, the vanity plates and so forth, the funding
10 for those plates, does that money just go into the
11 general fund or is that for certain designations?

12 MR. YERUSALIM: It goes into the Motor License
13 Fund and then the legislature appropriates the Motor
14 License Fund into different appropriations, except for
15 the Wild Resources plate where \$15 goes for the Wild
16 Resources part of it.

17 MR. MCCALL: Thank you, Mr. Secretary.

18 MR. YERUSALIM: Thank you.

19 MR. MCCALL: Next to testify is Representative
20 Frank Lagrotta and William Cox, Director of
21 Merchandising for the Pittsburgh Penguins.

22 MR. LAGROTTA: Thank you, Mr. Chairman, Members
23 of the Subcommittee.

24 If I could, let me just start by putting one of
25 the really rampid rumors about my sports plate

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1 legislation to rest. When I first introduced this
2 bill, I met with our good Deputy Secretary, Mario
3 Pirritano, and all through the dinner conversation, I
4 went on to tell him that when this bill become law
5 that I was going to have a Penguin plate on my car
6 that said "Mario," and for some reason he started to
7 blush and he said start telling people that I want a
8 plate on the back of my car that has his name on it.
9 And I just wanted to assure you that, "Mario," was not
10 Mario Pirritano, but it was Mario Lemieux. And, of
11 course, if you can score four goals tonight and beat
12 the Capitols, I'll put your name on the front of my
13 car.

14 Thank you for this opportunity to speak about a
15 subject which over the last several months I think
16 I've become fairly knowledgeable.

17 Pennsylvania as much as any state in this
18 country has a proud and unique relationship to its
19 professional athletic teams. As far as I'm concerned,
20 the Pennsylvanian who follow and support our five
21 major professional sports teams, are the best fans in
22 the country. And whether you are a Steeler fan or
23 whether you are a Phillies fan, I think you could say
24 that Pennsylvanians are very loyal to their teams, and
25 I think beyond that, we in the legislature have to

6 1 recognize the immense value that our professional
2 athletic teams have in this Commonwealth in terms of
3 the economic activity and the revenue that they
4 generate both tax revenue for our municipalities, as
5 well as the jobs that they provide.

6 Now, I've introduced legislation which will
7 allow the Department of Transportation to issue a
8 special sports license plate to any Pennsylvanian who
9 wants to show their support for any professional team.

10 Through the sale of these plates, we would not
11 only allow motorists some individual identity in
12 promoting team spirit, but we would also be able to
13 raise much needed funds for the Motor License Fund,
14 and beyond that I think we would enter into a very
15 agreeable relationship with some of the major
16 employers in this Commonwealth.

17 There are people in this room that remember
18 that it was less than a year ago when the 76'ers and
19 the Philadelphia Flyers had talked about moving across
20 the state line to New Jersey, and it was several years
21 ago that the Commonwealth made a significant
22 investment in the Philadelphia area to help keep
23 professional sports teams in Pennsylvania because of
24 the revenue that they generate.

25 This particular legislation, I believe, would

6 1 be another way, a very profitable way, for the
2 Commonwealth to show and allow us to show some support
3 for these very, very important members of our economic
4 development community.

5 The bill has a genesis. About a year ago when
6 I read that the State of New York was in the process
7 of creating a new series of special license plates --
8 the plates are sold at a premium price and they allow
9 the motorists to express their support for one of the
10 teams or colleges and universities in New York.

11 I have researched the various types of license
12 plates. I have some of the New York samples here that
13 I'll show you in a minute, and I have looked at how
14 they're manufactured.

7 15 I met with representatives of the companies that
16 make license plates, as well as representatives from
17 about five sports teams in Pennsylvania, including the
18 Penguins, and the Steelers, and the Philadelphia
19 Flyers.

20 I've participated in night demonstrations to
21 see how the various types of sports plates would look
22 at night, how the different types of manufactured
23 plates would look at night, and as you can see, and as
24 you study the issues, I've looked at the roles they
25 could play for Pennsylvania and its motorists.

7 1 One of the things that I've learned from my
2 conversations with the owners of the professional
3 sports teams, and I met with Mr. Ryan Flagg, Mr.
4 Baldwin of the Penguins, as well as Mr. Rooney of the
5 Steelers and some representatives of the Pirates.

6 Their concern because of the fact that they are
7 professional organizations is that the product that we
8 would produce, and remember we would have to enter
9 into licensing agreements, would be to the
10 professional teams, the product that we would produce
11 that would represent their organization would have to
12 be fully professional, and an exact representation of
13 the trademark logos of the individual athletic teams.

14 As a matter of fact, Mr. Ryan told us in early
15 September that the Flyers primary concern -- they
16 would be willing to participate in aggressive
17 marketing and Mr. Cox is going to talk about the
18 Penguins in just a few minutes, but Mr. Ryan said we
19 would enter into an agreement with the Commonwealth to
20 aggressively market this.

21 In effect, they would be promoting our product,
22 because we would be making money for it, provided you
23 could guarantee us that the product you would produce
24 would be fully professional and wouldn't be an
25 embarrassment to our organization.

7 1 That having been said, as you know the
2 Department issues several group license plates
3 already; for example, Penn State Nittany Lions and the
4 Pitt Panthers, as well as the University of Notre Dame
5 and several other plates, and they use the familiar
6 blue license plate background with gold letters.

7 I displayed some of the sample plates to Mr.
8 Ryan and Mr. Baldwin of the Penguins, and their
9 concerns are because of the limitations of the current
10 manufacturing process, the only distinguishing feature
11 on these plates is a one color embossed design.

12 And their comments were if we are to issue
13 plates that represent professional athletic teams,
14 that this style, as I said earlier, simply would not
15 do. As an example, most of the team logos or
16 trademarks require multi-color designs. They have to
17 be well-defined. They must be of top quality.

18 Based on what I have looked at, and I want to
19 stress again, that I have done a lot of research in
20 looking at both types of plates, the reflectorized
21 sheeting technology employed by the State of New York,
22 and I am going to show you the samples here, seem to
23 be the best answer.

24 Now, this is the New York plate with the Jets
25 logo on it. It's a fully reflectorized fabric. This

7 1 is the Giants, this is the Mets, and this is the
2 Islanders, and they lost four straight so we don't
3 even have to look at their plate. This is the New
4 York Nicks' plate.

5 Now as you know, because of our Wild Resource
6 plate, which is already in very successful production,
7 the Western Correctional Facility in Pittsburgh, where
8 Pennsylvania's license plates are currently
9 manufactured, is already set up to produce this type
10 of multi-color reflectorized sheeting plate.

11 I am very confident, ladies and gentlemen, that
12 a strong market exists for these plates. Although we
13 must be careful not to overprice them as Secretary
14 Yerusalim mentioned in his testimony, which he did not
15 read, but it's in his written testimony about the New
16 York experience, New York has done a tremendous amount
17 of research and marketing for their entire sports
18 program, but sales have been slow. Officials there
19 recognize the problem is not the special plate
20 concept, but the program's pricing policy.

21 When the program was created by the New York
22 legislature, besides the \$39.50 initial fee, an
23 additional \$25 renewal fee was included.

24 Looking around the country, it seems that the
25 most successful special license plate sales were in

7 1 states like Maryland and Virginia, where only a one
2 first-time fee is charged.

3 Georgia just celebrated the sale of its
4 500,000th special olympic license plate. There was a
5 one time \$15 fee.

6 Perhaps no better example exists for us than
7 the one time fee rule than the Wild Resource license
8 plate where sales have been going through the roof as
9 the Secretary pointed out.

10 By the way, the New York Department of Motor
11 Vehicles is sponsoring legislation this year which
12 would reduce the fee for their special plates from an
13 annual one time special fee to a one time charge.

14 My legislation would allow for Pennsylvania's
15 special sports teams to negotiate an agreement for the
16 use of their logos. Each team receives between eight
17 and a half to nine percent of the \$39.50 initial fee
18 or about \$3.50 for every set of plates sold. New York
19 has front and back plates.

20 To my understanding, all the money that the
21 teams receive from the plates is donated to charities.

22 If, for example, we were to charge a \$35 fee
23 for these plates and we maintained a similar price
24 each year, PennDOT would be in line to receive
25 substantial revenues from the sale of these plates.

7 1 I want to reiterate, and then I'll ask Mr. Cox
2 to make some remarks, that whatever design would be
3 chosen for the plates, I feel that it's important that
4 this plate be seen both day and night, because I know
5 when I pay my extra money for a Penguin's plate, I
6 want to be sure that people will see it, and it will
7 be visible any time I'm out on the highway. Of
8 course, I have to slow down a little bit so the people
9 will actually see the logo.

8 10 It's for this reason that I feel that after the
11 research that I've done, that the reflectorized
12 sheeting would give us this opportunity to allow us to
13 use preprinted graphics on and use all colors of
14 transparent inks, this will allow same day and night
15 coloring.

16 In closing, I feel strongly that by allowing
17 PennDOT to issue this special sports license plate,
18 ladies and gentlemen, we will give Pennsylvania
19 motorists who are sports fans yet another avenue to
20 display their support for their favorite professional
21 sports team, we are going to generate some revenue,
22 and we're also going to send a message to the
23 Pennsylvania athletic teams in Pennsylvania that we in
24 the Commonwealth of Pennsylvania want to be aggressive
25 in helping support those organizations.

8 1 We want them to stay here. We want them to
2 continue to provide the revenue and the employment
3 opportunities that they provide in Pennsylvania.

4 Members of this Committee, as you all know from
5 your service in the legislature, it's not very often
6 that we are given the chance to discuss this type of
7 win/win situation.

8 I believe clearly that my sports plate
9 legislation is one of those issues.

10 Now I'm going to ask Mr. Cox from the Penguins
11 to make a few remarks.

12 MR. MCCALL: Mr. Cox, will you give your full
13 name and title for the record.

14 MR. COX: Yes. William Cox. I'm Assistant
15 Director of Merchandising for the Pittsburgh Penguins.

16 Good morning, Chairman McCall and ladies and
17 gentlemen of the Subcommittee.

18 I am here today on behalf of the National
19 Hockey League and in particular the Pittsburgh
20 Penguins, my employer.

21 In support of such a project as the sports
22 license plates, I think that it is all too often
23 painfully evident when we go to sporting events, pro
24 sporting events, that the team involved takes an awful
25 lot out of the community in the way of ticket prices,

8 1 in the way of advertising revenues, promotional
2 revenues, et cetera. And this is one means for our
3 team and indeed the National Hockey League involving
4 the Philadelphia Flyers and the Pittsburgh Penguins to
5 possibly put some dollars back into the community by
6 committing -- and I'm here today to commit to you that
7 every dollar earned through such a project in the form
8 of royalties to the Pittsburgh Penguins and the
9 Philadelphia Flyers, would be turned over to a
10 favorite charity.

11 In the case of the New York project, it was the
12 New York State Special Olympics. They benefit from
13 the sale of these license plates from all the
14 royalties.

15 Obviously, we have a favorite charity, and it's
16 called the Mario Lemieux Foundation for Cancer
17 Research, but that, by no means, eliminates the other
18 charities in the state.

19 We would commit to this project our marketing
20 resources, our on game telecasts, our season ticket
21 holder contacts, our advertising contacts to assist in
22 marketing such a sports plate.

23 I have met with, as Representative Lagrotta
24 has, with the Philadelphia Flyers, I've met with the
25 National Hockey League and obviously the Pittsburgh

8 1 Penguins, and collectively we would commit our
2 resources to see that this is a successful project,
3 and I do thank you all very much for having me here.
4 It's indeed an honor, and I mean that very sincerely.

5 I'm not originally from this state, and I was
6 really taken by a short tour that Representative
7 Lagrotta gave me this morning of this facility and
8 this fine building here.

9 And I will be available to Representative
10 Lagrotta and obviously to any of you at any time to
11 answer questions or help promote such a project.

12 Thank you.

13 MR. MCCALL: Thank you, Mr. Cox.

14 Any questions?

15 Representative Brown.

16 MS. BROWN: Thank you.

17 Representative Lagrotta, I'm curious to know if
18 you have any statistics or information on about how
19 many sports plates would be sold.

20 The reason I'm wondering is I'm not real
21 sports-minded, but I understand it would just go to
22 the people who would be supportive. However, you've
23 got a lot of other teams.

24 MR. LAGROTTA: I think Howard's written
25 testimony points out that New York has got about

8 1 20,000. They think that the problem in New York is
2 that they've got a recurring special fee, and that's
3 the way our legislation is drafted in Pennsylvania,
4 but, of course, an amendment would easily be drafted
5 and I'd ask the Committee to do that.

6 My instincts are -- I can only answer it
7 speculatively. My instincts are that in Pittsburgh
8 where hundreds and hundreds of people purchase Mario
9 Lemieux shirts for \$125, that are game replicas, and
10 purchase autographs and Mario Lemieux hockey cards,
11 and I'm sure Mr. Cox can answer this with more
12 expertise than I have, for 50 and 60 and 70 dollars,
13 that that same kind of instinct would exist for
14 something that they can display on the back of their
15 car that would readily be available. I think that it
16 would do very well, especially for our sports teams.

17 The Phillies, last year, had this program been
18 in effect, I think last year during the World Series,
19 they probably would have lined up to push something
9 20 like this to show their support.

21 Bill, do you have anything you might want to
22 add to that?

23 MR. COX: Just as a point of reference,
24 following our '91/'92 Stanley Cup win, we sold
25 approximately 8,000 front license plates with the

9 1 Pittsburgh Penguin' logo on it.

2 MR. LAGROTTA: What did they retail for?

3 MR. COX: They retailed at \$19.95.

4 MS. BROWN: Representative Lagrotta, have you
5 had a chance to talk to the law enforcement community
6 on being able to visibly read the numbers?

7 MR. LAGROTTA: It's my understanding that there
8 are some people here, and correct me if I am wrong,
9 that can offer that testimony later on.

10 MS. BROWN: You haven't had a chance to talk to
11 them, though?

12 MR. LAGROTTA: The only experience I've had
13 with that is the New York experience, where clearly
14 these plates are visible and there's no diminution of
15 the ability to read.

16 In fact, my research as personally, and I'm not
17 much of an expert, but my research personally lead me
18 to believe that you can see them better, not only the
19 alphanumerics, but also the graphics, which is going
20 do be the selling point to anybody that's going to
21 shell out 30 or 40 bucks for a plate.

22 As I said, if I'm going to spend 30 bucks for a
23 Penguin plate, I want to make sure that people can see
24 that I have a Penguin plate on the back of my car. My
25 experience, having done that at night certain

9 1 distances, shows me that that is very, very visible.

2 MS. BROWN: One last question.

3 In your legislation do you have the specific
4 plate or does this go out to bid?

5 MR. LAGROTTA: The legislation is drafted right
6 now with fully reflectorized.

7 MS. BROWN: Thank you.

8 MR. MCCALL: Representative Tigue.

9 MR. TIGUE: First, I have a comment. It was
10 interesting, Frank. You mentioned the Sixers and
11 Flyers moving to New Jersey; we are concerned about
12 that. And the first two plates you showed were the
13 Giants and the Jets.

