



## Fiscal Estimate Narratives

DOT 5/9/01

LRB Number	01-3053/1	Introduction Number	SB-165	Estimate Type	Original
<b>Subject</b>					
Support of the arts license plates					

### Assumptions Used in Arriving at Fiscal Estimate

This bill creates a fund-raising special license plate to support a newly-created Artistic Endowment Fund. A \$15 fee would be charged for the special plate issuance or reissuance. The contribution amount would be \$20 annually. From the contributions received, the Transportation Fund would retain revenue in an amount that would cover DOT initial production costs for the special plate, up to \$196,700. After that amount has been received, all contributions would be deposited in the Artistic Endowment Fund.

The Department of Transportation would incur a total one-time cost of \$196,700: \$191,600 for data processing modifications, and \$5,100 for plate design. The one-time cost would be reimbursed to the Transportation Fund from contributions as a first draw, before contributions would be directed to the Artistic Endowment Fund.

It is difficult to estimate likely sales of an Arts Endowment special plate. To date, the highest-volume special plate is the Endangered Resources plate, which sold almost 13,700 plates in the first year. The Celebrate Children plate, which funds the Children's Trust Fund, sold 2,200 plates in the first year. The University plates sold 900 plates in the first year. The Department of Transportation speculates that an Arts Endowment special plate might appeal to a small market. Therefore, this fiscal estimate estimates that about 2,000 plates would be sold in the first year or two.

DOT cost to issue special plates includes staff cost, plate and sticker cost, and postage cost. Comparing the cost to issue special plates with the cost of alternative transactions, our current cost to issue special group plates is a weighted average of slightly more than \$14 per plate set issued. The issuance fee of \$15 would cover the cost of issuance. If 2,000 plates were sold in the first year, DOT issuance costs would be \$28,000, and issuance fee revenue would be \$30,000.

If 2,000 plates were sold in the first year, contributions of \$40,000 would be received. Until contributions exceeded \$196,700, the Artistic Endowment Fund would not receive any revenue.

### Long-Range Fiscal Implications

This estimate assumes the DOT could actually undertake DP work. However, DOT's DP staff is limited, and some enacted legislation cannot currently be implemented. This project would redirect staff committed to DP system redesign and other project areas, resulting in further delay in those areas.

## Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original
  Updated
  Corrected
  Supplemental

<b>LRB Number</b> 01-3053/1	<b>Introduction Number</b> SB-165	
<b>Subject</b> Support of the arts license plates		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b> DOT one-time cost of \$196,700, which would be reimbursed by the first contribution amounts received.		
<b>II. Annualized Costs:</b>	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$17,500	
(FTE Position Changes)		
State Operations - Other Costs	10,500	
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$28,000</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR		
FED		
PRO/PRS		
SEG/SEG-S	28,000	
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S	30,000	
<b>TOTAL State Revenues</b>	<b>\$30,000</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	State	Local
NET CHANGE IN COSTS	\$28,000	\$
NET CHANGE IN REVENUE	\$30,000	\$
<b>Agency/Prepared By</b> DOT/ Carson Frazier (608) 266-7857		
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