

COMMONWEALTH OF PENNSYLVANIA

HOUSE OF REPRESENTATIVES

TRANSPORTATION COMMITTEE HEARING

STATE CAPITOL
HARRISBURG, PA

IRVIS OFFICE BUILDING
ROOM G-50

DECEMBER 13TH, 2021
10 A.M.

PRESENTATION ON LEGISLATION REQUIRING PENNDOT
TO CONTRACT WITH A PRIVATE VENDOR TO DESIGN
AND ISSUE SPECIALTY LICENSE PLATES AND AUCTION
EXCLUSIVE PERSONALIZED PLATES

BEFORE:

HONORABLE TIM HENNESSEY, MAJORITY CHAIRMAN
HONORABLE ROSEMARY BROWN
HONORABLE LYNDA SCHLEGEL CULVER
HONORABLE MINDY FEE
HONORABLE DOYLE HEFFLEY
HONORABLE JOHN LAWRENCE
HONORABLE LORI MIZGORSKI
HONORABLE MARCI MUSTELLO
HONORABLE LOUIS SCHMITT
HONORABLE MEGHAN SCHROEDER
HONORABLE TODD STEPHENS
HONORABLE RYAN WARNER
HONORABLE MIKE CARROLL, DEMOCRATIC CHAIRMAN
HONORABLE DIANNE HERRIN
HONORABLE STEPHEN KINSEY
HONORABLE KYLE MULLINS
HONORABLE JENNIFER O'MARA
HONORABLE PERRY WARREN

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

TESTIFIERS

* * *

<u>NAME</u>	<u>PAGE</u>
STEVE FARRAR PRESIDENT, MY PLATES.....	9
SEAN KENNEDY VICE-PRESIDENT, MY PLATES.....	14
KURT MYERS DEPUTY SECRETARY, DRIVER & VEHICLE SERVICES, PENNDOT.....	46
MAJOR ROBERT J. KROL, JR. DIRECTOR, BUREAU OF PATROL, PA STATE POLICE..	69

SUBMITTED WRITTEN TESTIMONY

* * *

(See submitted written testimony and handouts online.)

* * * * *

Summer A. Miller, Court Reporter
SMCourtreporting@gmail.com

P R O C E E D I N G S

* * *

MAJORITY CHAIRMAN HENNESSEY: Good morning, everyone, and welcome to this hearing of the Pennsylvania House Transportation Committee.

We're here to explore a concept that is sort of intriguing. And since it's John -- Representative Lawrence's idea and -- he's drafted a bill, but hasn't yet circulated a bill for cosponsorships, I think. I'll call on him in a few moments to -- excuse me -- to describe his bill, briefly.

Welcome to those of us who are viewing this on PCN or whatever other media you might be viewing us on. I'm going to ask Pam to call the roll, please.

Excuse my voice. I don't know what's happening here.

COMMITTEE STAFF MEMBER: Chairman Hennessey?

MAJORITY CHAIRMAN HENNESSEY: Present.

COMMITTEE STAFF MEMBER: Brown?

(No response.)

COMMITTEE STAFF MEMBER: Culver is virtual.

MAJORITY CHAIRMAN HENNESSEY: Okay.

COMMITTEE STAFF MEMBER: Heffley is on leave.

Kaufer?

1 (No response.)

2 COMMITTEE STAFF MEMBER: Lawrence?

3 REPRESENTATIVE LAWRENCE: (Indicating.)

4 MAJORITY CHAIRMAN HENNESSEY: She -- okay.

5 COMMITTEE STAFF MEMBER: Marshall is on

6 leave.

7 Mizgorski?

8 REPRESENTATIVE MIZGORSKI: Present.

9 COMMITTEE STAFF MEMBER: Mustello?

10 REPRESENTATIVE MUSTELLO: Here.

11 COMMITTEE STAFF MEMBER: Rothman is on

12 leave.

13 Schmitt?

14 REPRESENTATIVE SCHMITT: Here.

15 COMMITTEE STAFF MEMBER: Schroeder?

16 REPRESENTATIVE SCHROEDER: Here.

17 COMMITTEE STAFF MEMBER: Stephens?

18 (No response.)

19 COMMITTEE STAFF MEMBER: Warner is virtual.

20 MAJORITY CHAIRMAN HENNESSEY: He is virtual,

21 yes.

22 COMMITTEE STAFF MEMBER: Chairman Carroll?

23 DEMOCRATIC CHAIRMAN CARROLL: Here.

24 COMMITTEE STAFF MEMBER: Davis is on leave.

25 Gainey?

1 (No response.)

2 COMMITTEE STAFF MEMBER: Herrin is virtual.

3 Hohenstein is on leave.

4 Innamorato?

5 DEMOCRATIC CHAIRMAN CARROLL: Leave.

6 COMMITTEE STAFF MEMBER: Kinsey?

7 REPRESENTATIVE KINSEY: (Indicating.)

8 COMMITTEE STAFF MEMBER: Mullins?

9 DEMOCRATIC CHAIRMAN CARROLL: Virtual.

10 COMMITTEE STAFF MEMBER: O'Mara?

11 DEMOCRATIC CHAIRMAN CARROLL: Virtual.

12 COMMITTEE STAFF MEMBER: Warren?

13 DEMOCRATIC CHAIRMAN CARROLL: (Inaudible.)

14 MAJORITY CHAIRMAN HENNESSEY: Okay. Thank

15 you.

16 To begin, let me just turn to Representative
17 Lawrence and ask -- do you want to make some introductory
18 comments with regard to the bill that you're considering?

19 REPRESENTATIVE LAWRENCE: Yeah.

20 Thank you, Mr. Chairman. I appreciate you
21 holding a hearing on this concept, and I appreciate those
22 who have put time into being here today to testify.

23 So the background of the concept that we're
24 here to talk about today is an idea that I've kind of been
25 working through in my own head for quite a while now. And

1 looking at some other states and some programs that other
2 states have put in place over the years that are basically
3 voluntary revenue raisers...

4 So a couple of years ago in the State of
5 Delaware, they had what they called the centennial plate.
6 License plates are a big deal in Delaware. They issued a
7 special license plate for the centennial. It was kind of
8 special. It had a special background. It was kind of a
9 higher-end design, and they charged people, I think it was
10 \$150 apiece for them. And they sold quite a few of them.
11 So that was just something that was in the back of my mind.

12 And another thing that just kind of came
13 across my radar was a program that the State of Texas
14 initiated a couple of years ago. And it started out where
15 they brought in a, kind of a public/private partnership.
16 They brought in a firm that kind of looked through the
17 plate database of Texas and kind of looked at, you know,
18 are there any combinations of vanity license plates that
19 could be auctioned off rather than sold for the standard
20 price, but auctioned off, create some interest, and
21 frankly, create some revenue.

22 There have been license plate combinations
23 that have sold for over a hundred thousand dollars in the
24 State of Texas. So these are people voluntarily choosing
25 to pay over \$100,000 for a particular license plate

1 combination in the State of Texas.

2 Now, I want to say clearly that I would not
3 pay \$100,000 for a license plate, but if somebody wanted to
4 write a check to the Commonwealth, as we're looking for,
5 frankly, revenue options, I wouldn't say "no."

6 So kind of, in my mind, the idea that I kind
7 of have been percolating on is designing a license plate
8 similar to this one (indicating) from the 1960s in
9 Pennsylvania which has kind of the state outline and kind
10 of a nice look to it. And also expanding the availability
11 of vanity combinations for this program from seven
12 alphanumeric digits to eight which would greatly increase
13 the number of options that are available out there.

14 So, you know, what is the plate "go Eagles,"
15 right? What is "Steelers"? What is that plate worth? I
16 don't know, but the market would tell us what it is worth
17 and somebody would be, perhaps, willing to purchase that in
18 an auction that was publicized across the Commonwealth.

19 The revenue from this would go to the Motor
20 License Fund and be used to pay for everything we need to
21 pay for in this state.

22 So that's the bare framework of the concept,
23 and I'm certainly very interested to hear what our
24 testifiers have to say today. We have some folks who have
25 some expertise on this. And certainly would be happy to

1 take any questions, as well, from the members.

2 I appreciate, again, the opportunity to
3 present this idea to the committee and explore it a little
4 bit further and refine it a little bit to make it work in
5 Pennsylvania.

6 Thank you, Mr. Chairman.

7 MAJORITY CHAIRMAN HENNESSEY: Thank you,
8 John.

9 My apologies to Chairman Carroll. I
10 overlooked calling on you.

11 Do you have any comments to open?

12 DEMOCRATIC CHAIRMAN CARROLL: (Shakes head.)

13 MAJORITY CHAIRMAN HENNESSEY: Okay.

14 Our first testifiers -- by the way, there
15 are a number of other meetings this morning. Although
16 ours, I think, is the earliest. So if people who are
17 watching see people coming and going, they'll understand
18 that you can't be in two places at once, even in
19 Harrisburg, but sometimes you're required to be. So people
20 might be leaving our hearing and going to another committee
21 meeting somewhere.

22 We're joined today by Steve Farrar, who's
23 the president, and Sean Kennedy, the vice president, of a
24 company called My Plates. I believe you're located in
25 Texas, if I remember.

1 But it's an interesting idea. I think that
2 what caught my eye was the fact that Texas, I think, over
3 the course of 10 years, has raised like \$115 million.
4 \$115 million would look good in our Motor License Fund
5 right now because it is on a downward trend because people
6 are, you know, not driving as much, using less gasoline,
7 and we have electric cars on the horizon as well. So any
8 help for the Motor License Fund would be particularly
9 appreciated.

10 With that, who's going to start first?

11 MR. FARRAR: (Indicating.)

12 MAJORITY CHAIRMAN HENNESSEY: Okay, Steve,
13 go ahead anytime you're ready.

14 MR. FARRAR: I'll turn the microphone on.

15 Thank you, Chairman Hennessey, Chairman
16 Carroll, and members of the House Transportation Committee.

17 I appreciate the opportunity to speak today.
18 As you've said, we are from a company called License Plates
19 of Texas. We trade as My Plates in the State of Texas.
20 And I'll give you a little bit of history and background on
21 the program in Texas.

22 It really sort of started back -- you might
23 be able to detect a different accent. I don't sound Texan.
24 Could be Irish -- I am actually of Irish heritage. But --
25 I'll move this forward.

1 So it started back in Australia. I worked
2 on a program called Personalised Plates Queensland for
3 about 10 years. It's where the Queensland government
4 outsourced specialty license plates to a private vendor.
5 And I worked on that program for about 10 years. It was
6 very successful, generating \$30 million in sales a year by
7 the time I left. And I left to come here because the
8 Australian company, through some politicians and members of
9 Parliament in Australia, Queensland, came over and were
10 talking about public/private partnerships -- what was
11 working in Australia -- to a number of US states. And it
12 got the interest of some Texas legislators. Texas
13 legislators thought, "We want to hear more about this," and
14 they passed a legislative bill in 2005 that allowed the
15 department in Texas, Texas DOT at the time, to contract
16 with a private vendor to market, sell, and design specialty
17 license plates.

18 Now change was, you know, a little bit scary
19 for some, and the department at the time wasn't too keen on
20 this idea -- TxDOT was not. And so the legislation said,
21 "They may contract with a private vendor." So they called
22 an RFI, a company responded. They were excited about it.
23 They wanted to move to an RFP. TxDOT at the time said "No,
24 the legislation said 'may.'" So at this particular point
25 in time, we've decided not to outsource this contract.

1 Legislators were a little bit upset about that.

2 So in 2007, legislators changed it from
3 "may" to "shall" and then TxDOT went through an RFP
4 process. And subsequently down the track, myself, Sean
5 were appointed and awarded the contract for a five-year
6 contract initially.