14 MR. LAGROTTA: It was subliminal.

15 MR. TIGUE: I just wanted to make that comment.

16 In the legislation, getting back to
17 reflectorized plates, would you be opposed to that,
18 because based on what we've heard from the Secretary
19 of Transportation, atleast according to his opinion,
20 there doesn't seem to be any difference, or he favored
21 one.

22 So do you have a problem with us eliminating
23 that from your bill?

24 MR. LAGROTTA: My instincts are that I support
25 in my bill the exact way that the designs were

9 1 selected for the Wild Resource plate and that would be
2 2 to have the Commission look at both presentations and
3 3 make that kind of a choice.

4 Keep in mind, unlike the Wild Resource folks,
5 5 you would have to present that to each individual, the
6 6 Major League Baseball, the National Football, they
7 7 would have to accept that as a representation of their
8 8 logo, so you've got that added issue to deal with.

9 MR. TIGUE: What happens if there's a
10 10 difference between what they want or the Commissioner
11 11 or whoever decides, selects two different plates or
12 12 two different systems?

13 MR. LAGROTTA: I think the bill as its drafted
14 14 charters PennDOT to enter into and negotiate its
15 15 standing with each individual league.

16 Bill, maybe you can answer that better.

17 As as long as their logo is seen and
18 18 represented accurately -- I mean, it's a trademark
19 19 logo. It's a simple reproduction.

20 MR. TIGUE: Why do the teams need a royalty if
21 21 they are going to give it to someone?

22 Why can't we just have you write off on the
23 23 agreement and say whatever you make you can use for
24 24 the Motor License Fund? Since you are not going to
25 25 keep the money, why can't we just keep it?

9 1 MR. COX: I think it's a common practice that
2 when someone loans their federally registered
3 trademark out for sale, and this would be -- in
4 effect, the State of Pennsylvania, would become a
5 licensee of these leagues of the major pro sports
6 league, and if not a common practice, at least it is
7 in the NHL, that there's a royalty paid for the use of
8 that logo.

9 Obviously, if we are committing to -- I'm not
10 here today to speak on behalf of all pro sports in the
11 State of Pennsylvania, but, obviously, if we are
12 committed to them in turn donating one hundred percent
13 of those dollars to charities, then --

14 MR. TIGUE: If we use the logo for Penn State
15 or if we use the logo for University of Pittsburgh, we
16 don't give them money to use their logo and Penn State
17 has a trademark logo.

18 You answered the question, and I appreciate it.

19 Thank you.

20 MR. MCCALL: Representative Hess.

21 MR. HESS: Thank you, Mr. Chairman.

22 Representative Lagrotta, when you drafted your
23 bill and you have in your bill specific Flexo-O-Lite.

24 Why not beads-on-paint or why not leave it
25 open?

9 1 MR. LAGROTTA: The bill was drafted based on
2 2 what came out of New York. And I'm saying now for the
3 3 record that what I would want to see would be the same
4 4 way the Wild Resource plate was picked in order to
5 5 adhere to the Department's open bidding process.

6 6 I think it was Howard, or someone said during
7 7 Howard's testimony that there may be another company
8 8 that's involved in this as well. But let them make a
9 9 proposal as well, but whoever wishes to present
10 10 something that the Commission could consider as a
10 11 sport plate, and then let the Commission make a
11 12 decision.

12 13 I would certainly be supportive of having
13 14 representatives of the professional sports leagues sit
14 15 on that Commission so that they would have some input
15 16 into what the final outcome would be.

16 17 It's not that big of a deal. Everybody knows
17 18 what the Pirates' logo is and what the Steelers' logo
18 19 is, but as long as those were officially represented
19 20 in a way that they were and visible and marketable,
20 21 because if they are not visible, they are not
21 22 marketable.

22 23 That would be my personal preference. Of
23 24 course, the House and the Senate would have to adhere
24 25 to it, but my personal preference as a sponsor would

10 1 be to draft an amendment to the legislation forming a
2 Commission as the Wild Resource plate did.

3 Let them look at whoever wishes to provide a
4 sample for bid and let the Commission make a
5 determination with the understanding that any league
6 or any particular team would have the right of refusal
7 if they didn't think that their logo was properly or
8 completely or professionally represented because of
9 the trademark laws.

10 MR. HESS: I agree with that part, but I would
11 hope the legislation wouldn't be so narrow it would be
12 leaning toward one particular type of material or
13 another.

14 MR. LAGROTTA: The Commission, I think,
15 allowing the Wild Resource' example to stand, would
16 open it up to anybody that would provide a bid or
17 sample or an offer.

18 I don't think that that would be limited at
19 all.

20 MR. HESS: Thank you, very much.

21 MR. MCCALL: My question, I guess, would be to
22 Mr. Cox.

23 Has the Penguins tested the waters in anyway,
24 so to speak, to see how many plates they may be able
25 to sell?

10 1 Do you have any idea?

2 MR. COX: No. We have not gotten into any
3 research whatsoever as far as the marketability of the
4 plate.

5 MR. MCCALL: Okay. And just a comment to
6 Representative Lagrotta. I think it would be a good
7 idea to amend the bill to mirror what we did with the
8 Wild Resource Conservation plate. I think you'll get
9 a lot more support for it instead of identifying just
10 one company by allowing all companies to come in and
11 maybe have representatives of all the franchises sitting
12 on that Board to make a determination.

13 I think that that would be a much wiser route
14 to go as far as amendment and I would certainly
15 support you on that.

16 MR. LAGROTTA: Well, respectfully, since I'm
17 not a member of the Transportation Committee, I would
18 request that you as the Subcommittee Chairman or any
19 member be willing to have that amendment drafted so
20 that you can do that, and when we bring the bill to
21 the floor for a vote, we would have already addressed
22 these technical issues and then we can present a bill
23 that atleast the Committee members can say that they
24 support with some -- or at least hopefully some
25 unanimity.

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I think, in summation, this is a great way for Pennsylvania to be aggressive in pursuit of showing some support for the teams in the state and for generating revenue.

We are going to make money. They are going to promote it for us. I don't know how you could be against that, but, of course, I have been here for eight years now, and I know there's always something. So somebody can be against anything.

Thank you for the opportunity to come here.

MR. MCCALL: Thank you.

Next to testify is Ed Katz, Chief of Police, Penbrook, and I think it's supposed to be as a panel. Correct me if I'm wrong. Bob Greenwood from the Pennsylvania Economy League, Berwood Yost and Terry Bush.

MR. KATZ: Good morning, Mr. Chairman and other Honorable Members of the House Transportation Committee.

MR. MCCALL: Can you identify yourself just for the record whenever you testify.

Thank you.

MR. KATZ: My name is Ed Katz, and I'm Chairman of the Pennsylvania Chiefs of Police Association, Traffic Committee. I'm also the Chief of Police of

10 1 the Penbrook Police Department, which serves a portion
2 of the Harrisburg suburban area.

3 Our Association is made up of 1,100 chiefs,
4 representing over 1,300 communities and the millions
5 of citizens we are committed to protecting.

6 Thank you for the opportunity to present
7 testimony on one of the most important, although
8 oftentimes forgotten, law enforcement pools available
9 today, license plates.

10 The purpose of the Pennsylvania Chiefs of
11 Police Association involvement here today is because
12 we strongly feel Pennsylvania needs a more visible
13 license plate. And the way we feel that can be best
14 realized is by having Pennsylvania require that all
15 license plates be fully reflective.

16 Also today we wanted to share with you the
17 results of a three-part study coordinated by PCPA
18 which we would hope this committee would take into
19 consideration as it reviews this issue.

20 We would like to assist by providing the
21 committee with our findings in an effort to show how
22 new, more visible and versatile license plates can
23 provide this Commonwealth with several different
24 benefits besides those for the law enforcement
25 community.

10

1 License plates serve a variety of purposes.
2 They can provide individual identification to
3 motorists through vanity or specialty plates.

4 As evidenced by the new Wild Resource plates,
5 they can be used as an effective fund-raising tool.

6 Fully reflectorized license plates in the 44
7 states which utilize this type of plate provide an
8 important safety enhancement such as warning motorists
9 of parked or disabled vehicles on the side of the road
10 at night.

11 For the law enforcement community, however,
12 there is no more important function than for what the
13 license plate was originally intended: Identifying
14 the vehicle.

15 Crime is the most serious problem facing our
16 country today. We are constantly reminded through
17 news stories or even through personal experiences of
18 the consequences of this national dilemma.

19 While this problem continues to increase, so
20 too do the proposed remedies designed to fix it. Most
21 of these are expensive, complicated and will take
22 years to implement.

23 While in search for new ways to control crime,
24 let's not forget some of the more simple things that
25 will help achieve these goals: One of these is

10 1 enhancing vehicle identification by using license
2 plates that are more visible to not only law
3 enforcement officers, but the Pennsylvania citizens as
4 well.

5 As a society whose lives revolve around the use
6 of motor vehicles, it stands to reason that our
7 society will commit crimes using them, as well. We
8 need the best tools available to identify these
9 vehicles.

10 Several years ago the FBI estimated that a full
11 70 percent of all felonies were committed involving
12 the use of a motor vehicle in some form or another.
13 These include crimes such as drug trafficking,
14 hit-and-run accidents, carjackings, drive-by shootings
15 and simply arriving at and departing from the scene of
16 a crime.

17 To give you an example that hits closer to home
18 for me, let me recite the results of a 1992 US
19 Department of Justice study that examined the
20 circumstances of 51 felonious law enforcement officer
21 deaths.

22 Seventy-three percent of the killings occurred
23 on a street, highway or on a parking lot. In three
24 out of four incidents, the offender's means of
25 transportation was a motor vehicle, and 30 percent of

11 1 the killings occurred during the hours of darkness.

2 How many times have you read or listened to a
3 news report where the perpetrator of a criminal act
4 was apprehended because the license plate attached to
5 the vehicle in which he or she traveled was viewed by
6 a law enforcement officer or an alert bystander?

7 Without question, license plates are the surest
8 means of identifying a vehicle. They often provide a
9 direct link between a crime and its perpetrator.

10 Our own organization has participated in
11 hearings similar to these today involving the problems
12 associated with the hot pursuit of drivers suspected
13 of violating the law, which I believe the Senate
14 passed just two weeks ago.

15 A more visible license plate that facilitates
16 more accurate and timely identification could in some
17 cases provide a better alternative to this situation.

18 While most any type of standard size plate is
19 readable during the daylight hours, the same is not
20 true at night. The amount and degree of
21 reflectorization of a license plate is the critical
22 element as it concerns that plate's visibility at
23 night.

24 That's why the PCPA, like most every other
25 state and national law enforcement organization,

11 1 supports the use of fully reflective license plates.

2 Today there are two types of license plates in
3 this country. Both have some degree of reflectivity
4 and both use microscopic glass beads in that
5 reflective process. At night this reflectivity is
6 activated by a separate light source, most commonly
7 the headlights of an oncoming vehicle.

8 Forty-four states and the District of Columbia
9 use fully reflective license plates. With this type
10 of plate, 100 percent of the 12 inch by 6 inch plate
11 is covered by reflective sheeting.

12 The reflective element in that sheeting is
13 encapsulated in a clear protective resin that protects
14 the integrity and performance of the license plate.

15 The unique graphic designs on the license
16 plates which we have all seen, as well as the colors
17 covering the alphanumeric, all incorporate
18 transparent ink technology.

19 This is important because the headlight source
20 I mentioned previously, is able to pass through these
21 colors and hit the reflective background. Transparent
22 colors on a fully reflective license plate will appear
23 the same at night as they do during the day.

24 By issuing fully reflective license plates,
25 states are able to issue multi-colored graphic plates

11 1 for both general issued plates and special group and
2 fund-raising plates.

3 States like Georgia, New Jersey and New York
4 have begun to standarize their many different plates
5 with only one specific logo distinguishing the type of
6 plate that particular states issues. This allows
7 easier identification of the state. We would
8 recommend if Pennsylvania undertakes a special plate
9 program, to do it the say same way.

10 Based on our research, we know that there are
11 several US and foreign firms that provide the sheeting
12 for a fully reflective license plate.

13 The 3M Company appears to maintain the majority
14 of fully reflective license plate business in this
15 country and are, in fact, the suppliers of sheeting
16 for the new Wild Resource plate here in Pennsylvania.

17 The other type of license plate used in this
18 country is what is commonly referred to as
19 beads-on-paint. Currently, there are only six states,
20 including the Commonwealth, using this type of license
21 plate.

22 Under this process, virtually the same type,
23 but many fewer of the tiny glass beads are used in a
24 fully reflective plate and are applied to wet paint on
25 the alphanumeric and the borderline around the plate.

11

1 On Pennsylvanian's standard issue plate, for
2 example, the yellow parts have some reflectorization;
3 that's only 20 percent of the plate, and in terms of
4 candle power, the measure used by Pennsylvania
5 Department of Transportation for reflectivity, this
6 type of plate when new will only measure 1.5 to 2.0
7 This compares with a 15 to 20 candle power measurement
8 for the new fully reflective plates.

9 Unlike the fully reflective license plate, the
10 reflectorized areas on the beads-on-paint plate are
11 not protected from common roadway elements.

12 What this means is that rain, road grime, dirt
13 or anything else, will interfere with the glass beads
14 on the plate making them virtually nonreflective.

15 When we participated in a night demonstration
16 of these two plates, we were surprised to see how
17 beads-on-paint lost a significant amount of its
18 reflectivity during simulated rain conditions.

19 It's interesting to note that even PennDOT
20 realized this drawback as it issues a warning with all
21 of its new beads-on-paint plates not to wash or wax
22 them.

23 The beads-on-paint plate also has some other
24 limitations that are important to law enforcement. To
25 show some reflectivity under this system, the

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1 reflectorized areas have to be painted a light color.

2 Of the six states using beads-on-paint, all
3 have white or yellow alphanumerics. This does not
4 allow for what we believe is the ideal license plate
5 design contrast, having a light background and dark
6 alphanumerics.

7 For a very short time, Colorado had a special
8 tourism beads-on-paint plate, having a white
9 background and light alphanumerics. After many law
10 enforcement complaints, it was modified to present a
11 better contrast.

12 Still, the Colorado State Patrol is on record
13 as condemning both this special plate and the general
14 issue beads-on-paint license plate, because they are
15 so difficult to see at night.

16 Finally, concerning beads-on-paint license
17 plates, to the best of our knowledge there is only one
18 firm, Flex-O-Lite, from Saint Louis, Missouri that has
19 supplied this type of license plate since the 1970's.

20 I mention this only because Flex-O-Lite and
21 their representatives continue to insinuate that
22 should Pennsylvania decide to change from a
23 beads-on-paint design to a fully reflective plate,
24 only one company would bid on the contract, that being
25 the 3M Company. This simply is not true.

