

Attachment B

Specialized License Plate Program Background and Requirements

The California Department of Motor Vehicles (DMV) provided specifications for the application and the responsibilities of the state agency and DMV:

DMV Application Process

- The state agency will submit a letter of intent to DMV which contains a financial plan and a license plate prototype of a distinctive design (up to four colors) for approval. The financial plan will include specifically how the state agency plans to spend the license plate income to benefit the agency.
- After plate design approval by DMV and the California Highway Patrol, the DMV will authorize the plate prototype to be manufactured. The DMV will send the plate sample and approval letter to the state agency for plate design approval.
- The state agency will be responsible for the design and printing of the application brochure. Prior to print production, the state agency will submit a sample application brochure to DMV for approval.
- The state agency will collect and hold all applications. Security and confidentiality must be considered.
- The state agency will establish an account to deposit individual checks. The state agency must have a plan to allow for a full refund of all applicant monies in the case the program does not meet the 7,500 application minimum.
- The state agency will prepare monthly reports for submission to DMV indicating the number of applications collected to date by type (sequential/original environmental license plate [ELP]/ ELP conversion) fees collected to date by type (sequential/ELP/ ELP conversion) number of all applications and all fees to date.
- The state agency will submit to the DMV a minimum of 7,500 applications with one check, made payable to DMV, along with a summary of the monthly reports for audit purposes indicating:
 - Total number of applications by type (sequential/original ELP/ ELP conversion)
 - Total fees collected by type (sequential/ELP/ ELP conversion)
 - Total number of applications and fees.
- The state agency will submit an alphabetical listing of all applications submitted by type (sequential/ELP/ ELP conversion). It is highly recommended the state agency create an application data base consisting of the following:

- Name/address, type of application: sequential/ELP/ ELP conversion
- Dollar amount and check number.
- The DMV will review the original ELP applications and reserve those configurations available.
- The DMV will initiate the necessary programming for plate issuance.
- The DMV will process applications and issue plates to applicants approximately nine months from the date of receipt of the applications and fees. Thus, if it takes the full 24 months to meet the 7,500 application minimum, early applicants could wait almost three years to receive their initial license plates.

Funding Details

- The implementation cost to DMV for the specialized license plates is approximately \$375,000. The cost is recovered from the sale of the license plates. The first 7,500 applications @ \$50 per plate (for sequential) will generate sales revenues of \$375,000.
- Once the implementation cost has been met, a deduction will be taken for ongoing administrative costs from every original application thereafter. See attachment A.
- The remainder (the majority) of the monies from specialized plates with sequential configurations will be allocated to the Specialized License Plate Fund from every application thereafter. The remainder of the monies from specialized plates with personalized configurations will be allocated partly to the Specialized License Plate Fund and partly to the Environmental License Plate Fund. See Attachment D.

History of DMV Specialized License Plate Program

Since legislation was passed in 2007 allowing state agencies to apply for a specialized license plate, only three state agencies have been “successful” in their attempts to garner public support:

The Department of Veterans Affairs currently issues the Gold Star Family license plate to family members of those killed in the line of duty while in the armed forces. Special legislation exempted them from the 7,500 pre-sold applications.

OHMVR Division staff contacted California Department of Food and Agriculture (DFA) staff regarding that department’s recent completion of the specialized license plate application process. They had trouble obtaining the 7,500 applications and finally a private citizen stepped forward and provided funding for approximately 3,000 license plates (\$150,000) before the 24 month expiration of the application period. Staff indicated without that assistance, the DFA’s license plate program would have not have achieved the 7,500 minimum. Although the benefactor purchased the plates to qualify the program, 4H and FFA kids are now going door-to-door in the Central Valley trying to get people to buy the plates so DFA can reimburse the benefactor.

The California Pet Lover's License Plate to benefit spaying and neutering was recently granted a third year by special legislation to meet its 7,500 application requirement; it currently has 6,040 paid applications. This group has the support of the California Veterinary Medical Board, Petco, the Humane Society of the United States, ASPCA, Best Friends Animal Society, Pet Food Express, PETA, the Heigl Foundation, the Millan Foundation, and the Found Animals Foundation. DMV staff reported this group will probably meet the application requirement before the three years is up.