7 We launched our program in 2009. Some of
8 the reservations and hesitation of TxDOT at the time was
9 the cost of implementing the program and new designs and
10 the fixed format -- moving away from a fixed format design
11 in specialty license plates. And they raised their
12 concerns with legislators, they raised it with us. At the
13 time, legislation allowed us to do a full canvas license
14 plate, specialty license plate. And when it came to the
15 programming, when they finally talked to us and we went
16 through and talked about all of the requirements that were
17 needed, they soon realized that it really wasn't that
18 demanding, our program, to be implemented on the state
19 side.

20 And so we were able to launch our program in
21 2009, November of 2009. Subsequently, that first five
22 years was a very huge success. We did, I think --
23 \$27 million to the general revenue fund in that first five
24 years. Then we were awarded a second five-year renewal of
25 the contract. I think we delivered about \$40 million in

1 the second five years.

2 In 2019, an RFP was called by TxDOT because
3 that sort of moved away from TxDOT into TxDMV. It was a
4 new agency that was now overseeing the program. And they
5 called an RFP and we were subsequently awarded the contract
6 there for a new six-year plus six-year contract which we're
7 currently trading in at the moment. We're now in the 12th
8 year of operation. This time around, the latest RFP was to
9 manage all plates on behalf of the state.

10 The first 10 years of the program, we only
11 were required to look after our own vendor-designed plates.
12 We brought new plates to the market, around about 90 to 100
13 new designs to the market, which were very popular. And
14 this time around, we controlled all of the plates in the
15 state, including non-qualifying as well as qualifying
16 plates, so all the charity plates for the state, as well as
17 all the military plates, Army, Navy, Air Force, Marines,
18 et cetera.

19 It was a very successful program and still
20 is to this very day. In your packet, you'll see references
21 from the TxDMV, as well as a number of our plate partners
22 that talk very highly of this program.

23 One of the things that's exciting about this
24 program is it comes at no cost. And that's surprising, I
25 know, but it comes at no cost because we pay for

1 everything. A hundred percent of the costs of this program
2 are covered by the vendor. There's cost recovery with
3 regards to the state. So TxDMV in Texas, I think receive a
4 little over one and a half million dollars a year now in
5 revenue from this program for their \$8 per plate, per year,
6 which is part of their cost recovery fee. The prison
7 system printing, manufacturing more plates every year.

8 So we still manufacture all of our plates in
9 the prison system. There's no change there.

10 And this is the excitement of our program,
11 that there's no cost in anything that we do including
12 marketing, website services, all the implementation of the
13 programming of our site are all covered. All of our
14 customer service -- which, Sean, I'll hand over to you
15 soon, we'll talk about -- implementation fees, licensing,
16 royalties, everything you can think of in part of running a
17 successful program and managing it on behalf of the state
18 is all 100 percent covered.

19 When it comes to new designs, we work very
20 closely with TxDMV and also DPS, Department of Public
21 Safety, in Texas. We worked you up a plate specifications
22 document to make sure all plates are readable, reflective,
23 and legible. We don't have any full image designs that may
24 conflict or make the plate hard to read. So all of our
25 plates are either full-color background or they're a white

1 background.

2 And so I've brought a couple of these plates
3 for you to see here today (indicating) -- Texas A&M.

4 I think Representative Lawrence mentioned
5 about an auction plate that we had. 12th Man was our most
6 expensive plate sold on this design, and that was sold for
7 \$115,000, 12th Man on this plate. (Indicating.)

8 Cowboys -- some of you may not be Cowboys
9 fans, but, certainly, we do represent both NFL teams in the
10 State of Texas: Texas Texans and the Cowboys. We
11 represent basketball, all the NBA teams. We represent a
12 number of colleges, you've seen the Texas A&M. And we also
13 bring forward to the market a number of plate designs of
14 color backgrounds -- pink, blue -- including this black
15 plate which is a plate that, like Representative Lawrence
16 pulled up, a retro plate from yesteryear. This was a plate
17 that reflected, I think, 1960 in Texas, a full black plate,
18 so again, some very popular designs.

19 What I'll do is now hand over to my partner
20 in crime, our vice president, Sean Kennedy, who will talk
21 about the customer experience with regards to our program.

22 MR. KENNEDY: Good morning. Is that all
23 right? Am I heard okay? There we go.

24 All right. Yeah, and I'm not Australian, so
25 won't have that joke to play with.

1 Thank you for welcoming us to talk about our
2 program today.

3 Just a little bit more follow-up on the
4 manufacturing of the plates and the design and whatnot is
5 we do work closely with the DMV on every single plate that
6 is designed and launched through our program. They have
7 100 percent approval rights over every design. It goes
8 through their whole technical checks, their safety checks,
9 their legibility checks. Every plate we produce out of the
10 vendor program has to meet exactly the same specs that
11 every plate in the State of Texas produces out of their
12 normal plate specifications. And so they have 100 percent
13 control over what we design, what we launch.

14 We come up with the ideas. We're the
15 marketing company, that's our job. But then they actually
16 still hold 100 percent approval over what we launch to the
17 market. And every plate we do make absolutely meets every
18 single safety standard that all plates in the State of
19 Texas are required to meet.

20 Let's see -- so what did we do from the
21 customer experience perspective? So years ago, before we
22 launched, the State of Texas, if a citizen wanted a
23 specialty license plate, they had to discern what design it
24 was they wanted, they were not easily found. It was not
25 just a great, simple category to go and look at. It was a

1 paper process. So they also had to find the correct form.
2 There were dozens and dozens and dozens of forms that
3 involved all the different plates. They had to download
4 the form, they had to complete it, write it out by hand.
5 If they wanted it personalized, they had to put six
6 different personalized hopeful guesses on the form, write a
7 check, put it in the mail, and then wait several weeks or
8 more before a response would come back. And that response
9 could be, "Great, one of the six selections you picked was
10 available, and your plate has been sent to order," and it
11 would be another three or four weeks until the plate would
12 be ready, or you just got it back and it said, "Nope, none
13 of that is going to work, try again." So it was a very
14 difficult experience for the customer and the citizens to
15 get that license plate.

16 So we took that process and we did what we
17 were hired to do which was innovate and improve the
18 customer experience and make it not only just easier, but
19 actually it's kind of fun to get a license plate in Texas.
20 So that was a major accomplishment there.

21 So we did that by building a new website.
22 We did that 100 percent on our cost, all the development,
23 all the implementation, all the linking into the various
24 systems in the state departments that we had to work
25 through, all on our dime, 100 percent covered by the

1 private vendor.

2 And that website is MyPlates.com, that's the
3 name we trade under, and that's the one that we market
4 throughout the State of Texas for the Texas program. If
5 there was to be a program in Pennsylvania, it would be
6 something different. It would have a different name that
7 would be more reflective of Pennsylvania.

8 That website, super easy, it's modern. We
9 just actually relaunched our newest version of our website
10 in December of last year. So it's about a year old. We
11 are constantly innovating, we are constantly updating the
12 things that are available to the customer, to the consumer,
13 to keep it on the cutting edge, the forefront of what
14 modern e-commerce should look like. Again, that's all done
15 and paid out of our pocket.

16 You can go onto MyPlates.com if you have an
17 idea of what you want for a license plate. You can filter
18 all the 500 and some-odd designs that are on there now.
19 You can search through those, you can identify it. If you
20 have an idea on a personalization that you would like to
21 have, you simply type it in the box and that's one of the
22 integration pieces that we did do with the state, is that
23 we are integrated directly into the DMV's registration
24 system. So if you type in a personalized message that
25 you're interested in and you hit "enter," you get an

1 instant return, "available" or "not available." There's no
2 question marks about that.

3 If it's available, you do the next thing
4 like you would do on any other shopping website, you know,
5 or any other shopping website. The plate goes into a
6 shopping cart just like it was a pair of shoes or a TV or
7 whatever else you're purchasing online these days. As you
8 go through the shopping cart, we're going to collect the
9 customer information like you would expect. The
10 information that's going to be needed by the DMV is
11 collected at that point.

12 Then as you go into the pay mode, it's
13 another integration piece that we accomplished, which is
14 the payment engine is actually the payment engine for the
15 State of Texas. So as a citizen buys a plate on
16 MyPlates.com, the funds are actually collected by the State
17 of Texas, not by the private vendor. So that money is
18 going directly into the financial department at Texas.

19 We are then paid on the back end through an
20 agreement we negotiated with the DMV. So that integration
21 piece was also accomplished, safe, secure, quick.

22 After you're done paying, you get the same
23 type of service you would expect from an Amazon or anyone
24 else, we'll give you your instant e-mail receipt. You'll
25 get follow-up e-mails on how to pick up your plates and

1 when they're ready and things of that nature.

2 And then another integration piece we did
3 with the website is we're also directly integrated into the
4 prison system's manufacturing system. So every day, the
5 orders are batched directly into the prison system. They
6 fall into the same production queue that every other
7 license plate in Texas is made at in Huntsville, Texas, at
8 the corrections department there.

9 And so these different integration points,
10 we were able to accomplish over the course of months, not
11 years or anything of that nature. They're relatively
12 simple because the key ingredient here is that we're not
13 asking anyone to build a new wheel. We're taking the
14 existing wheel, and we're just improving on it. So one of
15 the little sayings we like to throw out is, "We're not
16 disrupting, we're enhancing." So whatever the systems are,
17 there's a way to back into those and integrate into those
18 systems that allows this program to work and flow.

19 And so, that's the website we built. And
20 then after all that's done, we also back that up with
21 customer service. And we have excellent customer service.

22 The Department of Motor Vehicles is
23 consistently pleased with the performance that our customer
24 service center puts out for the citizens of Texas. And
25 we're very busy. We do about 35,000 phone calls a year,

1 backing up our product. We have about 30,000 click-to-chat
2 interactions, and then we do another 15,000 or so e-mails
3 every year. We do all this in English and Spanish support
4 across the board. And we're always looking at ways to
5 innovate the customer experience. So we're about to launch
6 texting as another vehicle for customers to interact with
7 the My Plates program and support it through that. That is
8 100 percent paid out of our side. So again, that costs
9 nothing to the State of Texas for all of this customer
10 service support or the website support.

11 And as far as the customer service, it is
12 Texans. They are professional staff. They are full-time
13 employees, so we created jobs around this. There are about
14 15 folks at the call center, our customer support center,
15 that are involved in this program. They're Texans and they
16 support Texans. And if there was a program here in
17 Pennsylvania, we would be looking to, you know, hire
18 Pennsylvanians to support Pennsylvanians. So we're not
19 pushing the jobs offshore. They're locally created jobs,
20 and they're good jobs.

21 So that's pretty much how the customer
22 experience changed from a downloaded form with a piece
23 of -- a stamp and a pencil to modern e-commerce.

24 Steve will talk about the successes now.

25 MR. FARRAR: At the end of the day, you kind

1 of have to sell a secret. So implementing a new program
2 like this, the excitement, creating new plate designs,
3 improving the customer service, and things of that nature
4 is all great, but if no one uses it, then no one gets to
5 experience that. So one of the sayings is, "You can't sell
6 a secret." And that's where we come in and spend one and a
7 half to two million dollars on average each year to market
8 and promote this program.

9 And this is us doing it, 100 percent paid by
10 the vendor, not the DMV. The thing is, if the DMV or the
11 department tried to do this, they'd probably be criticized
12 by its taxpayers why they are spending money on vanity
13 license plates rather than spending money on health,
14 education, roads, things of that nature. And this is where
15 we come in as a private vendor, take on that role, and
16 deliver a marketing campaign -- which has full oversight of
17 the department.