12 1 Other companies supply reflective sheeting. In
2 fact, in the past Flex-O-Lite has bid on contracts in
3 states where they require fully reflective sheeting.
4 So why are they so concerned if Pennsylvania will
5 require to issue fully relective license plates.

6 Like everything else, the cost issue is
7 enforced here. Based on prices in other states, a
8 fully reflective license plate is approximately 30 to
9 50 cents more expensive than a plate made by
10 Flex-O-Lite.

11 Please remember, however, both the amount of
12 reflectorization on the plate and the durability of
13 that reflectorization when you consider the additional
14 costs of a fully reflective plate. Also consider the
15 benefits of the 100 percent fully reflectorized plate
16 whose reflectivity is protected against the elements.

17 While we feel the benefits of fully reflective
18 license plates versus those of the beads-on-paint
19 system are apparent, and I might say well-documented
20 in numerous studies, the best way to compare these two
21 plates, is to actually see them perform at night.

22 With this in mind, the Pennsylvania Chiefs of
23 Police Association would like to invite the members of
24 this Committee and any other interested parties to a
25 night demonstration. Only through this exercise will

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1 you appreciate the true difference between these two
2 plates.

3 With all these arguments in mind, we felt it
4 was important to present other benefits to
5 Pennsylvania that would come with a new issue of
6 license plates.

7 In early 1993, aided by a grant from the
8 Traffic Control Materials Division of 3M Company, the
9 Pennsylvania Chiefs of Police Association initiated
10 the Pennsylvania License Plate Study Project.

11 In this three-part undertaking, we hoped to
12 provide some valid information to help answer some
13 specific questions concerning license plates. They
14 were: What is the extent of revenue avoidance in the
15 Commonwealth?

16 One of the economic benefits of conducting a
17 general reissuance of license plates in any state is
18 that it captures many of the nonregistered vehicles.
19 This could bring in millions of dollars in new
20 revenue.

21 How do Pennsylvania motorists feel about their
22 current license plate compared to a more colorful,
23 multi-colored plate, and would they be willing to pay
24 more for such a plate?

25 How do Pennsylvania motorists feel about

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1 special group plates and which types would they
2 prefer?

3 How much would it cost Pennsylvania to replate
4 its entire vehicle population, and how much additional
5 revenue could be realized through revenue avoidance,
6 the sell of special plates and other factors?

7 Seated with me are representatives of the two
8 groups contracted by PCPA to conduct parts of this
9 study. Robert Greenwood is acting Executive Director
10 of the Pennsylvania Economy League, State Division.
11 His organization was responsible for studying the
12 economic benefits and liabilities associated with a
13 new license plate issue. Mr. Berwood Yost, Center for
14 Survey Research, Pennsylvania State University and
15 Terry Bush, President of Hood, Light and Geise
16 Marketing and Public Relations are here to discuss the
17 public opinion survey that institution conducted
18 concerning motorists preferences on license plates.

19 Before I turn the discussion over to them, let
20 me first review the area of the study we conducted.
21 Our goal here was to present a better picture, if you
22 will, of the extent of the registration avoidance
23 problem in the Commonwealth.

24 This survey can certainly not be considered
25 scientific, although we approached it with objectivity

12 1 and clear criteria. Through our research we know that
2 the average number of motorists in other states who
3 fail to register their vehicles in a timely and proper
4 manner is between 2 percent and 11 percent of the
5 general vehicle population. These vehicles owners not
6 only fail to pay their registration fees, but are in
7 many cases uninsured and uninspected.

8 These states could fail to realize millions of
9 dollars in avoided registrations and other less
10 tangible costs like higher insurance premiums.

11 We firmly believe that when Pennsylvania
12 requires a general reissuance of license plates in a
13 short period of time, it facilitates the collection of
14 much of this outstanding revenue. Before a motorist
15 can receive a new plate, he or she must first be
16 properly registered and insured. If the motorist does
17 not exhibit the new plate and still uses the old
18 plate, they can become an easy target for enforcement
19 by police.

20 We based our study method and criteria on a
21 similar study conducted by the New York Chiefs of
22 Police Association in 1990. This is how the survey
23 was conducted. On Saturday, April 10th, 1993, a
24 number of off duty police chiefs, police officers and
25 police students surveyed over 15,000 Pennsylvania

12 1 passenger vehicles between the hours of 9:00 a.m. and
2 5:00 p.m.

13 3 These vehicles were mainly in shopping center
4 parking lots in 15 locations around Pennsylvania. The
5 surveyors were asked to do several things. First,
6 they checked the registration validation sticker on
7 the license plate to see if it was expired. If it
8 was, they marked the date of the expired tag. If the
9 validation sticker was missing, they noted that as
10 well.

11 The surveyors also noted whether the license
12 plate was damaged based or whether it was unreadable
13 based on their judgements only.

14 These were the results: 15,473 Pennsylvania
15 passenger vehicles were surveyed.

16 2.5 percent of the surveyed vehicles exhibited
17 expired validation stickers.

18 10 percent of the license plates surveyed were
19 judged damaged.

20 An additional 5 percent of the license plates
21 were judged unreadable.

22 Of those plates surveyed, 74% were the blue
23 Flex-O-Lite plates, and 26 percent were the old yellow
24 fully reflectorized plates.

25 What do these conclusions mean? First, the

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1 registration avoidance rate, while not as significant
2 as in other states, still means that based on
3 Pennsylvania's 8.9 million vehicles the Commonwealth
4 is not realizing millions of dollars each year.
5 Second, there seems to be a significant number of
6 damaged and unreadable plates.

7 It must be remembered that some of these yellow
8 plates are at a minimum 17 years old and will only be
9 replaced if the vehicle owner pays for the replacement
10 himself. This number of improperly functioning
11 license plates is a significant vehicle identification
12 problem.

13 Now, if I may, I'd like to introduce Mr. Yost
14 and Mr. Bush.

15 MR. BUSH: Mr. Chairman and Representatives of
16 the Transportation and Safety Commission, my name is
17 Terry Bush. I'm president of the marketing firm that
18 was hired along with Penn State Harrisburg Center for
19 Survey Research to conduct a survey. Berwood Yost,
20 who is on my right, is the Director of the Penn State
21 Research Center.

22 The survey was conducted a year ago during the
23 month of May and early June. We did it
24 geographically. We employed professional survey
25 people, primarily woman, middle-aged, who went to six

13 1 malls in Pennsylvania. We were at the mall in
2 Harrisburg East in Harrisburg; we made a survey in
3 Wyoming Valley in Scranton; Exton Square in Exton,
4 Pennsylvania in Chester County; the Nittany Lion Mall
5 in the State College area; Parkway Center, Pittsburgh,
6 and the Mill Creek Mall in Erie. So it was pretty
7 well-spread across the state.

8 We tried to do a survey of approximately 60
9 people in each one of those malls. We ended up with
10 333 samplings.

11 The survey was developed by my firm along with
12 Penn State, the questions asked. We had samples of
13 existing plates that our people used, and I'll show
14 you some of these.

15 These two, of course, were in part of the
16 primary question. A person who was surveyed had to be
17 a registered Pennsylvania driver, and had to either
18 own or be a part-owner of a registered car in
19 Pennsylvania. Part of the survey were these two
20 plates that they had to select from.

21 This was the existing plate that we are all
22 familiar with, and, of course, this is the plate that
23 was designed to represent the fully reflective plate.

24 Berwood took the analysis, took all the data
25 entry and he will explain basically parts of the

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1 survey that are important in his testimony.

2 MR. YOST: Good morning. My name is Berwood
3 Yost, and I'm Director of the Center for Survey
4 Research. We assisted in the data entry and analysis
5 process of their survey.

6 I just have several points to make. The survey
7 included about 30 questions, but the primary things we
8 are concerned about today -- each of the respondents
9 was asked, if given a choice, Plate A the alternative
10 plate and Plate B the existing plate, if they had a
11 choice, which would they buy? And more than four out
12 of five, approximately four out of five of those
13 people interviewed said that they would choose Plate
14 A, primarily because they liked the appearance of that
15 plate much better.

16 When we then asked them if they would pay up to
17 50 cents more for that new plate, 95 percent of those
18 people said yes, and about that same number said they
19 would be willing to pay up to \$4 more for that plate.

20 The other item that I would like to point out
21 from the survey is when we asked them analogous to the
22 Wild Resources plate if they would be willing to pay
23 \$40 to purchase a plate if they knew that \$20 of that
24 would go to the organization that was sponsoring the
25 plate, would they be willing to buy that plate, more

13 1 than one in two, 52 percent of the people that were
2 interviewed, said that indeed they would.

3 So from the sample of people that were spoken
4 to in this particular survey, the majority seem to be
5 saying that they are interested in this new plate
6 because of its appearance, and that they would be
7 willing to pay some more money to have that plate.

8 MR. GREENWOOD: My name is Bob Greenwood. I'm
9 the acting Executive Director of the State Commission
10 of the Pennsylvania Economy League.

11 I'm pleased to be here. Thank you for the
12 opportunity.

13 What the Economy League's role was in this
14 project was to conduct a study that would do two
15 things, basically. One was to identify as best we
16 could what the costs would be to the Department of
17 Transportation to have a full reissuance of license
18 plates and second was to identify the potential
19 revenues that might come in as a result of a full
20 issue, and they could be derived from several sources.

14 21 I believe you all have copies of the study we
22 did. Rather than go through it in great detail, what
23 I will do is capture the major points, and I would
24 certainly be glad to take any questions or try to
25 explain anything.

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In general and in particular for the costs, our approach was to obtain verified costs and also verify the assumptions that we had to use with the Department and the Department was very cooperative and helpful to our efforts. We also used whenever there was a possibility of a range of assumptions, the more conservative assumptions.

As a quick for instance, one of the things that I will be talking about is the fact that if there was to be a full reissuance in a given year, and the Secretary already mentioned that they would not now have the staff or actually the room to perform the function that are necessary to get the plates out.

As alternatives, we identified that the Department could use contractual labor and there were several variances of how they could obtain that labor from just looking at want ads in the paper what the average costs for unskilled labor would be, up to and including the costs of using temporary help as supplied by the Department of General Services. And the range of labor rates there was approximately \$7 to \$7.99. The \$7.99 was the DGS rates. In fact, that's the rate we chose to use. So we are using the upper ended cost. It could obviously be something less than that.

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1 For our revenue estimates we used, again,
2 actual data from the Department or the results of the
3 special studies to just identify and also results of
4 studies conducted in some of the other states that
5 were relevant to this. And, again, wherever there was
6 the opportunity, we use used conservative assumptions.
7 So let me throw out the major findings of our work.

8 The first was that the total cost to reissue
9 license plates by the Department of Transportation
10 under the following assumptions: It would be
11 accomplish within a single year, and that the plates
12 would be issued on a staggered basis, meaning that as
13 registrations were renewed, they would get the plates
14 as opposed to all at one point.

15 The total costs that we estimated would range
16 from approximately 14.2 million dollars to 18.8
17 million dollars depending on the follow things:
18 First, which type of plate would be used.

19 We estimated costs using first the existing
20 beads-on-paint process and the existing cost of that
21 which is is 97.4 cents.

22 We also estimated the costs assuming a
23 two-color fully reflective sheeting plate, and the
24 costs of that was estimated to be \$1.35.

25 We obtained from the Department the cost of

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1 postage. We are assuming aluminum plates for both.
2 Assumed the cost of postage, got from them the cost of
3 envelopes that they would use. We deducted the costs
4 of mailing the existing registrations, making the
5 assumptions that they would in addition to sending out
6 the plate, include the registration card with it, so
7 you could net out the existing costs of the current
8 registration, which would be incurred one way or the
9 other.

10 The cost, by the way, for the postage, the net
11 cost, would be about 75 and a half cents per plate
12 mailing. We also assumed that the number of plates
13 would be about 8.1 million, and the way we arrived at
14 that figure was to take current registrations, and we
15 used the actual '92, which at the time we did the work
16 was the most current total number available.

17 Subtracted from that the number of plates which
18 the Department normally dispenses in a given year
19 which was about 740,000, because these costs would be
20 incurred either way. We are looking for the net
21 additional costs that would be incurred in a single
22 issuance. So that would probably explain some of the
23 difference between what, I assume, the Secretary's
24 numbers were.

25 In addition, it was mentioned that the

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Department would not have now the current force to actually take the plate, match it with the card, stuff it in an envelope and put it in the mail.

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4 In addition, they told us that they would not have the physical space for that to be done within their current location. So we estimated the cost of doing both of those things.

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8 Again, it was with some degree of assistance with them in trying to get a rate of production that each person might have using their current experience of mailing out the 740,000 plates per year and assuming the amount of space that would be required to do this. And we came up with -- there would be a requirement for approximately 88 people to be hired on a one-year temporary basis to actually make the plates, match them with the card, stuff them in an envelope. And we assume that there would probably be a need for about 12 additional people, for a hundred total, to be supervisory and support people who would actually be distributing the things within the building or the location where they are working and be in charge of the operations.

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23 Again, we use the \$7.99 per hour rate, which is an all inclusive rate, charged by the Department for temporary help. The other costs that we identify

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15 1 either using temporary help services or just looking
2 at what the want ads in the Harrisburg Newspaper were
3 for unskilled workers were each less than the \$7.99
4 figure.

5 The total cost to do that would be about one
6 and a half million dollars for the labor and a hundred
7 thousand dollars to rent a building of adequate size
8 to perform the task.

9 In addition, we discussed the potential of
10 having the Department of Corrections perform the task
11 of actually matching the cards with the plates,
12 stuffing them in the envelope and then mailing it, and
13 the Department of Corrections estimated that they
14 would do that work for a penny apiece; a penny a
15 plate.

16 So with that, we came up with our total costs,
17 those things added together, to be the 14.2 million
18 which is the low end assuming that the Department of
19 Corrections actually stuffs the envelopes and using
20 the beads-on-paint process to the 18.8, which is the
21 maximum amount which would assume the fully reflective
22 plate and the contracted labor and the rental space
23 involved in doing the work.

24 Those were the costs items that we developed.
25 That's the range of them. Now, obviously you could

15 1 have fully reflective in corrections or beads-on-paint
2 and contract labor and rental space, but those are the
3 minimum and the maximum that we were able to come up
4 with.

5 Then we went on to say: What is the potential
6 of additional revenues that might come in to the
7 Department; that's the cost side of this. How does
8 this compare to the revenues that the Department might
9 gain?

10 One of the first things that we looked at was
11 the potential for unregistered vehicles to become
12 registered in the state. It was a question of how
13 many unregistered vehicles are there in the state.

14 We had two numbers to work with. The first is
15 the one that is prepared by the Pennsylvania
16 Department of Insurance, so this is an official
17 number, and they estimated that \$458,000 or 4.9
18 percent of total vehicles on the road -- these are the
19 in addition to registered vehicles -- are
20 unregistered.

21 They developed this number as part of their
22 need to verify or help to understand rates for
23 uninsured motorist protection. That is the
24 Pennsylvania Department of Insurance number.