Two examples of highly visible and successful Special Interest License Plates include:

The Yosemite plate was established in 1993. The first year their fund received \$145,178. In 2011 the fund received \$838,718. Since the inception of their program they have received \$15,433,650.

The Lake Tahoe plate was established in 1996. The first year their fund received \$184,039. In 2011 the fund received \$1,122,877. Over the course of their program they have received \$12,768,115.

Relevant Excerpts from the California Vehicle Code

State Agency Definition

5151. (a) As used in this article, “state agency” means a state office, officer, department, division, bureau, board, or commission, or any other state body or agency.

(b) It is the intent of the Legislature that this article contain the authority for specialized license plates for state agencies.

Application

5152. A person described in Section 5101 may apply for a specialized license plate under this article, in lieu of regular license plates.

Design or Message

5154. Specialized license plates issued under this article shall have a design or contain a message that publicizes or promotes a state agency, or the official policy, mission, or work of a state agency.

Design Criteria

5155. The design criteria for a specialized license plate are as follows:

(a) The license plate for a passenger vehicle, commercial vehicle, or trailer shall provide a space not larger than two inches by three inches to the left of the numerical series and a space not larger than five-eighths of an inch in height below the numerical series for a distinctive design, decal, or descriptive message as authorized by this article. The license plates shall be issued in sequential numerical order or, pursuant to Section 5103, in a combination of numbers or letters.

(b) Specialized license plates authorized under this article may be issued for use on a motorcycle. That license plate shall contain a five-digit configuration issued in sequential numerical order or, pursuant to Section 5103, in a combination of numbers or letters. There shall be a space to the left of the numerical series for a distinctive design or decal and the characters shall contrast sharply with the uniform background color. A motorcycle plate containing a full plate graphic design is not authorized.

(c) Specialized license plates may be issued as environmental license plates, as defined in Section 5103.

Sponsorship and Issuance

5156. (a) (1) A state agency may apply to the department to sponsor a specialized license plate program, and the department shall issue specialized license plates for that program, if the agency complies with all of the requirements of this article.

(2) The department shall not issue specialized license plates to a state agency for a vehicle that is exempt from the payment of registration fees pursuant to Section 9101 or 9103.

(b) Except as provided in subdivision (d), the department shall not establish a specialized license plate program for an agency until the department has received not

less than 7,500 applications for that agency's specialized license plates. The agency shall collect and hold applications for the plates. Once the agency has received at least 7,500 applications, it shall submit the applications, along with the necessary fees, to the department. The department shall not issue a specialized license plate until the agency has received and submitted to the department not less than 7,500 applications for that particular specialized license plate within the time period prescribed in this section. Advance payment to the department by the agency representing the department's estimated or actual administrative costs associated with the issuance of a particular specialized license plate shall not constitute compliance with this requirement. The agency shall have 12 months, following the date of approval of the agency's initial application to sponsor a specialized license plate program, to receive the required number of applications. If, after that 12 months, 7,500 applications have not been received, the agency shall immediately do either of the following:

(1) Refund to all applicants all fees or deposits that have been collected.

(2) Contact the department to indicate the agency's intent to undertake collection of additional applications and fees or deposits for an additional period, not to exceed 12 months, in order to obtain the minimum 7,500 applications. If the agency elects to exercise the option under this subparagraph, it shall contact each applicant who has submitted an application with the appropriate fees or deposits to determine if the applicant wishes a refund of fees or deposits or requests the continuance of the holding of the application and fees or deposits until that time that the agency has received 7,500 applications. The agency shall refund the fees or deposits to an applicant so requesting. The agency shall not collect and hold applications for a period exceeding 24 months following the date of approval of the agency's initial application to sponsor a specialized license plate program.