18 So we deliver a marketing plan each year and
19 present that to the DMV. It's under their review and
20 approval each year to make sure that they're happy with it.
21 Every advertisement, television advertisement, a billboard,
22 or a radio advertisement that we desire to put to the
23 market has to be approved by the department first so that
24 we can't go out and say things that they're not happy
25 with -- same with public relations releases, et cetera,

1 like that.

2 So we do a lot of work in that regard, with
3 regards to our annual marketing plan and doing new things.
4 It's also -- one of the things we do is education. The
5 importance about our new program is we spend a lot of time
6 up front educating all parts, all people who are attached
7 to this program, whether it's law enforcement, whether it's
8 the DMV, whether it's county tax offices. Across Texas, we
9 provide lots of material and education for them to be able
10 to understand and also represent this program to the
11 general public.

12 Part of the success of this program -- we
13 haven't really spoken about the success. I know Chairman
14 Hennessey mentioned it earlier, over \$115 million. I said
15 27 million in the first five years, another 40 million in
16 the next five years. We are well over \$115 million now in
17 revenue directly to the General Revenue Fund of Texas.
18 That's after all costs are all fully paid by the vendor.

19 This year alone, this calendar year alone,
20 will be in excess of \$20 million generated to the General
21 Revenue Fund of Texas. Last year was \$15.8 million. So
22 it's just an upward trajectory. It's a very exciting
23 program. The TxDMV love it. Legislators love it on both
24 sides of the aisle in Texas. It is a well-supported
25 program, and well-supported by DPS in Texas as well.

1 We also raise money for charities. So over
2 three to four million dollars raised for charity
3 organizations along the way. We've sold in excess of
4 580,000 plates now to the market, and it's an exciting
5 program. Next year we're looking to deliver over
6 \$25 million to the General Revenue Fund in Texas.

7 Our expertise, knowing what's possible in
8 Texas and other jurisdictions I've worked with in Australia
9 and also in New Zealand, we know that a similar type of
10 program, if launched here, could be as successful. And
11 we're happy to answer any questions with regards to this
12 no-cost, no-risk, new revenue, and modern services being
13 delivered program.

14 Thank you.

15 MAJORITY CHAIRMAN HENNESSEY: Thank you,
16 Steve.

17 Thank you, Sean.

18 Before we take questions, we've been joined
19 by Representative Doyle Heffley of Carbon County and,
20 virtually, by Representative Perry Warren of Bucks County,
21 and Representative Todd Stephens of Montgomery County.

22 I have a question. We have other plates,
23 specialty plates, in Pennsylvania. How do you integrate
24 your -- the plates that you're marketing with -- the one
25 most recent I think that we've passed was the "Let Freedom

1 Ring" plate. It's the Liberty Bell plate recognizing the
2 semiquincentennial of the 250th -- establishment of our
3 nation -- in 2026.

4 How does -- you know, that operates
5 separately by PennDOT through their contractors. How would
6 yours -- tell me, is it a seamless integration with you
7 guys?

8 MR. FARRAR: Mr. Chairman, it's a very good
9 question. I appreciate that.

10 In Texas -- I was pretty clear, I think --
11 our first 10 years, our program was just handling vendor
12 plates.

13 So TxDMV still had their own side
14 operational with all their state plates. And then for the
15 first 10 years, we had the My Plate program with just
16 vendor license plates that generated revenue for the state.

17 When we moved over and launched our new site
18 last December, as part of the new contract, we're required
19 under that RFP to host all plates in the state. Now all
20 plates in the state is over 350 other plates in the state
21 that were not part of the vendor program, which are now
22 under the My Plates banner. We don't earn any revenue from
23 these plates. We market the overall program that creates
24 desire and interest and foot traffic, or I guess, online
25 traffic to the website that builds interest with their

1 plates as well; so they actually have improved in
2 visibility as well as in sales to the marketplace.

3 We still do not earn any revenue from
4 existing state plates. We're not required to market them,
5 we are required to market the program. So that's how we
6 would more than likely operate in Pennsylvania.

7 We do have an ability and legislation in
8 Texas that allows an existing state organization to cross
9 over. So we've had 20 to 30 organizations cross over into
10 the My Plates program, and that allows them to be fully
11 marketed by the vendor, such as Cowboys, such as the
12 college plates, such as a number of charities as well.

13 So we work very closely with all those
14 organizations. We're more than happy to put local
15 marketing plans together and work with them on promotions,
16 and that's what we're doing. That's how we'd like to -- we
17 like to see ourselves as working with people and as a
18 complementary asset and enhancer, as what Sean mentioned
19 earlier.

20 MR. KENNEDY: I can just add that the
21 initial legislation contemplated all at once, all in,
22 straight up, and the departments were just not comfortable
23 with that, so we just didn't do it that way. We started
24 with just our channel, and then over time, as the program
25 proved itself and -- you know, as the program proved

1 itself, they became more comfortable with us picking up all
2 the plates in the State of Texas, which is what just
3 happened a year ago. Now we do have them all, but we're
4 flexible, I would say. We can start with everything; we
5 can start with just a vendor program. That's really up to
6 the people in this room and then the department to decide
7 those types of things.

8 MAJORITY CHAIRMAN HENNESSEY: Okay. Thank
9 you.

10 Representative Lawrence.

11 REPRESENTATIVE LAWRENCE: Thank you, Mr.
12 Chairman.

13 Yeah. I appreciate your presentation. I
14 have to say it was very thorough.

15 So kind of the idea that I had outlined at
16 the beginning of the hearing here, which is -- it sounds
17 like you have gone way beyond that in the State of Texas.
18 My idea here is a little bit more compact maybe.

19 But kind of as we look in the past in
20 Pennsylvania, we had several -- I think they were fairly
21 successful at the time, kind of full plate, graphic
22 designs. The first one had an owl on it and said,
23 "Conserve natural resources." And they sold a lot of those
24 plates. Then the next one, as I recall, was a tiger and it
25 was to support the Philadelphia Zoo. And I remember seeing

1 a lot of those plates as well. Then, kind of the end of it
2 was a plate, Flagship Niagara. And I'm pretty sure that
3 was an effort of our former governor, Ridge, who was from
4 Erie, and I think he kind of pushed that, as I recall. I
5 wasn't here at the time. That was before my time. But
6 that plate ended up being a nightmare because the way it
7 was designed, it had a light background with white letters
8 on it. So it was very difficult to read, even if you were
9 right in front of it. It was very difficult to read the
10 plate.

11 And I think that kind of soured a lot of
12 folks on that kind of program. I think -- not to speak of
13 the State Police, I think we're going to hear from them a
14 little later. But I think it soured, particularly, the
15 State Police on these, because at the end of the day, you
16 have to be able to read a license plate quickly, you know,
17 for law enforcement, so on and so forth, that's the whole
18 purpose of it.

19 So the trend here in Pennsylvania has been
20 to move away from that and instead to have one standardized
21 plate. And different states have taken different
22 approaches. I mean, like in Virginia, I think they have a
23 zillion different combinations now in Virginia. Sounds
24 like they do in Texas too. So I mean, obviously, there's a
25 way to do it.

1 I guess my question is, is that if we were
2 to move to something like this where, again, you could pay
3 extra to get it and maybe there could be an auction for a
4 desirable plate combination, that kind of thing, what --
5 how do you deal with the Texas State Police, right? How do
6 they -- you know, what -- it seems like they were hesitant
7 in the beginning. Obviously, the State has given you a
8 bigger contract, so there must have been some sort of
9 conversation with the Texas State Police to make sure that
10 they're okay with it.

11 Can you talk a little bit about that?

12 MR. FARRAR: Absolutely.

13 Representative Lawrence, you are correct.
14 In the early days, both Texas DOT and DPS were very nervous
15 about this program. And in actual fact, the State of
16 Texas, through TxDOT, were the ones who first delivered
17 full-color background license plates to the market, and
18 that was actually through a standard-issue plate where
19 suddenly law enforcement got very upset with their own
20 standard-issue plate because it was hard to read. Because
21 you were allowed full graphics, not just a full control,
22 but full graphic, photographic imagery, in the background
23 of the plate which made it very difficult to read.

24 A number of other states I see from time to
25 time come out with these plates and I don't know how they

1 get passed. But we work very closely with the DMV and also
2 DPS to make sure that we don't come out with full-color
3 graphic plates anymore. We have a full-color canvas plate,
4 just like that yellow background there, or whether it was a
5 full blue background, you'd be able to still read the plate
6 as long as there's good contrast between the numbers and
7 letters on the plate.

8 We understand the importance of
9 identification of a license plate. That's not lost on us.
10 We understand this is a government document. It needs to
11 be read. It needs to be visible. It needs to be
12 reflective and readable and all those tough things.

13 We have a software that TxDMV developed many
14 years ago, an online software where we test every plate
15 design that we're coming up with to make sure that it meets
16 the reflectivity and the readability standards.

17 I'm sure PennDOT would be able to actually
18 ask TxDMV, and they'd be more than happy to share it with
19 them. But we use that, and we'd be open to use something
20 similar or work with PennDOT and state police here to make
21 sure that all plates -- that any private vendor program
22 that would be launching are readable.

23 REPRESENTATIVE LAWRENCE: Right.

24 What about -- I mean, do the police have
25 any -- in other words, if the police saw this plate

1 (indicating), right, how do they know that it's legit?

2 MR. KENNEDY: So prior to launch, we worked
3 very closely with DMV around an education campaign. And
4 that was across all police departments across Texas, all
5 the major metropolitan police departments, we were
6 communicating directly, with the state troopers, we're
7 directly communicating with. We designed posters. We
8 shipped posters out to every -- thousands and tens of
9 thousands of locations across law enforcement to explain
10 the program. What's going on? What do they mean? Are
11 they real? Are they legitimate? How can you tell? Those
12 types of things -- sent out pamphlets and brochures.

13 And so we did a ton of education in advance
14 of the launch. Even after launch, we published an
15 800 number that law enforcement from around the state could
16 call and talk to one of our customer service
17 representatives immediately and ask, "Is this a real plate,
18 this pink plate with a Lone Star? That can't be real, can
19 it?" And then they would pull the record and confirm,
20 "Yeah, that's a legitimate plate." And the trooper or
21 whoever would go about their day.

22 Over a couple of years, sure, we got
23 feedback. We got questions. There was some initial
24 confusion. It wasn't gigantic. It wasn't out of context
25 for what all we did. But that only lasted, I would say,

1 for probably the first year and a half to two years. And
2 honestly, for the last 10 years or so, you just don't hear
3 about it because the education has worked across all law
4 enforcement, and there's no confusion about it.

5 Every one of the plates in Texas, like we
6 mentioned already, we kind of beaten that horse, you know,
7 we have to meet the same specifications. But there are
8 also other security measures that are on every plate in
9 Texas. And so there is security threads. There's
10 holograms on the backgrounds of the plates that are
11 produced there in Texas. So that helps them also.

12 But we're also, you know, we have
13 consistency even though our designs may look kind of crazy
14 on some of the plates, there is still consistency within
15 that. The jurisdiction up on the top -- that's a certain
16 size. It has to be exactly 1-inch-by-1-inch font. It has
17 to be a certain type of font that is approved by the DMV.
18 We're not allowed to put any graphics or anything that
19 detracts from the plate message in what's called the
20 "region of interest." So that's around where the actual
21 plate message is printed, which we're not allowed to
22 interfere with that zone there.

23 Our graphics tend to live on the left side
24 of the plate, just like your current format does. It's
25 just that we have a better ability to create better-looking

1 graphics, we believe.

2 And then on the bottom of the plate, we're
3 only allowed to, you know, put certain types of design
4 elements down along the bottom. So we create interesting
5 designs, but they do all still completely fit all the
6 specifications.