25 In addition, we had the number that was

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1 developed as a result of the Chiefs of Police survey,
2 which would indicate two and a half percent of the
3 vehicles that they actually observed on mall parking
4 lots having an out of state registration.

5 However, I mentioned we continually tried to
6 use conservative assumptions. We also looked at the
7 Chief of Police data, and as Chief Katz indicated,
8 they identified the date of the registration for any
9 cars that were observed to have an out-of-date
10 registration. And we made the assumption that those
11 that were out-of-date by three months or less were
12 possibly people who had just forgotten or didn't yet
13 put their sticker on, or whatever, as opposed to
14 someone who was consciously trying to avoid
15 registering their car.

16 So using that assumption, that took two-thirds
17 of the sample out. We are going to base our
18 calculation and assume that only one-third of the
19 lowest number that they developed, the two and a half
20 percent as opposed to the 4.9 percent using the
21 Department of Insurance number, is our basis for
22 calculating the potential for additional registration
23 to be obtained as a result of having to get a new
24 plate. The concept being that existing plates and the
25 variety of existing plates increases the opportunity

15 1 for a car to be on the road unregistered.

2 If everyone was required to have a new and
3 certainly a visually distinctive plate from the prior
4 plates, that you would be less able to have a car on
5 the road with an out-of-date registration.

6 Using that one-third and assuming a rate of
7 registration cost which assumes that the data applies
8 both to cars and light trucks, we are combining those
9 two, the potential amount of revenue the Department
10 could receive as a result of additional registrations
11 is 2.01 million or 76,000 vehicles, roughly.

12 If you use the Department of Insurance number,
13 the 458,000, again, just assume one-third of that, you
14 would have 152,000 registrations or roughly 4 million
15 dollars, a little better than four million dollars of
16 additional revenue.

17 MR. MCCALL: Can I interrupt you. Can you just
18 summarize this. We don't need all the details.
19 Members may be able to question you on the detail if
20 they doubt what you are saying, but if you could just
21 summarize those numbers, that will be fine.

22 MR. GREENWOOD: All right.

23 Two to four million additional registrations.

16 24 The next thing was looking at the potential for
25 additional sales of plates one way or the other if

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1 there was a new plate.

2 The first thing we looked at was the potential
3 for people who now have vanity plates to buy a vanity
4 plate if there was a new issue, and assuming that the
5 Department would charge \$20 to replace an existing
6 vanity plate with a new plate.

7 Approximately ten percent of the cars on the
8 road in Pennsylvania today have vanity plates;
9 Department numbers. If they were to re-register at
10 \$20, that would be an additional 15 and a half billion
11 dollars of registration.

12 In addition, though, looking at the survey
13 conducted by ten states and the survey of information
14 coming in from the other states, clearly what they
15 demonstrated was there was a greater interest than ten
16 percent of people who would be willing to spend more
17 for some type of an enhanced value plate, a specialty
18 plate of one type or another.

19 The Maryland experience would indicate that
20 that would be 14 percent of people who are willing to
21 pay extra to buy, so the additional four percent over
22 the ten that we already have would generate six
23 million dollars of additional revenue.

24 The extreme end of it was from the Pennsylvania
25 survey where 52 percent of the people indicated that

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1 they would be willing to spend up to \$40 to buy a
2 special purpose plate where some of the money would go
3 to charity and at that level you would have 65 million
4 dollars additionally coming in. Again, these are
5 assumed one-time revenues, not the ongoing every year
6 occurrences consistent with current practices.

7 MR. MCCALL: Let me cut you off there.

8 Do the members have the summary?

9 I'd like to just allow the members to ask some
10 questions of the study, and if they have specific
11 questions, they can direct them to you.

12 We appreciate the information you provided to
13 us.

14 Joining us is Representative Frank Dermody, and
15 I think Representative Dermody has some questions.

16 MR. DERMODY: Thank you, Mr. Chairman. I just
17 have a couple of questions.

18 You mentioned earlier in your testimony that
19 you could use the Department of Corrections. The
20 Department of Corrections makes vanity plates now;
21 right?

22 MR. GREENWOOD: That's correct.

23 MR. DERMODY: But I believe you suggested that
24 they would not only make plates, but they would be
25 stuffing the registrations in the envelopes, also.

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1 MR. GREENWOOD: I suggested that as an option.

2 MR. DERMODY: How much would that cost?

3 MR. GREENWOOD: The cost -- the Department of
4 Corrections would gain about four and a half million
5 dollars of revenue.

6 MR. DERMODY: I get nervous when you hear
7 inmates placing registrations and things in envelopes.

8 MR. GREENWOOD: We indicate clearly it would
9 have to be adequate protection in the process, but we
10 just threw it out as a suggestion as something you
11 could consider.

12 MR. DERMODY: Not real seriously, though;
13 right?

14 MR. GREENWOOD: That's up to you.

15 MR. DERMODY: I'm just curious. The survey you
16 did with the people showing them the license plates.
17 What two basic plates did you show them to see if they
18 liked it?

19 MR. BUSH: This was Plate A and this was Plate
20 B.

21 MR. DERMODY: I have one of those old yellow
22 plates. You didn't show them --

23 MR. BUSH: We didn't show them the yellow, no.

24 MR. DERMODY: I have that yellow plates.
25 They're nice. It's about 14 years old.

16

1 Did you ask them what they wanted outlined in
2 the plates, whether they wanted "Keystone State" or if
3 they wanted "You've Got A Friend"?

4 MR. BUSH: No. We had other samples of plates.
5 I just brought a couple along with me to kind of give
6 you an idea. Here was the sports. We showed a couple
7 of sports plates, Steelers. We had one for the
8 Eagles. I didn't bring that along.

9 Here was, of course, a Penn State plate, if you
10 so desire. That was personalized, too, with the
11 person's name.

12 Regionalization plates. Now, here's one of the
13 Poconos. We have maybe about four or five different
14 regions of Pennsylvania. They came out very strongly
15 by the survey. That was probably the second highest,
16 other than the personal plates; the regional plates
17 came out as second highest.

18 MR. DERMODY: Did people say they liked any
19 with the "Keystone State" on them?

20 MR. BUSH: No, we didn't have any to show. We
21 were just showing samples of plates and we didn't
22 indicate what they would like to have.

23 MR. DERMODY: Thank you, Mr. Chairman.

24 MR. MCCALL: Representative Brown.

25 MS. BROWN: Thank you, Mr. Chairman.

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1 This is directed to Mr. Katz. Could you tell
2 me if there was a national survey taken with your rank
3 and file members on this issue and what the results
4 were?

5 MR. KATZ: I couldn't say national. Statewide,
6 we have been talking to police chiefs throughout the
7 state. That's how we obtained some of our data.

8 We also obtained some data from the
9 International Association of Chiefs of Police. We
10 obtained some data from other state organizations,
11 especially New York, that we counted on a good bit for
12 some of the information.

13 I know some of the chiefs in Pennsylvania have
14 talked to their officers who are definitely in favor
15 of the reflectorized plates.

16 MS. BROWN: Okay. I understand that they don't
17 support the plates with the mottos, emblems and the
18 different symbols, because they are harder to read.

19 Have they made that statement to you?

20 MR. KATZ: I have not heard that statement. I
21 know in speaking to my own officers in showing them
22 several of the reflectorized plates, they have all
23 been in favor of that. That's not just because I'm
24 here today, but I have gotten an honest opinion from
25 them on them.

16 1 MS. BROWN: The Fraternal Order of Police I
2 notice in some of the information, they have sent us a
3 letter, and they are not supportive of the reflective
4 plate.

5 Can you explain why you are still supporting a
6 reflective plate?

17 7 MR. KATZ: Maybe it would be easier for me to
8 say that I don't know why the FOP is opposed to it.

9 They indicated in their letter which I first
10 saw this morning that 30,000 officers in the FOP are
11 against it. I know that the officers in my department
12 were never surveyed by the FOP to find out how they
13 felt about it.

14 I don't know of any department in Dauphin
15 County where I've worked for 22 years that has ever
16 been surveyed by the FOP on any of their issues pro or
17 con.

18 So where they came up with their data, I'm
19 sorry, I can't answer that, and I don't know why they
20 have that particular opinion.

21 MS. BROWN: Thank you.

22 MR. MCCALL: Representative Hess.

23 MR. HESS: Thank you, Mr. Chairman.

24 Just a few questions to Mr. Yost and Mr. Bush.

25 On your particular survey, who paid for this

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1 survey?

2 MR. BUSH: The Chief of Police.

3 MR. HESS: The Chief of Police Association?

4 MR. BUSH: Yes.

5 MR. HESS: Were you compensated to do the
6 survey?

7 MR. BUSH: Yes, we were.

8 MR. HESS: Mr. Greenwood, you stated that
9 there were approximately 15.6 million dollars derived
10 if there was a new issuance.

11 MR. GREENWOOD: That would be the 15 and a half
12 million would be as a result of people who now have
13 some type of vanity or specialty plate, assuming they
14 would repurchase another one. That would be just that
15 component.

16 MR. HESS: The people that bought their vanity
17 plates now, the reissuance would take special
18 legislation to reissue those plates.

19 MR. GREENWOOD: Yes.

20 MR. MCCALL: Thank you. Maybe if I could
21 follow-up briefly on Representative Hess's question,
22 and somebody is going to have to respond to it,
23 because naturally your critics will come down on you,
24 because in Mr. Katz' testimony he stated that there
25 was a grant received from 3M Company to subsidize the

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1 study.

2 How would you respond to that, being that 3M
3 has such an interest in fully reflectorized license
4 plates and 3M Company funded the study?

5 How would you respond to fact that 3M sponsored
6 the study and your results came out in favor of 3M?

7 MR. KATZ: I can respond by saying that I was
8 asked by the former president of the Pennsylvania
9 Chiefs, Paul Sable, to pretty much pick up the ball on
10 this program of license plates and see what we could
11 do with it.

12 The Executive Director of Pennsylvania Chiefs
13 informed me that a grant was obtained. At that time I
14 didn't know where the grant had come from, and I just
15 had the duties of doing this study. I took care of
16 the study on April the tenth. It was pretty much my
17 ball game.

18 I submitted the results. The results went to
19 the Economy League. We really -- I personally had
20 nothing to do with the money. I found out later on
21 that there was a grant. That had absolutely nothing
22 to do with the results that we obtained.

23 As far as I was concerned, my study was
24 completely neutral, devoid of any interest of dealing
25 with where the money came from.

17 1 MR. MCCALL: Representative Leh.

2 MR. LEH: Thank you. My questions have been
3 answered.

4 MR. MCCALL: Representative Tigue.

5 MR. TIGUE: First of all, I have to say this
6 whole issue is one of dollars and cents, and it sounds
7 like we want to spend more money.

8 The first question I have is on the plates, the
9 survey that was done, by any chance did you include
10 the Wildlife plate?

11 MR. BUSH: Representative, we had a sample at
12 that time. We had not the existing plate. I don't
13 have it with me, but believe it or not, it had an owl
14 on it.

15 MR. TIGUE: Was it very similar?

16 MR. BUSH: Very similar to that.

17 MR. TIGUE: That didn't come out well on the
18 survey?

19 MR. BUSH: We were showing samples of the kind
20 of tourist regionalization plates. We had samples of
21 sports teams. We also had samples for fund-raising,
22 for charitable organizations. And the one that we had
23 was the similar type of Wild Resource.

24 MR. TIGUE: I'm just curious, because the
25 numbers that I hear don't match with what is

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1 happening.

2 When I hear surveys, and people will say -- and
3 I think the plates you've shown are more attractive
4 than the kind of state, rural yellow plates that have
5 been issued. But when they say that, and then we
6 offer something like the Wildlife Resource plate, if
7 we exceed all expectations and sell 200,000 plates,
8 that means less than two and a half percent will have
9 purchased them.

10 I just think it's curious when you ask people
11 "which one is more attractive" they say one thing, but
12 when it comes right down to it, will they buy the
13 plate, then it becomes another question, which doesn't
14 translate to what we've found.

15 MR. YOST: We did ask them if they would pay
16 more for the plate and many people did. Of course, in
17 any survey asking about hypotheticals can sometimes
18 lead to a hypothetical answer.

19 So certainly that behavior is probably why
20 surveys do least well, but there is a general
21 sentiment that people liked these plate, and they will
22 pay more for it.

23 MR. TIGUE: It sounds like when we hear people
24 who want services, but when it comes right down to
25 it -- I mean, a lot of us want to go to Heaven, but

17 1 nobody wants to die.

2 You mentioned in your testimony, by the way,
3 and I believe just from my personal observation, that
4 the best plate seems to be for identification
18 5 purposes, and that's where I think you are coming
6 from -- I hope that's where you are coming from -- is
7 a light background with dark alphanumerics; is that
8 correct?

9 MR. KATZ: Yes.

10 MR. TIGUE: Would you say in that your
11 experience, is a POW plate in Pennsylvania more
12 readably identifiable than an issue plate or the
13 Disabled Veteran plate which is white and has dark
14 lettering?

15 MR. KATZ: You mean, than the standard --

16 MR. TIGUE: Than the standard issued plate.

17 MR. KATZ: The one that we have now.

18 My own personal opinion is it is, yes.

19 MR. TIGUE: Would you say the same plates would
20 be more identifiable or less identifiable than the
21 Wildlife plate, because from my perspective, the
22 Wildlife plate has more than one color and it has
23 other things on it; it has green, yellow, orange and
24 then it has the hemlock or something?

25 Which would be more readily identifiable, if

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1 either?

2 MR. KATZ: I think as a police officer, when an
3 officer is out on the road and he is looking for a
4 license number, he is going to be looking specifically
5 at those digits, the alphanumeric on there.

6 I think his eye is trained enough that he is
7 going to see just those digits and not be concerned
8 with colors, or owls, or keystones, or whatever else
9 may be on those plates. His job is to get that
10 number, determine it's a Pennsylvania plate, then do
11 with it as he may.

12 So I don't think the average police officer is
13 going to -- that that's going to affect him or her as
14 far as viewing the plates.

15 MR. TIGUE: The reason I'm saying this, on the
16 Wildlife plate, as it says Pennsylvania is on the
17 reflectorized bottom of it, where the -- I guess it's
18 a hemlock branch or something, it's all intertwined
19 there. I would think that that would be more
20 difficult to distinguish.

21 The reason I bring that up is because we do in
22 Pennsylvania -- I think we are getting too many types
23 of plates, because you can't identify if it's a
24 Pennsylvania plate I don't think, all the time.

25 The other point is that the Disabled Veteran

18

1 plate, POW plate, are the two that I know of, and I
2 guess there are a few other ones, they are not
3 reflectorized. They are not reflectorized. They are
4 beads-on-paint.

5 It seems to me based on what you said, and I am
6 not holding you as having studied this to any degree,
7 I appreciate your opinion, but from my own personal
8 experience, I think if we want to have a plate that's
9 recognizable easily, we should use a light background
10 with dark alphanumeric.