(c) (1) If the number of outstanding and valid specialized license plates in a particular program, except as provided in subdivision (d), provided for in this article is less than 7,500, the department shall notify the sponsoring agency of that fact and shall inform the agency that if that number is less than 7,500 one year from the date of that notification, the department will no longer issue or replace those specialized license plates.

(2) Those particular specialized license plates that were issued prior to the discontinuation provided by paragraph (1) may continue to be used and attached to the vehicle for which they were issued and may be renewed, retained, or transferred pursuant to this code.

(d) ... [re: Dept. of Veteran's Affairs; omitted]

Fees and Specialized License Plate Fund

(a) In addition to the regular fees for an original registration or renewal of registration, the following additional fees shall be paid for the issuance, renewal, or transfer of the specialized license plates:

(1) For the original issuance of the plates, fifty dollars (\$50).

(2) For a renewal of registration with the plates, forty dollars (\$40).

(3) For transfer of the plates to another vehicle, fifteen dollars (\$15).

(4) For each substitute replacement plate, thirty-five dollars (\$35).

(5) In addition, for the issuance of environmental license plates, as defined in Section 5103, with a specialized license plate design, the additional fees prescribed in Sections 5106 and 5108. The additional fees prescribed in Sections 5106 and 5108 shall be deposited in the California Environmental License Plate Fund.

(b) ... [omitted as not relevant]

(c) Except as provided in paragraph (5) of subdivision (a), and after deducting its administrative costs under this section, the department shall deposit the additional revenue derived from the issuance, renewal, transfer, and substitution of the specialized license plates in the Specialized License Plate Fund, which is hereby established in the State Treasury. Upon appropriation by the Legislature, the moneys in that fund shall be allocated to each sponsoring agency, in proportion to the amount in the fund that is attributable to the agency's specialized license plate program.

Except as authorized under Section 5159, the sponsoring agency shall expend all funds received under this section exclusively for projects and programs that promote the state agency's official policy, mission, or work.

(d) (1) ... [omitted as not relevant]

Use of Non-renewed Plates

5158. When payment of renewal fees is not required as specified in Section 4000, or when a person determines to retain the specialized license plate upon a sale, trade, or other release of the vehicle upon which the plate has been displayed, the person shall notify the department and the person may retain and use the plate as authorized by departmental regulations.

Annual Expenditures and Accounting

5159. A state agency that is eligible to participate in a specialized license plate program pursuant to this article and receives funds from the additional fees collected from the sale of specialized plates shall not expend annually more than 25 percent of those funds on administrative costs, marketing, or other promotional activities associated with encouraging application for, or renewal of, the specialized plates.

5160. (a) A state agency authorized under this article to offer specialized license plates shall prepare and submit an annual accounting report to the department by June 30. The report shall include an accounting of all revenues and expenditures associated with the specialized license plate program.

(b) If a state agency submits a report pursuant to subdivision (a) indicating that the agency violated the expenditure restriction set forth in Section 5159, the department shall immediately cease depositing fees for that agency's specialized license plate program in the Specialized License Plate Fund established under Section 5157 and, instead, shall deposit those fees that would have otherwise been deposited in that fund in a separate fund created by the Controller, which fund is subject to appropriation by

the Legislature. The department shall immediately notify the agency of this course of action. The depositing of funds in the account established pursuant to this subdivision shall continue until the agency demonstrates to the satisfaction of the department that the agency is in compliance or will comply with the requirements of Section 5159. If one year from the date that the agency receives the notice described in this subdivision, the agency is still unable to satisfactorily demonstrate to the department that it is in compliance or will comply with Section 5159, the department shall no longer issue or replace those specialized license plates associated with that agency. Those particular specialized license plates that were issued prior to the discontinuation provided by this subdivision may continue to be used and attached to the vehicle for which they were issued and may be renewed, retained, or transferred pursuant to this code.

(c) Upon receiving the reports required under subdivision (a), notwithstanding Section 7550.5 of the Government Code, the department shall prepare and transmit an annual consolidated report to the Legislature containing the revenue and expenditure data.