7 And law enforcement really has not --
8 there's not been a challenge there for quite a long time.

9 And I can also add into that the tollway
10 systems. All our plates operate fine. Texas has many
11 miles of tollway systems, and it is extremely rare to have
12 any issue whatsoever with any of the tollway authorities.

13 We had one plate design probably right when
14 we first launched where the jurisdiction of Texas on the
15 top of the plate was actually -- it was in red on a white
16 background, and it was the same red that we had used on
17 other plates before. But it was a surprising development,
18 but it turned out that some of the tollway cameras could
19 not read that red Texas on the top. So when their camera
20 systems pulled it up, they couldn't read the jurisdiction.
21 That was very quickly solved, it was identified, and it was
22 solved and changed in manufacturing in a matter of like a
23 week or two, where we just simply put a black key line
24 around the red Texas then the Texas popped off the plate
25 and that was the end of that.

1 So we're always open to the feedback from
2 law enforcement or from tollway authorities or from any of
3 the other folks involved about what can we do to make sure
4 the designs are safe and operate well.

5 REPRESENTATIVE LAWRENCE: Very good.

6 Thank you, Mr. Chairman.

7 MAJORITY CHAIRMAN HENNESSEY: Thank you,
8 John.

9 We've been joined by Representative Rosemary
10 Brown from Monroe County.

11 Representative Mizgorski.

12 REPRESENTATIVE MIZGORSKI: Thank you, Mr.
13 Chairman.

14 And thank you, gentlemen, for appearing
15 today and testifying, and Representative Lawrence for
16 bringing this topic up.

17 I have a question. The State of Montana has
18 1.2 million residents, permanent residents, according to
19 the 2020 census, which is actually less than Allegheny
20 County here in Pennsylvania. And they have 213 options for
21 license plates, from organizations, colleges, government,
22 they even have one for the Cowboy Hall of Fame.

23 Now, that sounds great, but here in
24 Pennsylvania we have about 13 million people. So I'm
25 thinking there would ultimately be thousands of

1 organizations, nonprofits, colleges, school districts,
2 every group that you could think of, that is going to want
3 their own design.

4 So how would something like that be managed?

5 I do have another question. You also
6 mentioned that you would use the current manufacturing
7 system in -- for incarcerated persons manufacturing these
8 plates. The current system is flawed, and many license
9 plates are defective.

10 Now 10 years ago, I got a personalized
11 license plate. It was still holding strong, but at the
12 same time, my husband received a standard plate. His
13 completely peeled and became illegible and had to be
14 replaced within the last year.

15 And if you drive around here and look around
16 here in Pennsylvania, you will see many peeling, faded
17 plates that cannot be read by the naked eye. Whether the
18 State Police or any police officer has x-ray vision and can
19 see through that, maybe, I don't know.

20 But I do see a problem with the actual
21 manufacturing that's currently going on. So I don't know
22 if you would be able to improve that system.

23 And then how would you manage all of these
24 requests for different styles?

25 Thank you.

1 MR. FARRAR: Thank you very much for the
2 question.

3 To answer the first question, in Texas, we
4 actually pride ourselves on making sure that we have a
5 certain threshold of people registering for a design and we
6 also have a threshold for a number of preorders before a
7 plate is actually launched to the market.

8 The State of Texas, with their own state
9 plates, does not have those thresholds. So like Montana,
10 there's 300-odd different designs in the state program in
11 Texas that are now on My Plates. And I can look up sales
12 data and I know many of them do not receive a sale from
13 month to month to month. And there may be only 10 active
14 plates in the market since they launched 10 years ago. We
15 do not control that. We do not remove those from the
16 market. That's up to the State of Texas to do that.

17 Certainly from our plates, if they drop
18 below a certain threshold, we will actually remove them
19 from the market. We do not want a proliferation of plate
20 designs in the market. We want to make sure that we bring
21 attractive designs to the market that will sell and that
22 are always being supported by their membership group or
23 their affinity group that may like them, et cetera.

24 When it comes to manufacturing, certainly,
25 this is the first time that it's been raised to us about a

1 problem with manufacturing here in Pennsylvania. Certainly
2 throughout our company and our sister company, we can
3 assist if there's a desire for that to deliver outsourcings
4 of manufacturing. It's not certainly part of the current
5 legislative bill. But certainly, if there's a desire to do
6 that, we're more than happy to go down that track.

7 But our intention is to work through current
8 processes and systems that Pennsylvania uses today.

9 REPRESENTATIVE MIZGORSKI: Thank you.

10 Thank you, Mr. Chairman.

11 MAJORITY CHAIRMAN HENNESSEY: Thank you,
12 Lori.

13 Representative Kinsey.

14 REPRESENTATIVE KINSEY: Good morning, and
15 thank you for being here.

16 And thank you, Mr. Chairman.

17 My questions are similar to my colleague who
18 just spoke. She talked about Montana. But I was looking
19 at the State of Texas versus the State of Pennsylvania in
20 regards to population. You know, Texas is about
21 29 million; Pennsylvania is roughly about 13 million. So,
22 you know, I initially got excited when we heard there's
23 \$115 million going into the recovery fund, but the reality
24 of it is that we're not as large as the State of Texas.

25 So have you guys done some preliminaries in

1 regards to what the amount of dollars that we might look to
2 put in our recovery fund here in the State of Pennsylvania?

3 MR. FARRAR: We've certainly done some
4 estimations on our own projects because we certainly
5 wouldn't be sitting here today if we didn't think there was
6 a real opportunity.

7 As I mentioned at the very beginning of my
8 statement, I worked in the State of Queensland for a
9 company called Personalised Plates Queensland. If anyone
10 wants to look up the population of Queensland, 4 million
11 people. And we were delivering 30 to \$35 million in sales
12 a year and delivering in excess of 15 to \$20 million a year
13 to the state government. So I think there is a real
14 opportunity. I think the current fixed format, the way it
15 has been, opens up an opportunity to bring some new,
16 refreshing, exciting designs to the marketplace.

17 And I think we could deliver some really
18 exciting -- and certainly millions of dollars each year to
19 the Commonwealth of Pennsylvania. I have no doubt about
20 that.

21 REPRESENTATIVE KINSEY: Sure. As a private
22 vendor, I know that in your testimony you mentioned that
23 State of Texas passed legislation in 2007. We're now in
24 2021. Between that time, from Texas to you being here
25 today, have you also looked at other states or had

1 conversations with other states about the possibility of
2 doing what you're proposing to do here?

3 MR. FARRAR: We are currently talking to a
4 number of other states at the moment. We have legislation
5 drafted in New Jersey, Florida, California. We're talking
6 to New York, with (inaudible) an RFI to British Columbia
7 just recently. So we are talking to other states.

8 It has been a delayed process for us because
9 our concentration, our focus was on Texas. And -- but up
10 until the last year or so, we've started to look beyond the
11 borders of Texas.

12 REPRESENTATIVE KINSEY: Sure. Thank you.

13 And, Mr. Chairman, I'm just going to close
14 out with one last question.

15 And that question is -- Mr. Kennedy, I think
16 in your testimony you talked about using the prison queue.
17 And I think that my colleague was just sort of leaning
18 towards that when she was talking about some of the flawed
19 systems.

20 I'm not too familiar with the prison
21 queue -- I mean, I'm familiar that there might be
22 individuals --

23 MR. KENNEDY: Just the manufacturing flow.

24 So with our plates in Texas, when we batch
25 it into the manufacturing system at the prison system

1 there, they just go into the same production line.

2 REPRESENTATIVE KINSEY: So with that going
3 into the production line, who produces the actual license
4 plate? Would it be your company? Because I think
5 currently in Pennsylvania we have folks who might be
6 incarcerated that are currently doing it.

7 MR. KENNEDY: It's the same. It's the same
8 in Texas. All license plates in Texas are made by
9 offenders in the state prison in Huntsville, Texas.

10 REPRESENTATIVE KINSEY: Okay.

11 MR. KENNEDY: They are actually made in the
12 prison system.

13 REPRESENTATIVE KINSEY: Okay. So the
14 agreement that your company would have, if this legislation
15 is approved and passed, is that the inmates will still do
16 the -- produce the license plate? Is that pretty much how
17 it would go?

18 MR. KENNEDY: That's how we have approached
19 it in Texas, and we're not against that. I think what
20 Steve was commenting is if we're hearing that there's other
21 issues, then I guess we would be open to discussing other
22 options, but that's not the intention of it.

23 REPRESENTATIVE KINSEY: Okay. Thank you.

24 MR. KENNEDY: We're very comfortable with
25 working through that matter. Sure.

1 REPRESENTATIVE KINSEY: Okay, great.

2 Thank you for sharing that.

3 Thank you, Mr. Chairman.

4 MAJORITY CHAIRMAN HENNESSEY: Thank you,
5 Steve.

6 Chairman Carroll.

7 DEMOCRATIC CHAIRMAN CARROLL: So
8 Representative Mizgorski's observation is one I share as
9 well, with the reflective sheeting that seems to be peeling
10 off the plates with some frequency, and these are
11 newer-issue plates. So she is not wrong. And I'll save
12 that question for PennDOT.

13 Prior to reflective sheeting in
14 Pennsylvania, we had beads on paint which was quite an
15 effective and -- a plate that lasted a long time. The
16 weather didn't seem to bother the beads on paint nearly as
17 much as it does the reflective sheeting.

18 The plates you held up a moment ago, I'm
19 going to guess it's not beads on paint, but I'm not sure if
20 it's reflective sheeting. So is it reflective sheeting?
21 And if not, what is it?

22 MR. FARRAR: It is reflective sheeting.
23 These are all plates manufactured in the State of Texas
24 using the 3M sheeting and reflectivity and things of that
25 nature. So they are reflective.

1 DEMOCRATIC CHAIRMAN CARROLL: Are you
2 familiar with the observation that she had, that I share,
3 with respect to the reflective sheeting peeling off the
4 plate?

5 MR. FARRAR: I am familiar with it.
6 Certainly in the State of Texas, all of these plates are
7 flat, digitally printed plates, so they're not embossed.
8 Certainly, we actually have an appeal towards embossed
9 plates. We tried to get some legislation passed recently
10 to allow us to do embossed plates in Texas. So that may be
11 part of the problem with regard to having an embossed
12 plate, but that's certainly something for PennDOT to
13 obviously look at and to explore, I think.

14 DEMOCRATIC CHAIRMAN CARROLL: So you're in
15 favor of going to embossed plate from a flat plate?

16 MR. FARRAR: We are in favor of working with
17 the current processes and systems that Pennsylvania
18 currently uses.

19 Now, if they're not up to a certain
20 standard, then we are in favor of PennDOT to look at
21 improving those systems. But at the end of the day, from a
22 program perspective, we want to be able to deliver a
23 quality product to the market and to not have complaints to
24 manage on a day-to-day basis.

25 DEMOCRATIC CHAIRMAN CARROLL: Okay. Thanks.

1 MAJORITY CHAIRMAN HENNESSEY: Yeah. I have
2 a question for you guys.

3 If I -- first of all, I'd have to be a Texas
4 Aggie in order to buy the 12th Man plate, and I probably
5 fall a little bit short of the \$115,000. Do you have to
6 pay franchise fees to the Texas Aggies?

7 MR. FARRAR: So when we first produce and
8 sell the plate -- well, we don't produce the plate. When
9 we first sell the plate and the plate is manufactured, we
10 pay a royalty to Texas A&M University, like we do to the
11 Dallas Cowboys, like we do to the Houston Rockets, the
12 Mavs, et cetera. So all of our trademark licensed products
13 that we are officially licensed with, we pay royalties on
14 the sale of each plate.