11 I don't think the process indicates that there
12 is any advantage one way or the other. It has to do
13 with the color scheme.

14 MR. KATZ: I think part of the advantage is the
15 readability at night with the reflectorized plate.
16 When you are speaking about the different types of
17 plates, I know that from personal knowledge, states
18 like Georgia, they have gone pretty much to the
19 Georgia Peach.

20 When you see a license plate that has a peach
21 in the middle, you know it's a Georgia plate and you
22 can recognize that. Whether Pennsylvania would want
23 to proceed with something like that and have
24 something, a Keystone or the Liberty Bell or something
25 like that so everybody knows that that's a

18

1 Pennsylvania plate is really up to the representatives.

2 MR. TIGUE: In the testimony this morning
3 someone just said Georgia just sold 500,000 Olympic
4 plates.

5 MR. KATZ: I think the basic plate in Georgia
6 is the Georgia Peach. Now whether the Olympic plate,
7 and I've never seen the Olympic plate in Georgia,
8 maybe that has a peach in the middle, but if it has
9 some other designation on it, I don't know.

10 MR. TIGUE: I appreciate your comments.

11 Thank you, Mr. Chairman.

12 MR. MCCALL: Thank you.

13 Ralph Davis, Assistant Commissioner, Virginia
14 Department of Motor Vehicles.

15 Just for the record, introduce yourself.

16 MR. DAVIS: Mr. Chairman, Members of the
17 Subcommittee, my name is Ralph Davis. I'm an
18 Assistant Commissioner with the Virginia Department of
19 Motor Vehicles.

20 As an Assistant Commissioner, one of my
21 responsibilities deals with the actual production of
22 license plates. I think some of what I'm going to say
23 today is probably going to be a bit different from
24 what you've heard this morning. For example, your
25 last comments were in the direction of going toward

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1 the standardized plates. Virginia is probably going in
2 the other direction. In some of my discussion, as you
3 will see, will show that.

4 I have with me Mr. Curtis Chisolm. Mr. Chisolm
5 is the Administrator of Administrative Services at the
6 Department of Motor Vehicles. The actual production
7 of plates fall under Mr. Chisolm, so what he will
8 do -- when there are very difficult questions, I may
9 have to turn to Curtis.

10 I appreciate the opportunity to come speak
11 before the Subcommittee. What I'm going to do is I
12 think you have a handout in front of you, and what I
13 will be doing is basically going through that handout.
14 It is in a bullet form, and that's pretty much how I
15 will conduct this testimony.

16 When I was given a call and found out on Friday
17 that I was coming before this Committee, we had to put
18 together something fairly fast to present to you.

19 What I want to do is talk some about -- I'm
20 looking at Page 1 of the handout, the summary, to give
21 you a history behind the special plates, talk about
22 the revenues that have been generated, what types of
23 plates we have, the various fees and the actual
24 revenue trends, and talk some about the plate
25 production process.

18

1 Virginia does use the reflectorized plate.
2 I'll briefly speak to that. We have tried on several
3 occasions to do a replacement of select plates, and
4 then I'll talk some about the direction that we are
5 looking, particularly in terms of the plate production
6 process.

19

7 Before we go on, I'd like to show you a couple
8 of the Virginia plates. These are news plates. This
9 is called a scenic plate, and this is a heritage
10 plate, and they were introduced in 1992, and I will
11 speak a bit more about them later.

12 These were tremendous sales in Virginia. I was
13 involved early in the process of saying how many of
14 these plates we expected to sell, and my background
15 was that of an economist. I felt we would sell
16 perhaps 200,000 over the life of the plate. I got a
17 lot of egg on my face, because we've sold 800,000 of
18 these things in two years, a tremendous sale of these
19 particular plates.

20 These plates can be an advantage in that you
21 can get a particular series put on these plates, and I
22 will speak more later as to the various costs
23 associated.

24 This is the Chesapeake Bay plate that was
25 recently introduced. We've sold I think about 5,000

19

1 of these particular plates. This is a special plate
2 where some of the money goes back to the Chesapeake
3 Bay Foundation.

4 I just have to show the Penn State plate, as
5 well. This plate, I think we've sold 500 or so of
6 these. There is a big Penn State Association in
7 Virginia around the State Capitol, in fact. So they
8 kind of got this plate, and so we do have some cost
9 splits.

10 These are just examples. These are the
11 reflectorized. All of their plates are of that type.
12 Page 2 of the handout, if you have that, some of the
13 history behind the specialized plates. They were
14 first authorized in 1992 -- 1972 rather.

15 At that time, the basic fee for the plate was a
16 \$10 annual fee which would pay for the personalized
17 plate, plus any other registration fees. The monies
18 were earmarked for the highway maintenance and
19 construction funds.

20 The definition of the special plate was that it
21 had a number assigned or specifically reserved. There
22 were three letters followed by the numbers one through
23 a hundred.

24 As we move to Page 3 in which we are still
25 talking some about the history, and what I'm trying to

19

1 show is basically the evolution of these plates. In
2 '81 we went -- there could be a combination of two to
3 six letters. In '87 a major change occurred in that
4 the monies were then earmarked to the motor vehicle
5 special funds.

6 In Virginia, different from a number of other
7 states, the Department of Motor Vehicles has its own
8 fund from which it operates. And one of those funding
9 sources are these special license plate fees. Other
10 fees that would be in the special fund would be things
11 such as the driver's licenses, the title fees, and so
12 forth. We also get a portion of normal vehicle
13 registration fees.

14 In '88 another major event occurred in that we
15 went from six to seven characters on the plate, and
16 this was another boom in that a number of folks wanted
17 more than six characters because that sometimes
18 limited the combination of characters, so we went from
19 six to seven.

20 In '88 also, the college plates were offered
21 for the first time. '92 was another boom time,
22 basically because we issued, under the direction from
23 the general assembly, the scenic and heritage plates.

24 Page 4 of the document. I want to turn now
25 from some of the history to the revenues behind these

19

1 plates.

2 Before I get to revenues specifically, I'd like
3 to talk some about the various types of plates. I
4 mentioned earlier, we have over 255 different types of
5 plates. These types range from the normal passenger
6 blue/white plate, standard plate, to some specialty
7 plates for all of the various Boards and so forth that
8 we have in the state.

9 For example, there may be an Agricultural
10 Board, but those specific type Boards will have a
11 plate, and these Boards were appointed by the
12 Governor, and if the appointee so deserves, they can
13 get a special plate which names the Board.

14 Most of the plates are created by special
15 legislation. There is legislation that says the
16 language in the law says that it creates a special
17 plate.

18 There are circumstances, situations, where the
19 DMV Commissioner has discretion to issue a special
20 plate. Now this particular Secretary currently under
21 review the Attorney General is basically saying he has
22 to advise as to how far the Commissioners can go with
23 his discretion in terms of these special plates.

24 Basically, 1.5 million of our 5.4 million
25 vehicles bear some type of special plate. That is 28

19

1 percent of the vehicles -- roughly 28 percent of the
2 vehicles on the highway have some type of special
3 plate.

4 To move on a bit specifically to the fees, and
5 I think in the back of your handouts there are some of
6 the various fees for the special plates, most of the
7 plates require a \$10 annual fee, plus the registration
8 fee.

9 In Virginia right now a vehicle weighing less
10 than 4,000 pounds would pay an annual registration fee
11 of \$26.60, and if it had one of these special plates
12 on it, they are going to pay another \$10, and that \$10
13 is annual.

14 There are examples where we have what is called
15 revenue sharing plate arrangements. And what happens
16 here is that once a specific, identifiable, select
17 nonprofit group, has the appropriate authority for
18 these plates, once they sell 1,000 plates, the monies
19 are split.

20 The fee for these special plates, for example a
21 college plate is \$25, and once they've sold a thousand
22 of those things, \$15 of it would go to that particular
23 nonprofit group and \$10 would be retained by the
24 Department of Motor Vehicles.

25 Examples of these revenue sharing is that for

19 1 the universities in Virginia we have basically
20 2 provided, since it started, about \$27,000 has gone to
3 Virginia Tech; the University of Virginia, West
4 Virginia; William and Mary and the University of
5 Virginia.

6 There's a specialized plate for the Chesapeake
7 Bay Foundation, and what we've done is we've
8 transferred roughly \$120,000 to that Bay Foundation
9 and then there's a gang protection fund. Again, these
10 are plates that cost \$25 a year. Once they've sold a
11 thousand of them, \$15 goes to some type of foundation.

12 For the Chesapeake Bay Fund we've sold roughly
13 5,000 of those plates, and we have earmarked 48,000 to
14 the Chesapeake Bay Fund.

15 I mentioned the heritage and scenic plates.
16 These plates -- part of the reason for the sales of
17 the plate is the \$10. 843,000 folks in Virginia
18 thought they were very attractive, and they have been
19 a very big seller.

20 Now I want to talk some about the revenue
21 trend, and I'm on Page 6 of the document. And what
22 you can see in this graph is that we have gone when
23 the plates were first introduced in '73 from 200,000
24 to over 13 million dollars that we are getting from
25 special plates, and what I've tried to do on this

20

1 graph is to show when it would peak.

2 As we are looking at -- some of what we have to
3 do is try and anticipate monies we are going to get
4 from the various plates. I think in '87 or '88 we
5 were getting to a point where additional plates were
6 not being sold. There's a point where you don't sell
7 more plates and new things have to occur to generate
8 interest or market the plates.

9 In '88, for example, we went to the seventh
10 character and that started generating revenues again.
11 In '93 we went to these various plates, and, again, we
12 saw a big up-kick in revenue to nearly 14 million
13 dollars.

14 There are additional plates on the drawing
15 board, so it looks like we probably have more plates
16 instead of less. We plan to seek legislation to
17 launch a series of plates bearing a Virginia born
18 president, and plates are coming up every year, so we
19 probably will be heading in the other direction. At
20 the same time, the plates do generate a substantial
21 amount of money.

22 I want to change gears now.

23 MR. MCCALL: Can you hold one second while she
24 changes paper?

25 (Recess.)

20

1 MR. DAVIS: Now, I would like to go to the
2 reflectorized versus the beads-on-paint.

3 What I would say in this regard is that
4 Virginia has basically been with a reflectorized plate
5 specifically since 1976, and we have not gone through
6 the type of cost comparisons that are currently
7 undergone here regarding reflectorized versus
8 beads-on-paint.

9 We do have a contract with 3M. When we go out
10 to renew that contract, it specifies that it has to be
11 reflectorized sheeting; that's basically what it says.
12 So we do not go out with the option of looking at
13 beads-on-paint versus a reflectorized sheeting.

14 There has been a number of different types of
15 products that have been used, and if you go back to
16 the early 1900's, there was some type of fiber glass
17 plate that was used, there was a fiber board and some
18 of the joking part of that is those plates were eaten
19 by goats and so forth.

20 Steel was actually the first type of material
21 that was used and there were variations of that.
22 Aluminum plates were used for the first time in 1973.
23 A limited addition of the reflectorized plate was used
24 in '76, and they were mass produced for the first time
25 in 1979 as the notes indicate.

20

1 More on reflectorized plates in terms of
2 benefits of reflectorized plates, and this is based on
3 information that we've seen, and what I would suggest
4 to you is if there is a question of visibility of
5 those plates, one thing you might want to do is
6 actually do a night test of it yourself through the
7 use of a camera or through the use of some type of
8 video camera, actually see whether or not you can see
9 the beads-on-paint versus the reflectorized.

10 I've seen tapes of that sort. Maybe what you
11 want to do, if the concern is whether or not on the
12 visibility of the plates -- is to do a live test to
13 see as the vehicle moved further and further away,
14 whether or not one plate is more visible than the
15 other one. That is a suggestion.

16 What we understand regarding the reflectorized
17 plates is basically that they're more durable, less
18 impacted from rain, dirt and so forth, and age.

19 One of the things we have found out is that
20 reflectorization is required on the highway signs. We
21 came up 83. I'm not certain -- from Virginia up 83.
22 I'm not certain what some of the road signs are made
23 of, but some of what we do, and this is a learning
24 process, and I did see beads on a lot of road signs.
25 We could not read a lot of the road signs. I'm not

20 1 sure that's beads-on-paint or what technology that is,
2 but coming up 83, you will notice that it's sometimes
3 difficult to read some of the signs, and if you'll
4 look closely, you'll see little round beads.

5 This is a learning process for me coming up
6 last night, because we knew we were going to talk
7 about beads-on-paint versus reflectorization.

8 The reflectorized plates, the plate itself, is
9 going to be more visible at night. There are
10 attractive designs for those plates, and the plates
11 are supported by law enforcement in Virginia.

12 There's a letter attached to the handout from
13 the Virginia Association of Chiefs in support, and
14 what they basically say is that they support both.
15 Virginia happens to have two plates on the vehicles,
16 and the law enforcement community has consistently,
17 for safety reasons, indicated that they support two
18 plates as well as reflectorized plates, and I did
19 attach to the document a resolution from the Virginia
20 Chiefs of Police.

1 21 My final comment regarding the reflectorized
22 plates is that the DMV, in my estimation, is in the
23 business of safety and law enforcement, and we think
24 that reflectorized plates provide another safety
25 factor at night. And those are the kinds of arguments

1 1 that have been used, particularly regarding the safety
2 2 aspect of it regarding the two plates, but in the
3 3 resolution that you have, it addresses both
4 4 reflectorized as well as two plates.

5 I was asked to talk some about a replacement
6 6 cycle. In Virginia, plates were replaced every five
7 7 years, and this is mainly for safety reasons. Plates
8 8 deteriorate. Every five years through 1985; every
9 9 eight years after 1987, and currently we don't have a
10 10 replacement cycle.

11 We have on several occasions tried to replace
12 12 plates, and the idea at that time was to replace
13 13 plates that were eight years old or older. We tried
14 14 in 1991. We tried again in 1993, and we have not been
15 15 able to do that, and it's mainly because of costs.

16 We estimate that to replace our plates, and
17 17 this is not the entire 5.4 million plates that we are
18 18 talking about. We are talking about those plates that
19 19 are eight years old or older, and we estimate that
20 20 would cost us about 5.4 million, one-time cost, and a
21 21 1.2 million annual cost.

22 What we've done in the past is to say we want
23 23 to replace all those plates, and another approach that
24 24 I think we would take next time is instead of saying
25 25 we want to replace all those plates at once, is to

1 1 take a staggered approach, perhaps to replace plates
2 2 that are ten years old initially, and then eight and
3 3 nine and so forth, and that will come into the cost
4 4 involved in replacement of plates, and I think that's
5 5 probably going to be the approach that we take the
6 6 next time we look at trying to replace plates.

7 I'm nearing the end, and I want to talk some
8 8 about the direction that we are headed in the future.
9 9 In all likelihood, we are going to stay with the
10 10 reflective plates. We will probably move in another
11 11 direction in terms of something called a preclear
12 12 reflective sheeting.

13 One of the problems with reflective sheeting is
14 14 in the production process, and one of the steps in
15 15 that process a clear sheeting is added to the plates,
16 16 and what this clear sheeting does is it gives
17 17 durability and longevity to the plates, but one of the
18 18 problems with it is that you have a residual hazardous
19 19 material, and that creates some problems in terms of
20 20 how do you dispose of or who has the responsibility
21 21 for disposal of those hazardous materials.

22 One of the things that this preclear sheeting
23 23 will do is that it will not have those hazardous
24 24 materials that you have to dispose of, and there are
25 25 certain environmental -- it shows an environmental

1 1 responsibility, I would think, if we move in that
2 2 direction.

3 It will cost even more for the preclear
4 4 sheeting, about six percent more is what we've seen.
5 5 What it does is in terms of the manufacturing costs,
6 6 is that there are a number of steps involved to
7 7 produce these plates, and the use of this preclear
8 8 sheeting, basically, makes the manufacturing process
9 9 more efficient.

10 There are a series of equipment, there are a
11 11 series of steps that are involved to actually dip the
12 12 clearer coat on the plate that would be eliminated.
13 13 It will have a better gloss and brighter, and
14 14 basically they're compatible with our current system.

15 The disadvantages, as I've indicated, would be
16 16 it costs more, and also I understand it may tend to
17 17 scratch a bit more.

18 Mr. Chairman and Members of the Committee, this
19 19 is the end of my testimony. I would be glad to answer
20 20 any questions that you might have at this time.

21 MR. MCCALL: Representative Hess.

22 MR. HESS: Mr. Davis, just a couple of
23 23 questions.

24 Do you have a front and back plate in Virginia?

25 MR. DAVIS: Yes. We have two plates.

1 MR. HESS: Two different plates.

2 MR. DAVIS: Not different. Two plates.

3 MR. HESS: They are the same identical plates?

4 MR. DAVIS: Yes.

5 MR. HESS: Also, are you presently acting as a
6 consultant for any particular firm that would be
7 concerned about the issue at hand today?

8 MR. DAVIS: None.

9 MR. HESS: You are not on any payroll and
10 receiving any consulting fees?

11 MR. DAVIS: I'm a state employee with the
12 Commonwealth of Virginia. I do not act on behalf of
13 any consulting firm.

14 MR. TIGUE: Would you like to?

15 MR. DAVIS: My role was to, as understood it,
16 was to tell you basically what we do in Virginia and
17 not necessarily to try to lead you in any particular
18 direction. That's what I've been trying to do, to say
19 what the history was, the type of evidence we've
20 produced and so forth.

21 MR. HESS: We're just trying to bring out all
22 the information so everybody thoroughly understands
23 everything.

24 MR. DAVIS: That's kind of a shock to me that
25 you would ask that. My approach is to hopefully

1 provide to you all the available information, and you
2 take what we say and what everyone else says and make
3 that decision from that.

4 We were invited up. I'm not real sure where
5 the invitation came from, but we were invited up to
6 say what goes on in Virginia, and that hopefully is
7 what I've done.

8 MR. HESS: One more question. Your position is
9 Deputy Commissioner for the State of Virginia for the
10 Department of Transportation?

11 MR. DAVIS: My position is Assistant
12 Commissioner for the Virginia Department of Motor
13 Vehicles, and under that responsibility I have several
14 administrations that report to me I'm responsible for.
15 The State Transportation Fund is over a billion
16 dollars a year, so we have to forecast those revenues.
17 We collect over 600 million dollars from the State
18 Gasoline Tax. I'm responsible for that function.

19 We have a mailroom operation. We produce
20 license plates. We have a printing operation. I'm
21 responsible for that function. Virginia may be a
22 little different from some other states in that we
23 have branch offices around the state. I have that
24 responsibility as well, in terms of making some
25 determination as to where our branches may be, so I'm

2 1 involved in a number different functions, this just
2 happens to be one of those in that the plate
3 production falls under me.

4 MR. HESS: As a follow-up to that, is this a
5 civil service position or is this a political
6 appointment?

7 MR. DAVIS: I am a civil servant; have been for
8 15 years.

9 MR. HESS: You will be there as well for the
10 rest?

11 MR. DAVIS: We have a new administration.
12 You've probably read some of the same stuff that I
13 have. I don't know how much you are aware of that.
14 There were certain state employees who were given
15 letters requesting resignations. I happen not to be
16 one of them. But I'm a civil servant, yes.

17 To provide more information in that regards, I
18 think my Commissioner was asked to come up to speak to
19 you, and he will not be Commissioner, effective May 1,
20 and he asked me to come up in his stead. And as I
21 said, I found out about this Monday to come up and
22 give you this briefing on what goes on in Virginia.

23 MR. MCCALL: Just for the record. It was by
24 virtue of my invitation that the State of Virginia was
25 asked to come here and the Commissioner, and we are

2 1 delighted to have you travel in lieu of the
2 Commissioner to present and give us insight on what
3 you do in Virginia.

4 I hope any insinuation otherwise is corrected.
5 We're just grateful you came here. It was by my
6 invitation that you are here to shed some insight on
7 what you do in Virginia because you have such an
8 extensive program in Virginia.

9 Representative Leh.

10 MR. LEH: Thank you, Mr. Chairman.

11 Just one brief question, Mr. Davis.

12 Did you ever as Assistant Commissioner study
13 any other reflective process to determine the costs
14 and benefits?

15 MR. DAVIS: We have not commissioned such a
16 study. The only study that I am aware of was a study
17 that was done in 1976 where they're, I think, mandated
18 by law, but that's a bit dated.

19 We did look at the reflectorized plates versus
20 the beads-on-paint, but since that time we have not
21 commissioned a study. The reflectorized plates really
22 have not been an issue in Virginia. The only other
23 type of plate -- there is another technology that is
24 out here. I think it's a company called Azon, which
25 currently can produce some type of plate, but we have

2 1 not pursued that to any large degree.

2 As I said, the reflectorized plates have not
3 been an issue.

4 MR. LEH: You may be aware of this. It's my
5 understanding that the State of Iowa did conduct a
6 study and as a result of that study banded the fully
7 reflectorized process because of its expense.

8 MR. DAVIS: I cannot speak to that. I'm not
9 aware of that particular study.

10 MR. LEH: That's all I have, Mr. Chairman.
11 Thank you, Mr. Davis.

12 MR. MCCALL: Just a little follow-up question.
13 Did Virginia study the effectiveness of
14 beads-on-paint and fully reflectorized before moving
15 into fully reflectorized?

16 MR. DAVIS: There was a study, as I indicated,
17 done in 1976 on that. I cannot speak to that
18 particular study. I have not reviewed it. I do not
19 know what the specific results are.

20 I can make that available to you if you would
21 like.

22 MR. MCCALL: Yes. We would be interested in
23 that.

24 Any other questions?

25 (No response.)

2 1 MR. MCCALL: Again, thank you Ralph and your
2 assistant for making yourselves available and
3 providing us with the information and the program and
4 how you conduct your program in Virginia. We
5 appreciate you taking the time out of your schedules
6 to be with us today.

7 MR. DAVIS: Thank you, very much.

8 MR. MCCALL: Frank Felbaum, Executive Director
9 Wild Resources Conservation Fund.

10 MR. FELBAUM: I'd like to the Chairman and
11 Committee for inviting me here to testify today.

12 My testimony will be very short and to the
13 point.

14 On behalf of the Wild Resource Conservation
15 Board, I would like to thank the members of the House
16 of Representatives that voted for House Bill 355 that
17 created the Wild Resource Conservation registration
18 plate.

19 The weekly report as of April 25, 1994
20 calculated 87,000 plates have been made available for
21 the citizens of the Commonwealth. The sale of the
22 license plate has given the Wild Resource Conservation
23 Fund a new visibility across the Commonwealth.

24 The design of any new license plate is going to
25 be critical to its success. The fully relective

2 1 sheeting gives you the flexibility to maximize your
3 2 design capabilities, and I will preface this
4 3 statement. When my Board, the Wild Resource
5 4 Conservation Fund Board, came down with the final
6 5 plate selections, it got to the point where we
7 6 couldn't get the prototype plates from Flexo-O-Lite in
8 7 a timely fashion, due to the fact that the cost that
9 8 it was used to make the plate. Now, if you have the
10 9 time, fine.

11 10 And I will also state that the Flex-O-Lite
12 11 designs were very, very attractive, but it was the
13 12 cost effected to design three days before my hearing.
14 13 So I'm saying, to maximize design capabilities, you
15 14 have to have a little more lead time to work with
16 15 Flex-O-Lite.

17 16 You need a quality design to sell license
18 17 plates to the general public. We just have a few
19 18 issuance problems with the plate, and they aren't
20 19 unsurmountable. One was the handicapped citizens of
21 20 the Commonwealth raised some considerations that they
22 21 couldn't get a handicapped plate, so, of course, we
23 22 are issuing the plastic tags that hang off of the
24 23 rearview mirrors. So we are encouraging the
25 24 handicapped to go that route, but we forgot to put
26 25 that on the application for the registration, so

3

1 you'll have to take that into consideration for the
2 handicapped citizens of the state.

3 Also, the biggest complaint at this point in
4 time would be the personalized vanity plates that some
5 of the people have that cannot transfer to the Wild
6 Resources plate, and these recommendations must be
7 addressed by the Department of Transportation at some
8 point in time for all specialty plates being issued.
9 And the Department of Transportation has really been
10 helpful in expediting the whole process of getting
11 this plate up and running.

12 The choices of different plates are a good
13 idea, but when you start giving a lot of people
14 choices I think some of them become confused, and then
15 they become very colloquial. If you are going to sell
16 Amish travelism plate, it's going to be for Lancaster
17 County, and the people in Erie aren't going to be too
18 concerned about it. But at the same time, I'm also
19 trying to protect my opts so it doesn't get gored
20 financially when we are talking about the selection of
21 the different plates, since the Wild Resources plate
22 is the first plate across the Commonwealth to be
23 issued, other than a regulatory registration plate.

24 The Wild Resource Conservation plate has been a
25 very successful program to date.

3 1 Again, I'd like to thank the authorizing group
2 for creating the plate and the program. I'd like to
3 thank you for the opportunity to testify, and I'd be
4 glad to answer any questions that the Committee has to
5 ask.

6 MR. MCCALL: Thank you very much for your
7 testimony.

8 Representative Leh.

9 MR. LEH: Yes. Thank you. Just one that came
10 to mind.

11 Since this is -- and it's a beautiful license
12 plate, I must say, and I drive around the state quite
13 a bit, if I wouldn't have been here to vote on this
14 plate, it probably would have taken me quite a while
15 until I realized that it was the State of
16 Pennsylvania.

17 When you marketed the license plate, do you
18 think that its appeal to people was because of what it
19 stood for, conserving natural resources, or "Gee-whiz,
20 it's not the old gold on blue. Finally, it's
21 something colorful"? And I guess I ask that because
22 going to have all these specialty license plates,
23 would they just have a very limited novelty appeal
24 that would wear off soon, or is it something that's
25 going to be a lasting effect?

3 1 MR. FELBAUM: Representative, I'd like to think
2 that it was because they are outdoor enthusiasts, but
3 I'll have to be honest and say I think it's both. And
4 I guess the final figure would be in the tally of the
5 plates.

6 Now there are a lot of figures going around
7 here, and I'm not a marketing specialist, and you're
8 going to say: You're promoting the plate. I'm a
9 one-man promotion firm and I'm projecting sales of the
10 plate based on Maryland's. Now, you have to
11 understand when everybody's talking 14 percent versus
12 32 percent, Maryland has taken three years to get to
13 14 percent.

14 If in Pennsylvania, using Maryland's figures
15 and demographics, we should be probably at over
16 150,000 to 175,000 plates by the end of this year and
17 plate costs, when you look at it, the new Flex-O-Lite
18 plate versus the fully reflectorized sheeting, when
19 the Correction's industry gave my Board the final
20 price, if you are going to a graphics plate, the
21 pricing on the first 50,000, the first 100,000, and
22 the first 150,000 were identical.

23 So whatever 97.4 cents today, if they change
24 the graphics on the Commonwealth' plate, it would
25 probably be carried through to the plate being fairly

3 1 similarly priced.

2 MR. LEH: I only asked that because I think
3 it's a beautiful looking piece of merchandise. I
4 would like to have one, but at the same time and to be
5 honest with you, I support cutting down forests and
6 filling in the wetlands.

7 MR. TIGUE: You just mentioned something.
8 You're saying that the price is the same?

9 MR. FELBAUM: Yes.

10 MR. TIGUE: My understanding is that full \$15
11 does not go to the Wildlife Resource Conservation
12 Fund, because the cost of that plate is more, and you
13 have to deduct the difference and pay PennDOT.

14 MR. FELBAUM: You're right, but I would have
15 had to do the same thing with the Flex-O-Lite plate,
16 because whenever it came across the Board from
17 Corrections, when that plate is given to me by
18 Corrections, when my Board looked at those final
19 figures on the 50,000, 100,000, 150,000 breakdown, the
20 prices were almost identical. It might have been a
21 cent or two --

22 MR. TIGUE: I just want clarification, because
23 my understanding was since this plate cost more, the
24 difference has to be paid to PennDOT.

25 MR. FELBAUM: We get 14 dollars and 12 point 6

4 1 cents back from the \$15 investment.

2 MR. TIGUE: So this plate, in essence, cost
3 almost twice as much as the regular plate to be
4 produced?

5 MR. FELBAUM: The first 50,000 plates for the
6 fund to purchase from PennDOT was \$1.86.

7 MR. TIGUE: And you mentioned earlier that
8 currently they pay 97.4 cents --

9 MR. FELBAUM: For the blue and gold -- or the
10 blue on gold, gold on blue.

11 MR. TIGUE: Okay. I just wanted to clarify
12 that.

13 The only question as long as I have this
14 microphone is my understanding that there are going to
15 be changes to this every couple years.

16 MR. FELBAUM: Representative Hasay with the
17 Board would look at an every three-year change in the
18 design. This was just being talked over, it's not
19 legislatively, but the Board is making a Board
20 policy, and Representative Hasay recommended that to
21 my Board that this would be a different species.

22 Now, one thing I thought would be asked is why
23 did you put the dumb owl on the plate instead of the
24 state bird, deer, bear, turkey, or whatever. It's by
25 law that I am required to use only nongame species.

4 1 So we'll never see a deer, bear, turkey. For me, I'd
2 love to see a buck on the plate, and that would have
3 sold a million plates within the first year.

4 So, by law, the creation of the Wild Resource
5 Conservation Fund, we had to use the owl, which is the
6 logo of the income tax check also, so we thought that
7 was a direct tie-in to both publications public
8 relation's policy.

9 MR. TIGUE: I'm glad you mentioned that. I was
10 going to respond to Representative Leh in that I get
11 people coming to my office asking "Why can't we get a
12 plate with a deer on it?" I think it's not because
13 this is the Wildlife Conservation, I think it's
14 because of the design of the plate.