15 MAJORITY CHAIRMAN HENNESSEY: Okay. When
16 you say "we," you mean My Plates --

17 MR. FARRAR: The vendor.

18 MAJORITY CHAIRMAN HENNESSEY: Your company,
19 not the --

20 MR. FARRAR: Yes, sir. Not the state.

21 MAJORITY CHAIRMAN HENNESSEY: -- the
22 Department of Transportation?

23 MR. FARRAR: Correct.

24 MR. KENNEDY: It comes out of the private
25 vendor share.

1 MAJORITY CHAIRMAN HENNESSEY: Okay. And are
2 they -- can they pass down? If I had one, could I leave it
3 to my son or my daughter?

4 MR. FARRAR: Depends on the laws --

5 MAJORITY CHAIRMAN HENNESSEY: If I spend a
6 whole lot of money on it -- if I spent \$100,000 on a
7 specialty plate, I think I'd like to leave it to my son or
8 daughter.

9 MR. FARRAR: Our auction plates in Texas are
10 fully transferable, so they are fully transferable from one
11 person or another person or from car to car. So you'd be
12 able to actually pass that down to your children instead of
13 Texas. I'm not sure what the laws are in the State of --
14 Commonwealth of Pennsylvania, but...

15 MAJORITY CHAIRMAN HENNESSEY: Okay. And if
16 I had invested \$100,000 in a plate, could I sell it?

17 MR. FARRAR: Yes, you can.

18 MAJORITY CHAIRMAN HENNESSEY: If somebody
19 else comes to me and says, "Hennessey, I want -- I'll pay
20 you \$150,000 for that plate," can I sell that and then have
21 it authorized by the -- does that transfer or is it
22 authorized by the Department of Transportation?

23 MR. FARRAR: Yes, you can. There is
24 transfer forms that we have developed with the Texas
25 Department of Transportation, or to TxDMV in Texas. We

1 have numerous people who have purchased auction plates over
2 the years who have then sold those plates to other people
3 and gone through that transfer process quite seamlessly.

4 MAJORITY CHAIRMAN HENNESSEY: Okay. Excuse
5 me, when that happens, the state doesn't get any money from
6 that second transfer?

7 MR. FARRAR: No.

8 MAJORITY CHAIRMAN HENNESSEY: Okay.

9 Yeah, I think I should -- there was one
10 question that escaped me.

11 Oh, Pennsylvania, you know, if you want a
12 specialty plate, if you wanted a Flagship Erie plate, I
13 think I could, you know, personalize it if I wanted to.
14 You know, but that's done on a first-come first-serve
15 basis.

16 And it sounded like, Sean, when you were
17 talking about it, I could go on to the Texas website or
18 the, maybe your company's website, and find out that my,
19 the message I wanted to put on -- I saw one the other day,
20 I was following some guy that had a Notre Dame plate that
21 said "Irish," and that sort of appealed to me. But I would
22 find on the computer that it's already taken.

23 MR. KENNEDY: Correct.

24 MAJORITY CHAIRMAN HENNESSEY: How do you
25 reserve things that are going to go up for auction? What

1 if I come in and I say, "I want, you know, the 12th Man
2 plate from Texas A&M." And then we say, "Well, that's a
3 great idea. Why don't we try to have a specialty auction
4 on that idea, that configuration of characters."

5 MR. KENNEDY: So in Texas --

6 MAJORITY CHAIRMAN HENNESSEY: How do you
7 handle that?

8 MR. KENNEDY: -- the Department of Motor
9 Vehicle does a purch program. So after a registration
10 expires and the plate registration ownership expires,
11 there's a time period where it sits in kind of cold storage
12 for several months and then that becomes back available.
13 And as part of our partnership with the DMV, we get that
14 list of purged plate messages every time, every month that
15 it comes out. And it's often 7- or 8,000 plates long, and
16 we scroll through them one at a time, and we find ones that
17 say "12th Man" and say, "That's probably a good auction
18 plate."

19 And then we put in a reservation record
20 through the DMV system, which is another little integration
21 piece we have. And we are able to auction -- we are
22 actually able to reserve it under an auction code so that
23 if and when it does get auctioned later down the road, it
24 actually picks up the transferability functionalities that
25 Steve was mentioning as well.

1 So we work with the department to find the
2 higher value plate messages.

3 But, you know, it's interesting. You never
4 know. We have put things out on auction -- we usually have
5 a couple of auctions a year. Sometimes you'll have a plate
6 message that everybody in our room is convinced is going to
7 go for big money and then folks just didn't bid on it. So
8 you just -- you don't -- you know, it's not guaranteed
9 science. But we felt good about the 12th Man and that one
10 did perform very well.

11 MAJORITY CHAIRMAN HENNESSEY: Okay. Thank
12 you for your information and your testimony.

13 I don't know what's happening with my voice
14 here.

15 Steve, Sean, thanks.

16 And we'll now move on to our next
17 testifier --

18 MR. FARRAR: Thank you, all.

19 MR. KENNEDY: Thank you.

20 MAJORITY CHAIRMAN HENNESSEY: -- from
21 PennDOT, Kurt Myers, the deputy secretary of driver and
22 vehicle services, and a familiar face before the committee.

23 Welcome. Anytime you're ready, Kurt.

24 DEPUTY SECRETARY MYERS: Chairman Hennessey
25 and Chairman Carroll, and members of the committee, thank

1 you for the opportunity to be here today and speak to you
2 about this license plate proposal.

3 And I do want to say that I certainly
4 appreciate Representative Lawrence and his consideration of
5 ways that fees can be generated for the Motor Vehicle Fund.
6 And so this is one potential way that that could happen.
7 So thank you for your interest in doing that in support of
8 the Motor License Fund.

9 I'll present my testimony as presented. I
10 do want to highlight a few points here. And going through
11 it, one of the things that I do want to note, and I think
12 this is extremely important -- and I know Bob Krol will be
13 speaking here -- Major Krol -- after my presentation. And
14 that is, that the department, along with this body, over
15 the last two decades has worked very closely together to
16 ensure that we transfer or transition all of our license
17 plates to what PennDOT has dubbed the "family of plates."
18 And that is essentially keeping the standard color scheme
19 while reserving the 3-by-3 part of the left side of the
20 plate for the purposes of organizations, military plates of
21 which this legislature has passed a number of plates over
22 the years, as well as special organizational plates as
23 well. And in fact, the earlier plates -- it was mentioned
24 earlier about the owl plate, also the Niagara plate.

25 I will say, Representative Lawrence, a

1 former secretary of transportation said to me one day about
2 the Niagara plate, "Good art, lousy plate." And so, it was
3 clearly one that, from a design standpoint, didn't meet the
4 standards that we needed. But those plates were slowly
5 transitioning out.

6 Correctional industries is our supplier.
7 Now plates -- especially when it comes to special
8 organization plates -- are made in the just-in-time basis.
9 It used to be that we would buy rolls of overlay. And on
10 those full canvas plates, like the railroad plate, like the
11 otter plate, we would buy those in rolls of 20,000. So we
12 were committed to 20,000 plates when we bought this.

13 So as they run out, the -- and the owl plate
14 was replaced by the otter plate. Since then, the otter
15 plate, we have run out of that sheeting, and now we are
16 going to the standard colors with the information on the
17 3-by-3 area.

18 And in fact, the only full canvas plate that
19 we have remaining, to the best of my knowledge, is the
20 railroad plate. And all the other plates have been
21 transitioned over.

22 When I talk about us working together with
23 the legislature, you have passed numerous plate bills over
24 the last 20 years. And those plate bills have allowed the
25 department to maintain the integrity of that process by

1 keeping those colors on all of the plates the same. Now we
2 do that in support of law enforcement.

3 It's no great secret that if you look at
4 some other jurisdictions -- Florida being one -- it is
5 very, very difficult for law enforcement to look at a plate
6 and know that it's a Florida plate. Especially if somebody
7 has a protector around the plate itself which may block out
8 the state name. It's very, very difficult because Florida
9 has so many different types of license plates.

10 And when you think about that, when it's a
11 matter of roadside enforcement or it's somebody who has
12 committed a hit-and-run or a crime, I think we all want the
13 ability of law enforcement, or the average citizen for that
14 matter, to be able to identify that plate. At least to
15 start by saying, "It's definitely a Pennsylvania plate."
16 And today you can do that. And I will tell you many other
17 states have followed our lead with our concept of a family
18 of plates, and so -- and we're very proud of that.

19 I think the department has shown that it has
20 an interest in change. We are always looking for ways to
21 improve processes and enhance processes. I know there was
22 some discussion about the quality of sheeting on the plates
23 themselves. The fact of the matter is that I know of no
24 vendor who supplies sheeting that guarantees a warranty
25 beyond five or six years.

1 If you see a plate with a D, an E, an F, or
2 a Y on it, that plate is over 20 years old. We started
3 issuing those plates in 1999, and we're in the process of
4 replacing them, and so that is a process. It's expensive,
5 but it is a process to replace those. But those plates
6 were never guaranteed as a warranty to last for 20 years.
7 All right?

8 Now, does it happen that, you know, you can
9 get a bad plate? And the answer to that is "yes," it can
10 happen. But most of the plates that we see that are
11 peeling or that we have a problem with from that respect
12 isn't, per se, a problem other than age. They are simply
13 older plates that have been around for a lot of years.

14 And keeping in mind while Pennsylvania's
15 weather is a little different than Texas'. You know, we
16 have a lot more salt on the road, winter weather, colder
17 weather, things of that nature. And, obviously, just as it
18 tears up our roads with the salt, it also tears up the
19 license plates. And so that is a problem in and of itself,
20 and, you know, a natural standpoint, we really don't have
21 much control over.

22 So I would say to you that in addition to
23 that, we have a very good working relationship with
24 Correctional Industries. We've been using them as long as
25 anyone can remember.

1 They have been a very good partner, and we
2 have worked very well with them. We have a very robust
3 system on our internet for you to be able to check vanity
4 plates. And I think it's important to understand that --
5 well, I'm not a salesperson. I can talk to you about
6 perspective and the results of our existing program.

7 Now, I know it was mentioned about the fact
8 that Texas has -- and I think they were using population --
9 but there are 26 million vehicles in Texas, registered
10 vehicles; 12 million in Pennsylvania. Okay? If they're
11 generating \$10 million a year, that's about 46 percent,
12 which takes you down to 4.6 million. Our current program
13 generates 1.6 million, now you're down to 3 million.

14 We've looked at the system costs associated
15 with this legislation, and we estimate that it will take
16 three years to implement because it hits against every
17 single motor vehicle system we have. And I learned earlier
18 today, from the earlier testimony, that there's apparently
19 an interface with Correctional Industries, which I don't
20 believe has been looked at. So that three-year period to
21 be able to implement, and the estimated costs from the
22 Office of Administration IT of \$10 million. So your
23 payback, assuming all things being equal, would be at least
24 into the fourth year once you deploy, or seven years from
25 now.

1 Now, I'm all for change. And if there are
2 ways to do things differently, I think we're in an
3 opportunity that we could do that. Do we need a middle
4 person to do that? I don't know. But certainly, from the
5 standpoint of auctions, certainly from the standpoint of
6 production of license plates, those types of things, we
7 certainly are in a position to be able to do that. We
8 would need legislation to be able to do that.

9 In short, and in closing, if you read this
10 legislation, there is a lot of control taken away from the
11 department from the standpoint of the Motor License Fund.
12 And when it was talked about that this -- I heard a couple
13 of times, "no cost, no charge, everything is perfect." The
14 reality is, when you read the legislation, all that money
15 is being generated and coming out of -- as I understand the
16 legislation as written -- from, not only the fees that are
17 being changed for the plates, but also through registration
18 fees, a percentage of registration fees coming out of that.
19 Now, if that is -- my interpretation is correct, obviously
20 that's a concern and it's something, I think, needs to be
21 looked at closely.