15 If we had the same or similar type plate and
16 put a deer on it, you guys would be out of business.

17 Thank you.

18 MR. MCCALL: Thank you, Frank.

19 For the benefit of the members, there is one
20 gentleman who wants to offer a minute of testimony.
21 He is not scheduled to testify, but wanted to respond.
22 They were invited to testify, as far as I know, and
23 just said they'd be here to answer questions, but I
24 will allow that latitude and ask Nick Gordon from
25 Flex-O-Lite to testify.

4 1 By the way, the Fraternal Order of Police did
2 not present testimony, but we will submit their letter
3 for the record.

4 MR. GORDON: Mr. Chairman, Members of the
5 Subcommittee, thank you for allowing me this one
6 minute. I realize that this is somewhat of a last
7 minute thing, but I didn't realize that there were
8 going to be so many rebuttals and so much to say, and
9 one minute, I doubt if I can do that.

10 I want to comment on the Chiefs of Police
11 testimony, primarily because, as I recall, Chief Katz
12 was not aware of an ISCP survey which was a national
13 survey, which I have a copy of it here.

14 What I plan to do is write a letter to all of
15 you gentlemen and to Representative -- the lady, I
16 forget. But at any rate I want to write a letter
17 covering why this survey should have been included.
18 In this survey it basically says that the license
19 plates should be -- the respondents, over 1,600 of
20 them, around the country wanted more legible plates.

21 This survey was done at a time when over 86
22 percent of the states were using fully reflective
23 sheeting. That says to me that a lot of those people
24 out there weren't happy with the legibility of fully
25 reflective plates. And the second such statement that

4 1 was made in here was that they wanted plates of
2 distinct colors, as opposed to maps, models and
3 symbols, which says to me, they didn't want graphics.

4 We have gone through this, my company and I,
5 and we have noticed that the five gentleman on the
6 Executive Committee at a time when there were only
7 three states using nonreflective plates, of those five
8 members, all three of those nonreflective plate states
9 were on this Committee.

10 At the time of this survey, four of our states
11 were using beads-on-paint. Four of our states were
12 using our process. None of those guys are on this
13 Committee. What that said to us was this is a
14 marketing ploy for 3M. The fact is that 3M paid for
15 the survey, also.

16 I could get into the Virginia study because the
17 good friend from Virginia mentioned a 1976 Virginia
18 study that was actually a 1973 Virginia study.
19 Flex-O-Lite was not involved in it, and it was one of
20 the very few studies that 3M did not pay for. In
21 fact, the Commissioner in Virginia, as I recall, by
22 law has authority to pick reflectivity. So why he
23 picked it when this Virginia study said that there was
24 no conclusive evidence that fully reflective plates
25 are any safety benefit, I don't know. That's another

4 1 thing I want to respond to.

2 As far as the License Plate Commission that's
3 been banding about here today, that could be a
4 disaster. We have just, in Arizona -- we have just
5 undergone a situation where legislatively they passed
6 a License Plate Commission. Ostensively this
7 Commission was going to take the burden of all these
8 bills that come before you, take it upon themselves
9 and come up with specifications where companies could
10 bid. It didn't do that. This License Plate
11 Commission was full of friends of the 3M Company, and
12 I have written a letter to every member of the
13 Missouri legislature, and I will get you copies of
14 that letter where I state that. It's a fact that when
15 this Commission got behind closed doors, had its open
16 meetings, had its executive sessions, chose the 3M
17 product by specification and there was only one
18 bidder.

19 A commission in New Jersey, I think we've given
20 you newspaper articles from New Jersey, was most upset
21 because out of 76 bidders, there was one bidder,
22 because the license plate commission wrote their specs
23 around the 3M product. That is not the way to go.
24 The way to go is to let PennDOT, the DMV and your
25 experts here in the administration who know these

4 1 things, who know that we can, in fact, make pretty
2 plates. Our design here was not approved for whatever
3 reason, which doesn't mean anything.

4 The State of Colorado, they mention that the
5 blue plate being used is not very successful. Well,
6 it is successful. That's another fallacy. This was a
7 3M design. This license plate was, a result of 3M's
8 lobbying efforts in the State of Colorado to pick the
9 flag of the State of Colorado, of course that was
10 going to pass, but the Department of Revenue, which
11 oversees motor vehicles says I want competition.

12 They said can you come up with a white plate
13 with blue numbers. I said yes, we can, but the blue
14 numbers will not reflect very well. He said who
15 cares. So we said well, okay. We'll do it. We did
16 it, and he got some complaints. So we came back with
17 this design.

18 You can have a competitive basis. I'm just
19 very concerned if you have a License Plate Commission
20 that will take away -- that conceivably would end up
21 dictating to PennDOT what to do, and we could end up
22 with just one bidder.

23 Finally, I will say, the State of Colorado had
24 the same situation. I think I brought some newspaper
25 articles, in which the 3M Company after their success

5 1 in Arizona, with the taste of blood, they ran to
2 Colorado, tried to pass the License Plate Commission
3 there. Some of the comments were: We don't need a
4 damn License Plate Commission. The Senators voted
5 seven nothing to rid themselves of that problem.

6 The physical note attached to the bill was 21.8
7 million dollars, by the way. In Arizona it's 12
8 million.

9 So I have a lot of things to say, and I'm sorry
10 if I went over on my time.

11 MR. MCCALL: If you would like, you can submit
12 written testimony that we will leave the record open
13 and make it part of the record of this hearing if
14 you'd like to do that.

15 MR. GORDON: I appreciate that very much, sir.
16 I will.

17 Thank you.

18 MR. MCCALL: Any questions?

19 (No response.)

20 We are adjourned.

21 - - - - -

22 (Whereupon the hearing concluded.)

23 - - - - -
24
25

1 1 Written testimony submitted by the Pennsylvania
2 2 Leadership Council:

3
4 4 Presented by Sean Duffy, President To the House
5 5 Transportation Committee Regarding License Plates

6
7 7 Rep. Petrarca, Rep. Cessar, and members of the House
8 8 Transportation Committee:

9
10 10 I appreciate this opportunity to present, on
11 11 behalf of the Pennsylvania Leadership Council, this
12 12 testimony regarding the manufacture and distribution
13 13 of license plates by the Commonwealth.

14 14 The Pennsylvania leadership Council is the
15 15 largest, statewide pro-taxpayer organization in the
16 16 Commonwealth, focusing on reform in tax-and-spending
17 17 policy, education policy and within government. We
18 18 have focused a good portion of our energies on the
19 19 elimination of waste in state government.

20 20 At first glance, it might not be obvious why
21 21 Pennsylvania's taxpayers should be concerned about
22 22 license plates. The discussion must center on two
23 23 basic issues: first, the public safety factors
24 24 attendant to the plates, and, secondly, whether
25 25 changes to plates that increase costs to the state, or

1 to consumers, are justified.

2 Under discussion by this committee is a change
3 from the current style of plate manufactured using the
4 "beads on paint" method to the "fully reflectorized"
5 method, wherein the whole plate is covered by a single
6 layer of reflectorized tape.

7 As the committee well knows, the "fully
8 reflectorized" plates are the sole province of one
9 company, and you must consider whether to provide a
10 monopoly in the manufacture of Pennsylvania license
11 plates to that company.

12 In order to think through that proposition, it
13 is important to first consider whether one type of
14 plate enhances safety for other motorists and improves
15 the ability of law enforcement to read the plates. In
16 both instances, the evidence for "fully reflectorized"
17 plates is not compelling. Automobile manufacturers
18 already provide a number of reflective devices on
19 vehicles, and it seems a stretch to suggest that the
20 type of license plates - or even the absence of a
21 license plate - would play a meaningful role in
22 causing or avoiding a collision. Furthermore, it
23 seems clear that if there were a legibility problem
24 with the license plates currently in use, the law
25 enforcement community would have raised this issue,

1 and demanded a change. We have not heard that call.

2 Given the paucity of evidence preferring one
3 type of plate over another, the cost of such a change
4 must be examined. The experiences of neighboring
5 states raise cause for great concern. New York has
6 "fully reflectorized" license plates, and has since
7 1969. Last year the state Inspector General reported
8 that New Yorkers are paying at least \$2 million per
9 year more than necessary because of monopoly bidding
10 on a "fully reflectorized" contract. When Maryland
11 wanted to change its type of license plate in 1985, it
12 was calculated that going to a "fully reflectorized"
13 plate would raise costs to Marylanders by \$5.5 million
14 dollars in the first year alone.

15 Clearly, the potential expenditure of sums
16 totalling multiple millions of dollars - which could
17 be passed on to motorists in higher registration
18 fees - without concomitant increases in safety is
19 unwarranted. In all matters of public policy, the
20 taxpayers deserve the most reasonable costs possible,
21 and the matter of license plates is no different.
22 Adopting a monopoly system is unnecessary and
23 counterproductive.

24 One final principle that is vital to this
25 discussion is integrity of process; granting a

1 monopoly for the manufacture of license plates or any
2 other product, without a clear and compelling reason
3 to do so, only serves to further undermine the
4 already-shaken public confidence in government.

5 Considering this fact, the taxpayers remain to
6 be convinced that action by the General Assembly is
7 justified, which would commit Pennsylvania to a more
8 expensive system of license plate production.

9
10 Written testimony submitted by Nicholas T. Gordon.

11 Jr., National Manager License Plate Systems:

12
13 Secretary Yerusalim's Testimony - RESPONSE

14
15 - 1991, 1992, 1993 Flex-O-Lite produced 4,205,321
16 license plates for Pennsylvania. Flex-O-Lite
17 figures savings over 3M - \$1,009,277.

18
19 - Savings since 1982 approximately \$3,000,000
20 (based on \$0.24 difference)

21
22 - If 3M graphics used; over 10 year period cost
23 over beads-on-paint (1.2 million license plates
24 per year) - increase of approximately
25 \$5,000,000.

1 1 **Representative Frank Lagrotta's Testimony - RESPONSE**

2

3

- Specialty plates for limited (sports, etc.)
 market not economically feasible - market too
 small.

6

7

- Wildlife plate profitable due to large market -
 entire state.

8

9

10

- Reflective sheeting not only viable carrier for
 graphics.

11

12

13

- License Plate Commissions are latest 3M ploy
 forcing states to use their graphic license
 plates - see Arizona, Colorado and New Jersey
 articles.

14

15

16

17

18

Chief Ed Katz Testimony - RESPONSE

19

20

- Dirt, cleanability of beaded plates, no
 problem. Durability superior to 3M's
 sheeting - Michigan, California, Connecticut,
 and Georgia, tests.

21

22

23

24

25

- Waxing plates is only accurate statement by

1 1 Katz. Can darken yellow alpha-numeric
2 2 creating contrast problems. Not an epidemic
3 3 and never a problem in any state.

4
5 - Katz misinformed - 3M and Flex-O-Lite can bid
6 6 beads-on-paint. (Arizona and Michigan)

7
8 - Katz misinformed - Flex-O-Lite bid reflective
9 9 sheeting as an agent for another sheeting
10 10 manufacturer. Flex-O-Lite does not manufacture
11 11 reflective sheeting.

12
13 - 3M funded Economy League/Police Chiefs survey
14 14 flawed. Questions deceiving, see Arizona and
15 15 California surveys regarding same issue.

16
17 - National survey of International Association of
18 18 Chiefs of Police rank and file (paid for by 3M)
19 19 was a 3M marketing tool that failed - favored
20 20 Flex-O-Lite system.

21
22 - Candlepower statements nonsense. Federal
23 23 government std. #108 takes care of safety.

24
25 Ralph Davis, Virginia Depart. of Motor Vehicles

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25**official - RESPONSE**

- Thought he remembered 1976 (Virginia) study comparing 3M and Flex-O-Lite processes - not true.

- Probably meant 1973 quality University of Virginia (et. al) study of 3M's plates and non-relective plates - Flex-O-Lite not included.

- Study not paid for by 3M found no safety over non-reflective license plates.

- Commissioner, by law, can choose license plate reflectivity. Chose 3M even after study. Dangerous and costly precedent.

- Virginia's comments could have been conveyed through more appropriate organizations - like AAMVA. Why did Vrgninia feel the need to testify when another forum was available (AAMVA)?

- Department of Motor Vehicles briefing, page 10

2
1 discusses how future plate production process
2 will cost 6% more and may tend to scratch
3 easier - referring to 3M's new sheeting.
4

5 Frank Felbaum Testimony - RESPONSE

6
7 - States in his written testimony "fully
8 reflective sheeting gives you the flexibility
9 to maximize your design capabilities. You need
10 a quality design to sell license plates to the
11 public."
12

13 - Although subjective, the Wildlife Committee
14 (and Flex-O-Lite believes this body was
15 promoted by 3M) chose 3M's Wildlife plate for
16 reasons other than quality. The artistic
17 acuity of Flex-O-Lite's plate far surpassed the
18 drawing that was 3M's entry. In fact, the
19 simple drawing accompanying the specifications
20 (a 3M model) was (predictably) the final
21 selection. Why? Ask the Commission.
22

23 - Someone should ask Mr. Felbaum if 3M
24 contributed to the Wildlife Fund coffers.
25

2 1 **Members of Transportation Safety Sub-Committee of**
 2 **House Transportation Committee**

3
4 **Testimony of Nicholas T. Gordon, Jr., National**
5 **Manager, License Plates Systems for Flex-O-Lite., the**
6 **present supplier of Pennsylvania's reflective license**
7 **plate system.**

8 **Having been in my present position for 18**
9 **years, I consider myself to be somewhat of an expert**
10 **in this field. Having just witnessed the testimony**
11 **given to the House Transportation Safety Sub-committee**
12 **regarding license plates, I am even more convinced of**
13 **my expertise.**

14
15 **Regarding Secretary Yerusalim's Testimony -**

16
17 **In 1991, 1992 and 1993, Flex-O-Lite**
18 **manufactured 4,205,321 license plates for**
19 **Pennsylvania. 3M's basic, plain reflective sheeting**
20 **sells for approximately \$0.70 a square foot - or \$0.35**
21 **per plate. Flex-O-Lite sells the exposed lens system**
22 **(commonly called beads-on-paint) for about \$0.10 per**
23 **plate. In 1982, the difference between the 3M bid and**
24 **Flex-O-Lite's bid was \$0.24 per plate.**

25 **At the second bid opening, 3M bid an**

2 1 alternative to aluminum by bidding steel - a far less
2 expensive metal. This created a difference in the 2
3 bids of (as I recall) only about \$0.07 per plate.

4 Flex-O-Lite contends that this figure is unreal
5 because Flex-O-Lite bid the specification. Had 3M bid
6 aluminum (or for that matter, had we bid steel), the
7 difference would have been about \$0.25 per plate.

8 The fact is this: Pennsylvania is the only
9 state where Flex-O-Lite bids the metal substrate.
10 Market conditions and fluctuations in the aluminum
11 market distort the actual cost of the reflective
12 product.

13 Historically, however, our product has always
14 been about \$0.25 less expensive than plain sheeting
15 and about \$0.40 less than 3M's graphics sheeting.
16 \$0.24 x 4,205,321 license plates = a savings over a 3
17 year span of \$1,009,277.

18 Since 1982, if the state only produced
19 1,000,000 plates a year, the savings would be almost
20 \$3,000,000 using this \$0.24 difference.

21
22 Representative Frank Lagrotta's Testimony

23
24 Although "sports" plates sound like a nice
25 idea, they aren't very lucrative. Any specialty plate

2 1 that caters to a limited market is, in all likelihood,
2 2 destined for failure. The Wildlife Fund plate is thus
3 3 far a success because the market size is not limited
4 4 to a specific group. This plate has the luxury of
5 5 drawing from every Pennsylvania registered driver.

6 6 Representative Lagrotta's contention that
7 7 reflective sheeting is the most desirable product
8 8 because of color accomodation is also false. For
9 9 example, his team, the Penguins have colors of black
10 10 and gold. Using a simple (even a reflective) decal on
11 11 a black plate with gold numbers (or white numbers
12 12 depending on the design of the decal) would be ideal.
13 13 The same for the Flyers, Phillies or Eagles.
14 14 Reflective sheeting is not a necessity for specialty
15 15 plates and neither is a "license plate commission".
16 16 This "commission" idea is absolutely a 3M ploy
17 17 developed as a result of their inability to pass
18 18 legislation requiring "fully" reflective license
19 19 plates. The overtness of "fully" gave way to the
20 20 surreptitious "commission".

21 21 In Arizona it worked thusly: After failing to
22 22 get "fully" reflective plates legislated, 3M returned
23 23 to Arizona by lobbying successfully for a "License
24 24 Plate Commission" stacked with friends of 3M. The
25 25 unsuspecting legislators were led to believe that a

2 1 commission would solve their license plate woes while
2 clearing the legislative calendar of all the nuisance
3 license plate bills - many of which were promoted by
4 3M, of course. (Letter to Missouri legislature
5 available on request.)

6 Predictably, this new commission set about the
7 business of writing specifications favoring 3M.
8 Naturally, 3M was the sole bidder and subsequently
9 awarded the contract. At present, Flex-O-Lite is
10 protesting this award to the State Purchasing Office.

11 The Phoenix Gazette reports that this action
12 will cost Arizona taxpayers \$12 million.

13 A similar bill in Colorado was defeated in the
14 Senate Transportation Committee recently by a 7-0
15 vote. The fiscal note was \$21.8 million.

16 A license plate commission in New Jersey chose
17 a design that only 3M bid - out of 76 invitations to
18 bid.

19 (Newspaper articles, etc. from these 3 states
20 are available upon request.)

21
22 Ed Katz (Chief of Police) Testimony -

23
24 To begin, the dirt and grime problem Mr. Katz
25 referred to are non-existent. The glass beads we use

2 1 are microscopic flame treated lens elements with the
2 hardness approaching diamonds on the Mohs' scale. The
3 beads cover 99% of the painted (binder) surface and
4 are easily cleaned. When Connecticut switched from
5 3M's product to the exposed lens system
6 (beads-on-paint) one of the determining factors,
7 besides cost, was durability. Mr. Paul Sullivan,
8 Chief of Standards and Tests for Connecticut stated in
9 his report that 3M's reflective license plates were
10 "...lacking in uniformity and unable to withstand
11 subjection to weather conditions - on many the
12 lettering/numbering became illegible after one trip to
13 a car wash." (Connecticut letter available upon
14 request as are tests results from Michigan and
15 Georgia.)

16 With regard to "washing" our plates, the state
17 of California abraded both 3M and Flex-O-Lite
18 specimens with a CS 10 abrasion wheel under a 1,000
19 gram load. 3M's wore through to the glue line after
20 1,000 revolutions. At 1,300 revolutions our plate
21 showed no effect. In fact, our plates were actually
22 wearing out the wheel.

23 Chief Katz did make one accurate statement -
24 sort of - we do have license plate mailing envelopes
25 stating "don't wax" (nothing about washing). The

2 1 reason is simple; most people don't understand that
2 there's a special reflective treatment on the embossed
3 (yellow) areas of the blue plates. Wax from the blue
4 could carry over to the yellow darkening the
5 alphanumeric creating a potential contrast problem -
6 nothing more. Chief Katz' statement that Flex-O-Lite
7 was "...the only firm to supply beads-on-paint..." was
8 false. The Denver Post reported on March 9, 1976 that
9 a 3M executive stated "we manufacture both systems, by
10 the way." Also, on April 11, 1979, bids for the
11 beads-on-paint system were opened in Arizona. 3M bid
12 \$0.05499 per plate. 3M also bid beads for this
13 process in Michigan on more than one occasion. (Bid
14 copy available on request.)

15 Chief Katz, while extolling the marvel of 3M's
16 bright license plates, dwelled on the benefits of
17 reflective sheeting's candlepower - or brightness.
18 Flex-O-Lite has never denied the fact that 3M's
19 sheeting was "brighter" than the beads-on-paint
20 process. We've only questioned the value of this
21 glare.

22 In 1971, the federal government in its Safety
23 Standard #108 (J594e) mandated that all automobiles
24 built since then would build in reflex-reflectors -
25 the yellow and red reflectors now on all automobiles.

2

1 Specification J594e mandates that these
2 reflectors must be visible at all distances from 100
3 to 600 feet under low beams at night. Flex-O-Lite's
4 system meets these federal requirements. (See
5 Michigan and California studies.)

6 The federal government has clearly taken
7 responsibility for automobile safety. There are no
8 federal requirements for reflective license plates
9 because there is no safety factor. Chief Katz should
10 call the Insurance Institute for Highway Safety for
11 their views on this issue. (Mr. Brian O'Neill,
12 Executive Director/AC 703-247-1500.)

13 Katz was also mistaken when he stated
14 Flex-O-Lite bid reflective sheeting. We bid AS AGENTS
15 for another reflective sheeting manufacturer.
16 Flex-O-Lite does not, and has never, manufactured
17 reflective sheeting. While Chief Katz was testifying,
18 in concert with individuals from the Economy League
19 and Hood, Light and Geise, Representative Hess asked
20 who paid for the survey (seemingly in support of 3M's
21 graphic design license plates). Eventually, it was
22 determined that 3M funded all of this. It is no
23 secret that when a company funds a study, it naturally
24 controls the elements of that study - including the
25 questions asked in a survey.

2 1 In this case, asking an individual whether he
2 2 or she would pay \$0.50 for a graphic (remembering
3 3 Flex-O-Lite's Wildlife entries were not included)
4 4 license plate over the standard blue and yellow
5 5 Pennsylvania plate is absolutely ridiculous. The
6 6 state could never sell graphic plates out of a truck.
7 7 The state would have to spend millions of dollars to
8 8 stockpile graphics for distribution. Because of this,
9 9 the questions should have been - "do you think the
10 10 state should spend \$3.5 million for graphic plates for
11 11 Pennsylvania drivers?" Two surveys Flex-O-Lite
12 12 recently commissioned in Arizona and California have
13 13 far different results. We are attaching them to this
14 14 testimony so that you can see the difference in the
15 15 questioning and the responses.

16 Finally, Representative Brown asked Chief Katz
17 if he was aware of an I.A.C.P. survey (1979). His
18 negative response is no surprise. In a Patriot-News
19 editorial, 3M was cited for funding the recent
20 Pennsylvania Chiefs of Police/Economy League study.
21 3M's salesman stated that the grant was a reflection
22 of 3M's commitment to highway safety and "not a
23 marketing tool for reflective sheeting".

24 I submit that the I.A.C.P. (and their police
25 chiefs' organizations throughout the U.S.) is a

2 1 marketing tool for 3M and I offer as evidence the 1979
3 2 I.A.C.P. (International Association of Chiefs of
4 3 Police) national survey paid for by 3M.

5 4 The 1,673 surveys of the rank and file clearly
6 5 show a preference for the exposed lens
7 6 (beads-on-paint) system by declaring the following:

- 8 7 - An increase in the legibility of license
9 8 plates.
10 9 - A need to improve the readability of
11 10 license plates at higher speeds under day
12 11 and night conditions.
13 12 - State identification through distinctive
14 13 colors as a marked preference to the use of
15 14 maps, mottoes, symbols, etc.
16 15 - State identification through distinctive
17 16 colors as a marked preference to the use of
18 17 maps, mottoes, symbols, etc.

3 18 Flex-O-Lite became more concerned about the
19 19 purpose of this document when we saw the 5 members of
20 20 the "Vehicle Identification Study Committee" as part
21 21 of this survey.

22 22 At the time of this survey (1979) 4 states were
23 23 using the Flex-O-Lite process; 3 states still had
24 24 non-reflective license plates and the remainder -
25 25 86% - were using 3M's material.

3 1 Incredibly, of the 5 members of this committee,
2 not one was from a state employing the beads-on-paint
3 system. However, the 3 non-reflective license plate
4 states were. The other two were from Florida and, of
5 course, Minnesota, 3M's home state.

6 The disproportionate make-up of this committee
7 is overwhelming proof of Flex-O-Lite's assertion.

8 It doesn't surprise me, therefore, that Chief
9 Katz didn't know about this survey. It did nothing to
10 promote 3M's marketing designs and was probably deemed
11 not very useful.

12 3M made a mistake in judgement here. They have
13 admittedly paid for most of the studies in support of
14 the "safety" claim of their reflective plates. Their
15 mistake was in the belief that they could control the
16 elements of this survey to the same degree that they
17 controlled their studies. Obviously, opinions are
18 more difficult to control unless the questions are
19 well defined and well developed.

20 In conclusion, this witness made many
21 statements that were either untrue or inaccurate.
22 Everything I've stated here can be easily corroborated
23 with evidence from the public domain.

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25

3 1 Ralph Davis - Virginia Department of Motor Vehicles

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 Mr. Davis testified that he knew of a 1976 Virginia Study in which both 3M's sheeting and Flex-O-Lite's beads were compared. As far as I know, this is not true. Flex-O-Lite never took part in any study in Virginia.

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 The study to which Mr. Davis refers, I think, is the 1973 not 1976 Virginia Study. This study, known for its accuracy, was conducted by the Virginia Highway Research Council (a cooperative organization sponsored jointly by the Virginia Department of Highways and the University of Virginia) and it did not include, as Mr. Davis suggested, our system.

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 It included 3M's sheeting and non-reflective license plates only and was not, according to the Public Issues Consumer Group New Jersey Reporter magazine, not paid for by 3M. Results?

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 "It was concluded that there was no statistically significant difference between the number of nighttime rear-end collisions of vehicles equipped with reflectorized license plates and that of vehicles equipped with control nonreflective license plates."

25

 As I recall, Virginia's law gives sole

3 1 authority to the Commissioner of Department of Motor
2 Vehicles to choose reflective license plates -
3 obviously (and considering the negative results of
4 Virginia's own study) a very dangerous precedent. I
5 submit that Virginia's testimony, could have been
6 voiced at the AAMVA (American Association of Motor
7 Vehicle Administrators) where ideas and concepts are
8 thoroughly communicated.

9
10 **Frank Felbaum's Testimony**

11
12 My problem with Mr. Felbaum's testimony was his
13 assertion that our graphic Wildlife plate would be
14 more difficult to produce - for some reason. In fact,
15 the way in which we would have supplied these plates,
16 production would have been easier than producing your
17 present blue and yellow standard issue. We discussed
18 this with Mr. Felbaum at the conclusion of the hearing
19 and think he now understands our process better.

20
21 **Conclusion**

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23 My one regret is that I underestimated the
24 involvement of th 3M Company in this exercise. My
25 company felt that since 3M was not testifying,

3 1 Flex-O-Lite as a competing vendor should also refrain.

2 I apologize for this oversight and hope I've
3 given your committee enough of a reason to avoid the
4 morass that this license plate business can become.

5 Your Department of Transportation, Bureau of
6 Motor Vehicles and Department of Corrections are well
7 aware of the nuances of this license plate business.

8 To legislate a license plate commission would,
9 in effect, give license to micromanagement by a group
10 who could be easy prey for 3M.

11 I thank you for your interest in this matter
12 and am ready to support everything stated here. If
13 you have any questions or wish to discuss this issue
14 further, please don't hesitate to contact me.

15
16 Sincerely,

17 Nicholas T. Gordon, Jr.

18 License Plate Systems
19
20

21 Written testimony submitted by Francis P. Bascelli,
22 President, Pennsylvania State Lodge, Fraternal Order
23 of Police:
24

25 Hon. Joseph A. Petrarca, Chairman and Honorable

4 1 Members of the Commonwealth of Pennsylvania House of
2 Representatives Transportation Committee

3
4 Honorable Chairman and Committee Members:

5
6 I am writing on behalf of more than 30,000
7 professional law enforcement officers who comprise the
8 Fraternal Order of Police throughout the Commonwealth
9 of Pennsylvania, to address certain proposed changes
10 to vehicle registration plates that have been brought
11 to our attention.

12 The first proposal is to issue reflectorized
13 license plates throughout the State, which we must
14 oppose. Our members have reported that the new Wild
15 Resource Conservation tags, which have the
16 reflectorized finish, are substantially more difficult
17 to read at night than the existing, standard plates.
18 The standard yellow markings on a blue background is
19 the most legible plate, but even the old blue on
20 yellow is preferable to the reflectorized plate.

21 Next, we are concerned with the many requests
22 for additional, specialized plates. The FOP certainly
23 recognizes the legitimate desires of various
24 organizations to receive specialized plates, but we
25 also ask that such registration plates conform to the

4 1 standard yellow on blue tag. Major variations are
2 more difficult to identify and keep track of. Simply,
3 we have enough different plates already with the blue
4 on white State tag, white on blue municipal tag, red
5 on white disabled veteran tag, reflectorized green on
6 white Wildlife tag, etc.

7 Finally, we would like to express our support
8 for a proposal which would require the issuance and
9 display of front and back registration plates. An
10 officer on patrol may have both a vehicle description
11 and tag number, but only the description is usable to
12 identify an oncoming car. Likewise, registration
13 numbers are often totally unavailable because civilian
14 witnesses were unable to get a clear view of the rear
15 plate.

16 We do recognize that the issuance of an
17 additional plate would create a substantial expense.
18 From the standpoint of law enforcement, however, we
19 believe that the expense is justified.

20 Thank you for this opportunity to express the
21 interests of the Fraternal Order of Police.


22 Fraternaly yours,

23 Francis P. Bascelli, President

24 Pennsylvania State Lodge

25 Fraternal Order of Police

4 1 I hereby certify that the evidence and
2 proceedings are contained fully and accurately in the
3 notes taken by me during the hearing of the within
4 cause, and that this is a true and correct transcript
5 of the same.
6
7
8

9 

10 B. MARIE MICKENS

11 Court Reporter
12
13

14 HOLBERT ASSOCIATES
15 2611 Doehne Road
16 Harrisburg, Pennsylvania 17110
17

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