22 And again, I'm not opposed to change. I
23 don't think anybody in the department is opposed to change.
24 But we need to be sure, especially as it relates to those
25 in the Correctional Industries -- and this is extremely

1 important and I know that Correctional Industries has sent
2 a letter in reference to this -- they are funded by the
3 General Fund. They are funded by their sales. And their
4 sales, their primary sales are license plates. So we need
5 to ensure that not only is the integrity of that financial
6 arrangement maintained, but also that, keeping in mind that
7 these individuals are learning to operate machinery, heavy
8 machinery. In many cases, they are learning about design
9 work, things of that nature. These are all transferable
10 trades, as returning citizens, when they come back into the
11 general population that they're able then to utilize and
12 build upon for the purposes of jobs.

13 So for those reasons, I respectfully submit
14 to the committee that PennDOT would oppose this
15 legislation. We think there are potentials, but we think
16 there are other solutions to be able to address.

17 Thank you.

18 MAJORITY CHAIRMAN HENNESSEY: Well, thank
19 you, Kurt. I appreciate your candor there.

20 I have a question. And I didn't get it all
21 written down -- I think you said at some point, this
22 proposal or the My Plates proposal, would hit against every
23 system that's currently in place.

24 What do you mean by "hitting against the
25 system"?

1 know you sat through the beginning of this hearing, Kurt.
2 So let's start with embossing of plates. It is -- is it
3 necessary to have plates embossed? What are the pros and
4 cons of embossing versus not embossing?

5 DEPUTY SECRETARY MYERS: Pros and cons are
6 really from the standpoint of the flat plate technology,
7 which obviously doesn't include embossing. Some states do
8 use it. I'll let Bob -- Major Krol speak to the law
9 enforcement aspect of it. I believe law enforcement
10 prefers embossed plates. But here, again, I defer to him
11 in reference to that.

12 I think it was mentioned earlier that
13 embossing a plate -- obviously, if you're putting the
14 reflective sheeting over the aluminum and then embossing
15 it, it potentially can create issues related to the
16 sheeting covering. That is relatively few and far between,
17 but it does add another aspect to it. Here, again,
18 Correctional Industries is the authority on the production
19 part of it. Historically speaking, we have always had
20 embossed plates.

21 I'm not sure -- you know, it's a question
22 I'm not sure I've ever been asked before, whether or not
23 there's any desire to have flat plate technology. Again,
24 some other states do have it. There are some pros and cons
25 production-wise.

1 You can -- you know, the one pro with flat
2 plate technology is that you can produce the plates quicker
3 because it takes a step out of the process. But some --
4 and I've heard from other law enforcement that they're
5 easier to counterfeit because it is flat plate technology
6 as opposed to embossing them.

7 Again, I defer to Correctional Industries
8 there as well as to Major Krol for any response specific to
9 that.

10 DEMOCRATIC CHAIRMAN CARROLL: Okay.

11 And then an observation, and that is that I
12 accept that the D-series plates and F-series plates are
13 old. I can tell you, Kurt, there are L-series plates and
14 J-series plates that are not old, and they are failing.
15 And it is more than just an anecdotal one here or there. I
16 have those folks come into my office and fill out the form
17 for a reissuance. I see them when I'm on the road. I'm
18 not sure what has changed because we've been using
19 reflective sheeting for a long time with embossed plates.
20 And for some reason unknown to me, the -- either we're
21 getting it wrong at the prison, or there's some defect with
22 respect to the reflective sheeting, but something is not
23 right.

24 And so I won't ask you to respond, unless
25 you -- feel free -- unless you desire to. But we have a

1 problem when it comes to some of these new series plates
2 that are failing. They just shouldn't be -- you know, bare
3 patches or wild big expanses of aluminum with the
4 reflective sheeting gone. It is actually happening.
5 The -- Representative Mizgorski's observation is right.

6 I'm not sure if you're accepting of the
7 observation. But if you're not, I'd ask you to take a
8 second look because there is a problem with this.

9 DEPUTY SECRETARY MYERS: Thank you, Mr.
10 Chairman.

11 There's no question about the fact that
12 plates fail from the standpoint of the sheeting. There's
13 no question about that. The process is one in which the
14 aluminum is -- and the sheeting is placed on the aluminum
15 and then the plate is embossed. You know, can there be
16 issues associated with that? There is quality control at
17 Correctional Industries. There's certainly quality control
18 on the part of the sheeting manufacturer who supplies the
19 sheeting to Correctional Industries.

20 If there is a series of plates -- you know,
21 I'm happy to look into that, you know, further. And from
22 the standpoint of -- if there are plates that -- you know,
23 in this particular series, we go by, obviously, the three
24 letters and then the numbers. And each one of those --

25 So if you have, for example -- I think you

1 mentioned L. If you have LLL as an example and then the
2 numbering system, that creates 10,000 plates. So it is
3 possible that maybe in a production of a particular plate
4 in that series that somehow or another that there were
5 deficiencies in how it was produced. I'm happy to look
6 into that further.

7 Obviously, we don't want plates that are not
8 acceptable to our customers. And when we are made aware of
9 it -- and this is reactive and I understand that, we do
10 replace them. But, yes, I agree with you. Proactively, we
11 do not want plates out there that are going to peel. And
12 again, as I said, I think the warranty is somewhere between
13 five and six years.

14 DEMOCRATIC CHAIRMAN CARROLL: And my
15 suspicion is that the average vehicle owner doesn't feel
16 it's their problem. Their attitude is likely -- we paid
17 for this plate, PennDOT gave us this plate. If the plate
18 fails, that's on PennDOT, not on the vehicle owner. And I
19 understand there's a responsibility from the vehicle owner,
20 but most of them don't see it that way.

21 DEPUTY SECRETARY MYERS: Right. And we do
22 replace those plates for free.

23 DEMOCRATIC CHAIRMAN CARROLL: I know. But
24 the average person isn't going to take the time necessary
25 to go fill out -- hunt down the right form -- and by the

1 way, they have to go to a law enforcement office to sign
2 it, to say it's not legible. There are steps there.

3 DEPUTY SECRETARY MYERS: Right.

4 DEMOCRATIC CHAIRMAN CARROLL: The hassle
5 factor ratchets up pretty quickly for the vehicle owner.

6 So what I would say is that something is not
7 working here. And I just don't know if it's the
8 application process at the prison or the reflective
9 sheeting or something else is going on. But we've done
10 reflective sheeting for a long time, and I don't remember
11 this being a problem until now. And again, it's not every
12 single plate, but more than it should be.

13 DEPUTY SECRETARY MYERS: Okay.

14 MAJORITY CHAIRMAN HENNESSEY: Representative
15 Mizgorski.

16 REPRESENTATIVE MIZGORSKI: Well, thank you.

17 Well, Representative Carroll covered much of
18 what I was going to say. I was going to bring up the
19 peeling again, and note that my husband's plate had an
20 "HRS" on it, the one that peeled completely and had to be
21 replaced.

22 The other thing is I think that a lot of
23 drivers just aren't aware that they can even get another
24 plate and that there is a process to go through with that.

25 I have actually thought about having a

1 legislative event where people could come in and have a
2 police officer there to sign off on them being able to get
3 a new plate. So there also needs to be some kind of
4 education.

5 I would have never envisioned that a plate
6 is only supposed to last five or six years. I don't think
7 anybody would imagine that it would be that. And you would
8 think with today's technology, there would be some kind of
9 updated product or process that we could use.

10 Thank you.

11 DEPUTY SECRETARY MYERS: Thank you,
12 Representative.

13 Yeah, the warranty is five or six years.
14 Many plates last much longer than that, but that's the
15 warranty that the company offers. And again, I apologize,
16 I forget whether it's five or six years.

17 The other program that does exist as part of
18 the safety inspection program -- and just to make the
19 members aware of this -- and that is that a mechanic
20 inspecting your vehicle may also determine that the license
21 plate is illegible, and they can also sign the form on a
22 document that they give to the customer that can be sent in
23 to get a free replacement plate.

24 REPRESENTATIVE MIZGORSKI: Okay. That's
25 good to know.

1 Thank you.

2 MAJORITY CHAIRMAN HENNESSEY: Thank you.

3 Representative Lawrence.

4 REPRESENTATIVE LAWRENCE: Thank you, Mr.
5 Chairman.

6 And, Kurt, I appreciate you being here
7 today. Thank you.

8 I like embossed plates. I don't know that
9 it's the biggest deal to make them one way or the other.
10 Personally, I like them.

11 So I guess I want to get back to kind of
12 generally the idea behind the legislation. You know, the
13 family of plates policy is certainly within PennDOT's
14 discretion. I don't know if we ever had a legislative vote
15 on it, but it's certainly within PennDOT's discretion. We
16 had the yellow plates with blue letters and we had the blue
17 with yellow, and it was the policy of PennDOT to switch
18 designs every 10 years and replace all the plates. That
19 got expensive and so that's moved to the family of plates.

20 You know -- and I want to be clear, you
21 know, at the end of the day, the purpose for license plates
22 is vehicle registration and identification. But, you know,
23 I don't know how much money was raised for the Philadelphia
24 Zoo with that zoo plate, but I saw a lot of them driving
25 around. And you can still get the tiger plate. There's

1 now a little tiny picture of a tiger on it.

2 How many of those new little, tiny picture
3 of a tiger plates has PennDOT sold?

4 DEPUTY SECRETARY MYERS: I don't have the
5 specific number, but I'll be happy to get that for you.

6 REPRESENTATIVE LAWRENCE: I would appreciate
7 if you did, because my guess is that it's one percent of
8 the bold, full-issue plate. It's just not nearly as
9 attractive to the potential buyer. I think -- would you
10 agree with me?

11 DEPUTY SECRETARY MYERS: Well, for
12 perspective, I think what's important to note is that the
13 owl plate -- which was originally issued, I believe, in
14 1993 -- was the only plate of its kind. And in fact, I
15 believe it was a legislative plate, obviously. And I think
16 it was one of the first full canvas plates that was
17 designed like that. I'm not sure there were many other
18 jurisdictions that had a plate like that.

19 And what was particularly unique about that
20 was, because it was so different, its sales were
21 significant. The number of people who bought the plate,
22 simply, I think, in many cases because it was different
23 than the standard-issue plate, was significant.

24 Of course, over the years, there were
25 additional plates, specific organizational plates, that

1 were added. The pie is only so big. And so as you divvy
2 it up, there are less and less people who then -- to spread
3 out amongst all of this.

4 So one of the things that we saw over the
5 years, when we added the otter plate which took the place
6 of the owl plate, but then, obviously, the zoo plate, the
7 railroad plate, and others, is that we saw the sales begin
8 to drop off for all the plates.

9 The representative noted how many plates we
10 have. We have, I think, if I remember the number
11 correctly, 393 organizational plates today.

12 REPRESENTATIVE LAWRENCE: I think that's
13 good to speak to. The law that created the current system
14 in Pennsylvania -- frankly, I'd love to change it, I don't
15 know if we ever could. But, I mean, you know, every fire
16 company -- and with all respect to fire companies -- but
17 every fire company in Pennsylvania can get one of these
18 plates now. So there may be three people who are applying
19 for something. It's a huge burden on PennDOT. And I don't
20 know if there's ever going to be an opportunity, frankly,
21 to revisit that.

22 But getting back to the underlying bill that
23 we're talking about here, I don't know that I want to go
24 down the road of having 50,000 different Pennsylvania
25 license plates. Just coming back to something like this

1 (indicating), where you would pay an extra fee to get it
2 and we could auction off attractive vanity combinations,
3 move up to -- maybe move up to eight digit, eight
4 alphanumeric, from seven, for the purposes of this program.

5 I guess I'm curious what PennDOT's take on
6 that would be. Maybe not for the whole smorgasbord, but
7 you know, some of the issues you identified -- you know, we
8 don't want to have 5,000 license plates, all right, well,
9 I'm talking about one, right? And I think it would be a
10 significant revenue raiser. I mean, there's been some
11 conversation today where -- I mean, we're talking about
12 millions of dollars for basically doing not a whole lot,
13 that people would -- nobody has to do this. Everybody in
14 this room knows the Motor License Fund can use every nickel
15 it can get.

16 I guess I'm curious for your take on that.

17 DEPUTY SECRETARY MYERS: Well, I think,
18 first, if a plate is legislated by this body, we certainly
19 can produce a plate. We can't produce a plate like that
20 without some legislation, I believe -- if it was to a
21 specific organization or something of that nature.

22 REPRESENTATIVE LAWRENCE: Yeah, this is
23 not -- I mean, to be clear, this is not an organizational
24 plate (indicating), right? It's just a state plate. The
25 money is not going to conserve natural resources or the

1 Railroad Museum; it's going to your agency.

2 DEPUTY SECRETARY MYERS: Right. But
3 design-wise, could Correctional Industries design a plate
4 like that? Absolutely. Could they do that today? The
5 answer to that is yes, they could.

6 You know, as to an auction, I'm certain that
7 there is some mechanism within the Commonwealth that exists
8 today for some type of auction to occur. I don't know the
9 specifics of that, that would be more of a question for the
10 Department of General Services.

11 But, you know, these things -- the
12 capabilities are there to be able to do them. The
13 Correctional Industries, as I said, has -- you know, they
14 design the plates today, and so they're capable of being
15 able to do that.

16 REPRESENTATIVE LAWRENCE: The last comment I
17 might make -- you know, you referenced \$10 million IT
18 build-out for this. And I'm not -- obviously, you would
19 know better than me.

20 I will just generally push back that every
21 time, we've done anything in this committee in the last, in
22 the time that I've been on it, which has been a couple
23 terms now. I mean, the veterans' designation on a driver's
24 license, some of the things that we've done with
25 registrations -- you know, two-year registration. I mean,

1 I don't want to say we heard the sky was going to fall each
2 time, but we did, right? You know, this is going to be an
3 IT nightmare for PennDOT. And, you know, when I go out and
4 look, well, I can get a veterans' designation on my
5 driver's license and I can do two-year registration and,
6 you know, I don't think the world has come to a crashing
7 halt.

8 So I'm not saying there wouldn't be some
9 sort of cost for PennDOT to implement something like this,
10 I'm sure there would be. But that \$10 million number
11 strikes me as probably not -- probably very, very much on
12 the high side, just to be candid.

13 DEPUTY SECRETARY MYERS: Representative, I
14 understand your concerns. The VR system, the vehicle
15 registration system, was built in 1985. And it is the
16 system we're currently replacing now. And it has been very
17 limiting in what we've been able to do as far as change is
18 concerned, more so in cost and time to do it. Not that we
19 can't do it.

20 As you point out, we've done the veteran --
21 and, of course, it's a different system for the driver's
22 licensing -- but the veteran indicator and some of the
23 things, the changes, that we've made within the vehicle
24 system as far as donations and things of that nature.

25 We can do it. It's just that the system is

1 so old and hardcoded in a language, quite frankly, that we
2 have very few technicians anymore that can even work on it.
3 That's been the inhibitor, if you will. So it takes more
4 time and it's more costly to be able to do it.

5 And as I noted, we are building a new system
6 that, hopefully, once it's fully deployed will eliminate
7 many of these concerns that I've heard, not only from you,
8 but also from other members of this committee as well as
9 other representatives about the time and the cost.

10 REPRESENTATIVE LAWRENCE: I appreciate that.

11 And I guess what I would say here is I
12 really would like to work with you on this to come up with
13 something that is agreeable for PennDOT. I'm not looking
14 to make your life harder.

15 I think it's a great idea. And again, it is
16 a revenue raiser, so to the extent that we can come up with
17 something that works for you and works in general, I'd
18 really appreciate the opportunity to work with you.

19 DEPUTY SECRETARY MYERS: And we're always --
20 the Department is always happy to have those discussions
21 and would look forward to them.

22 REPRESENTATIVE LAWRENCE: Very good.

23 Thank you, Mr. Chairman.

24 MAJORITY CHAIRMAN HENNESSEY: Kurt, I have
25 one quick question. Is PennDOT contractually obligated to

1 Correctional Industries for any kind of a long-term
2 contract?

3 DEPUTY SECRETARY MYERS: I don't believe so.
4 I'm not aware of an agreement, if you will. There may be
5 an MOU. Again, they've been making license plates, I think
6 since from the 20s.

7 MAJORITY CHAIRMAN HENNESSEY: I was just
8 thinking, there wouldn't seem to be any legal obstruction
9 to move to a different type, a different vendor in terms of
10 the place, a different manufacturer?

11 DEPUTY SECRETARY MYERS: Not that I'm aware
12 of, Mr. Chairman.

13 MAJORITY CHAIRMAN HENNESSEY: I'm going to
14 move on to Major Krol.

15 DEMOCRATIC CHAIRMAN CARROLL: One quick
16 question.

17 Kurt, when do you expect that the new system
18 will be online? Best guess.

19 DEPUTY SECRETARY MYERS: The Office of
20 Administration's IT office has told us that it will be
21 late '22.

22 DEMOCRATIC CHAIRMAN CARROLL: Okay. Thanks.

23 MAJORITY CHAIRMAN HENNESSEY: Thank you,
24 Kurt. Thanks for your testimony.

25 DEPUTY SECRETARY MYERS: Thank you.

1 MAJORITY CHAIRMAN HENNESSEY: Our next
2 testifier, and last scheduled testifier is Major Robert
3 Krol, the director of the Bureau of Patrol for the
4 Pennsylvania State Police.

5 Nice to see you again, Major. Good morning.

6 MAJOR KROL: Good morning, Chairman
7 Hennessey, Chairman Carroll, and members of the committee.

8 I am Major Robert Krol, director of the
9 Pennsylvania State Police Bureau of Patrol. Thank you for
10 the opportunity to appear before you today to provide
11 information pertaining to the proposed changes to
12 Pennsylvania's registration plates that would allow for the
13 creation and issuance of vendor design specificity
14 registrations.

15 Registration plates are issued to motor
16 vehicles to allow for identification of the vehicle. This
17 is their primary reason. For this reason, there is a need
18 for the plate to be consistent in its design while having
19 clearly displayed numbers and letters, contrasting
20 background, that easily allows for identification of the
21 plate number and the state of issuance. This is especially
22 important for rapid identification of a vehicle by law
23 enforcement as well as victims, witnesses of criminal
24 activity involving a motor vehicle.

25 Further, registration plate identification

1 is critical to carrying out traffic enforcement using the
2 automated enforcements systems authorized by the
3 Pennsylvania Vehicle Code. Each of these systems,
4 automated traffic signal -- red light enforcement,
5 automated work zone speed enforcement, and automated school
6 bus stop-arm enforcement rely on images or video of the
7 offending vehicle and its registration plate in order for
8 an enforcement action to be initiated.

9 Lastly, registration plate identification is
10 also important to the Pennsylvania Turnpike Commission
11 which relies on plate identification for PTC's
12 toll-by-plate model for those motorists who do not have an
13 E-ZPass transponder or in the event that an E-ZPass
14 transponder is inoperable.

15 To ensure Pennsylvania registration plates
16 meet this criteria, the PSP and PennDOT have partnered
17 together to support a single design of registration plate
18 that is uniform in its appearance which allows for plates
19 supporting special organizations and personalized plate
20 numbers. Registration plates meeting the uniform, quote,
21 "family of plates" design allows for instant identification
22 of a Pennsylvania registration plate from the vast array of
23 plate designs from other states.

24 The state identification is a key piece of
25 information necessary for running the registration to

1 identify the registered owner. Knowing the state of
2 issuance is even more critical when the crime, victim, or
3 witness is only able to obtain a partial registration
4 number, as having the state information drastically narrows
5 the search parameters needed and greatly speeds up the
6 process of trying to identify the vehicle and its
7 registered owner.

8 Many cases, folks, time is of the essence in
9 identifying a vehicle, a child abduction, hit-and-run
10 vehicle crash. We lose vital evidence, we lose critical
11 time if we can't identify that plate or the witness can't
12 give us as much information as possible. So it's very
13 important to us in law enforcement to make sure that we
14 identify that.

15 In review of the process -- or excuse me, in
16 review of the proposed legislation to allow vendor design
17 registration plates, it is clear that the design of plates
18 would be wholly different in their appearance from the
19 family of other standard registration plates issued by
20 PennDOT. This will present problems for those who must
21 quickly identify the plate, for example, law enforcement,
22 victims and witnesses of crimes, et cetera.

23 PSP has historically opposed legislation
24 which makes available outlier Pennsylvania registration
25 plates deviate in their appearance from the current family

1 of registration plates issued by PennDOT. We remain
2 consistent with the past practice and would then,
3 therefore, oppose this draft legislation.

4 Once again, I would like to thank the
5 committee for inviting PSP to speak here on this matter.
6 I'll now be happy to take any questions that you may have,
7 and thank you for your time.

8 MAJORITY CHAIRMAN HENNESSEY: Thank you,
9 Major, for your testimony.

10 Yeah, I have -- plate surrounds, what I call
11 plate surrounds or plate frames, often, you know, the
12 company that's issuing them or giving them out designs them
13 so they obscure or partially obscure the word
14 "Pennsylvania" across the top of the plate.

15 MAJOR KROL: Yes.

16 MAJORITY CHAIRMAN HENNESSEY: And another
17 pet peeve, doesn't necessarily involve the legislation, or
18 draft legislation we're talking about, is the idea of
19 covering your plate with plastic or some sort of glass,
20 which makes -- seems to me -- makes it much harder to read.
21 And I'd like your view as a police officer in terms of what
22 kind of problems does that give police?

23 And it seems to me we ought to be policing,
24 or enforcing the prohibition more frequently. But you guys
25 have other things to do then pull a driver over and just

1 say, that, you know, you shouldn't have that plate surround
2 on your, covering part of the license plate.

3 MAJOR KROL: Yes, that is a conundrum for
4 us, Chairman.

5 The legislation, or excuse me, the statute
6 in the Vehicle Code currently prohibits covering up any
7 part of the state identification on a registration plate
8 under Section 1332 of the Vehicle Code. As a matter of
9 fact, if you cover up that portion even with something that
10 a dealership might issue or put on the registration plate,
11 if the state is covered up, then it's a \$100 penalty under
12 the Vehicle Code for that.

13 There are a lot of them out there, just like
14 a lot of other violations that we see on the highways. We
15 take them like you eat an elephant, sir, one at a time.
16 One bite at a time, each one that we stop, whether we stop
17 the motorist for a plate that's covered with a real
18 dark-tinted registration plate cover, like we see, that may
19 get a motorist stopped just based on that alone. Other
20 times, some other lesser obscurity might get addressed on a
21 traffic stop for some other traffic infraction when we
22 interact with the motorist.

23 But we do address those. It's critical to
24 the identification, like you say, for a lot of different
25 purposes, both Vehicle Code and Crimes Code reasons. It's

1 also critical with our new enforcement systems and the
2 Pennsylvania Turnpike's tolling system, so we do address
3 those as a police agency.

4 MAJORITY CHAIRMAN HENNESSEY: And how do you
5 do that? Do you stop me and say, "You know, this plate
6 surround is illegal because it covers the information about
7 Pennsylvania?" You get 10 days to get rid of it or saw it
8 off or do something so that, you know, you're not in
9 violation of the law? Do you give warnings? How do police
10 troopers -- how do police handle it?

11 MAJOR KROL: It would result -- because it
12 is a traffic infraction of the Motor Vehicle Code, it would
13 result in either a warning or a citation at the discretion
14 of the officer. Like I say, if they issue a citation, the
15 fine would be \$100 plus the court costs and fees. If they
16 issue a warning, then they usually give them five days to
17 produce proof that they have fixed or corrected the
18 violation similar to if you had a burnt-out headlight, that
19 type.

20 MAJORITY CHAIRMAN HENNESSEY: Okay. Thank
21 you for that information.

22 Mike, you have a question?

23 DEMOCRATIC CHAIRMAN CARROLL: So, Major, I
24 know you sat through the whole thing. The embossed
25 question, is it helpful to law enforcement, state troopers

1 to have an embossed plate versus a flat plate?

2 MAJOR KROL: Yes, for a couple of reasons.
3 The embossed plate gives you the ability at an angle view
4 to see the plate better and the characters and letters and
5 numbers on the plate better because of that raised feature.
6 Especially when photography equipment and the automated
7 work zone speed camera system is used, that image with the
8 reflectivity of the plate and the fact that the embossed
9 letters are there, the plate shows up clearer in the
10 photography.

11 DEMOCRATIC CHAIRMAN CARROLL: Okay, thanks.
12 That's helpful.

13 And I would just observe -- and I know
14 you're aware of this -- the Turnpike lost over \$100 million
15 with respect to toll evaders. And it seems to me that
16 there are folks out there that are internally covering
17 their plates with these, you know, smoky or tinted
18 coverings.

19 With one of the objectives being to evade
20 toll-by-plate -- and I accept as fact that the state
21 troopers and our law enforcement folks across the state
22 have a zillion things to do, but I hope that the state
23 police and law enforcement generally would take a more
24 aggressive approach when it comes to pulling folks over
25 that have those sort of covers over their plates.

1 And I know the Chairman, you know, talked
2 about the framing around the license plate and it probably
3 doesn't exercise me as much as it does him, but the folks
4 that have taken an affirmative step to cover the plate with
5 something, I would ask that the state police -- and I'll,
6 of course, share with the FOP as well -- that we should, as
7 a community and a Commonwealth, take a more aggressive
8 approach to folks who take that step.

9 I'm not sure why somebody feels the need to
10 cover their plate with a tinted covering of some sort. I'd
11 like to know. I hope it's not just to evade the toll, but
12 I have a feeling that some of them do that. I think some
13 of them are marketed for that sole reason.

14 So I guess I would ask you, Major, that if
15 you could just share with your colleagues at the state
16 police that, you know, a more aggressive approach, even if
17 somebody is not speeding or run a stop sign or your
18 run-of-the-mill vehicle violation, if a trooper observes a
19 vehicle with those coverings on the plate that we pull them
20 over and just to -- even if we do just a little bit of
21 message sending across this state, \$100 million is a lot of
22 money. And, you know, with the expansion of the, you know,
23 red-light cameras and the speed enforcement cameras in work
24 zones and the school bus, you know, we're clearly heading
25 in a direction where there's going to be more of that, not

1 less.

2 And so I'll stop with the monologue, and I
3 think you got the message. A more aggressive approach to
4 people that are covering their plate, I think, is something
5 that is advanced by law enforcement generally.

6 MAJOR KROL: Yes, sir.

7 And when -- to be clear, when the plate is
8 completely covered by a smoke cover, you know, in an
9 attempt to conceal essentially -- whether or not that's the
10 person's intent I suppose is arguable -- when it conceals
11 the identity of the plate no differently than if it's
12 obscured and covered with mud or asphalt, you know, for
13 somebody driving a trailer that's, you know, leaking
14 asphalt out of it, we pull them over and address it based
15 solely on the registration plate issue, because again, we
16 do have all these systems that rely on identification of
17 the plate in addition to law enforcement and other people's
18 needs.

19 Thank you.

20 MAJORITY CHAIRMAN HENNESSEY: Thank you for
21 your testimony.

22 Excuse me, and maybe just a suggestion is
23 public service announcements occasionally on television
24 saying, "This is illegal." I mean, just because -- when my
25 son was driving the car the other day, I was taking

1 pictures of all the license plates that you couldn't read
2 even if you were upon them, because, you know, just such --
3 it is aggravating to me and it just seems to me that maybe
4 if we make people aware of that stuff, we'd see a lot of
5 those plates become uncovered, and therefore, much more
6 legible.

7 MAJOR KROL: Yes, sir.

8 And to that end, we have a public service
9 through our press office, we do a lot of Twitter, Facebook
10 advertisements on various things, using your turn signals
11 and when they're required to be used, you know, different
12 vehicle driving safety figures to help reduce crashes. We
13 can certainly incorporate this in, and I'll work with our
14 press office on that.

15 MAJORITY CHAIRMAN HENNESSEY: Okay. Thank
16 you.

17 MAJOR KROL: Thank you.

18 MAJORITY CHAIRMAN HENNESSEY: Seeing no
19 other -- oh, I'm sorry.

20 Oh, Rosemary, you do have a question. Go
21 ahead.

22 REPRESENTATIVE BROWN: Really quickly.
23 Thank you, Mr. Chairman.

24 And thank you, Major Krol, for being here
25 and for everything that you do as well.

1 Quick question and maybe just some clarity
2 on my end in regards to the embossed and the flat license
3 plate, and obviously, the inability to read the license
4 plate and the authority for you, as the state police, and
5 the public, I think for public safety, to be able to get
6 that number from the license plate. The scanning
7 technology that we have for the license plates -- you know,
8 when we got rid of the registration stickers and the
9 technology that's supposed to be used for scanning license
10 plates, doesn't that play a role somehow in this? Isn't
11 there a technology that we were using, the state police, at
12 some point, the plate scanners? And that -- there was a
13 lot of questions about --

14 MAJOR KROL: License plate readers?

15 REPRESENTATIVE BROWN: Yeah. So I guess
16 there was conversations, you know, a couple of years ago
17 regarding not all forces having the technology to be able
18 to scan these, right?

19 MAJOR KROL: No, ma'am.

20 REPRESENTATIVE BROWN: No?

21 MAJOR KROL: We do not.

22 REPRESENTATIVE BROWN: You do not have them?

23 MAJOR KROL: No. We have a limited number
24 of plate readers, I believe somewhere in the 10 to 12 range
25 in our auto theft unit for use in auto theft or in a

1 criminal investigation. But regular patrol officers do not
2 have that. They have to manually run the registration
3 plate number in our computer system.

4 REPRESENTATIVE BROWN: Okay. That's what I
5 just wanted to clarify, because I just remember this
6 conversation, and I just remember it going back and forth
7 with this technology. And as we talk about the embossed
8 and the flat, would that technology be something that, if
9 it was embossed or flat, that if you did have them, would
10 be able to make a difference?

11 MAJOR KROL: I don't know that it would.
12 Quite honestly, I can't speak to that.

13 REPRESENTATIVE BROWN: Okay.
14 I'm just trying to think through the fact
15 that we're talking about how important this piece of it
16 would be, that if you had that technology, would the flat,
17 you know, be able to be easily read by the technology and
18 then you wouldn't have the problem with the embossed piece
19 of it from angles or whatever else it may be.

20 MAJOR KROL: Right. Well, some of that is
21 the camera -- what I spoke to earlier was the camera
22 systems being used by automated plate enforcements, or
23 automated work zone speed enforcement systems, as well as
24 our other automated enforcement systems in the
25 Commonwealth.

1 And also, as far as counterfeiting, it's
2 much easier to counterfeit a flat plate than it would be an
3 embossed plate. Even to take colored electrical tape and
4 use it to match whatever color the registration plate
5 numbers are, to alter the numbers so that you can conceal
6 the identity of a vehicle fleeing from a crime scene.

7 REPRESENTATIVE BROWN: Okay. Thank you for
8 the clarity. I appreciate that.

9 MAJOR KROL: Yes, ma'am.

10 REPRESENTATIVE BROWN: Thank you, Mr.
11 Chairman.

12 MAJORITY CHAIRMAN HENNESSEY: You're
13 welcome.

14 Representative Lawrence, you had a question?
15 I thought you were off the hook, Major.

16 MAJOR KROL: That's all right, sir.

17 REPRESENTATIVE LAWRENCE: Thank you, Mr.
18 Chairman.

19 And thank you, Major Krol, for being here
20 and certainly, I'm sure everyone on the committee would
21 agree with me, thanking you for your service and the
22 difficult job that the police do every day.

23 Just very briefly -- and I certainly
24 appreciate your testimony very much, and I certainly don't
25 want to contradict anything that you said.

1 I do think there might be more than one way
2 to look at it. I mean, you mentioned a vehicle fleeing
3 from a crime scene. You know, if somebody said, you know,
4 "Well, it was a blue car with a Pennsylvania license
5 plate." You know, that narrows it down to blue cars. And
6 you know, if someone were to say, "Well, it was a blue car
7 with one of those tiger license plates," so that is a much
8 smaller subset of vehicles. You know, that the department
9 has a list of registrations for those, you know -- my
10 example -- the tiger license plate. So I guess what I
11 would say is that -- I would just put that out there first
12 of all.

13 Personally, I'm not looking necessarily to
14 go down the road of having a thousand different, you know,
15 cornucopia of license plates like, you know, Virginia or
16 Florida has done.

17 I come back to this design (indicating),
18 which actually is on the road today. We did a vintage
19 license plate bill a number of years ago. And there are a
20 number of these out on the roads. It's proven very popular
21 with folks.

22 In fact, a committee staffer earlier today
23 was telling me about how their spouse is taking advantage
24 of the program. And in this program, people actually buy
25 their own old license plates. It's pretty remarkable,

1 actually, that they have to pay PennDOT, I believe it's \$90
2 at this point, to display a license plate that they
3 themselves had to buy, and it's proven popular.

4 So I guess, all I'm asking for is that, kind
5 of as I'm working through this idea of could we come up
6 with a single plate design that has the State of
7 Pennsylvania on it and would be, you know, a potential
8 revenue raiser for the Commonwealth, perhaps significant
9 revenue raiser, for the Commonwealth just to have an open
10 line of communication with the state police as we're
11 working through it and to try to address any concerns
12 certainly that you have as we're moving along.

13 MAJOR KROL: Certainly, Representative.

14 And I think, you know, I think it's night
15 and day talking a single-plate design versus the concept
16 that we're looking at here with the bill and the plethora
17 of plates that I saw on the website that I was given, for
18 looking at the Texas model that's being used.

19 So certainly, I think there's a lot of room
20 for discussion there. And like Deputy Secretary Myers, the
21 state police would be happy to sit down with you and
22 discuss this.

23 REPRESENTATIVE LAWRENCE: I really
24 appreciate that. Thank you very much.

25 And thank you, Mr. Chairman.

1 MAJORITY CHAIRMAN HENNESSEY: Thank you,
2 John.

3 Major, again, thank you very much.

4 MAJOR KROL: Thank you, sir.

5 MAJORITY CHAIRMAN HENNESSEY: Seeing no
6 other questions, we are adjourned.

7 (The hearing concluded at 11:40 a.m.)

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

C E R T I F I C A T I O N

I hereby certify that the proceedings are contained fully and accurately in the notes taken by me on the within proceedings, and that this copy is a correct transcript of the same.

Summer A. Miller

Summer A. Miller, Court Reporter
Notary Public