

# HOUSE BILL REPORT

## ESHB 1592

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**As Passed House:**

March 13, 2003

**Title:** An act relating to special license plates.

**Brief Description:** Regulating special license plates.

**Sponsors:** By House Committee on Transportation (originally sponsored by Representatives Simpson and Ericksen).

**Brief History:**

**Committee Activity:**

Transportation: 2/12/03, 2/20/03 [DPS].

**Floor Activity:**

Passed House: 3/13/03, 86-8.

**Brief Summary of Engrossed Substitute Bill**

- The Special License Plate Review Board is created and is charged with reviewing special license plate applications from sponsoring organizations requesting the creation of a new special plate series.
- Sponsoring organizations must be non-profit organizations and must prepay the start-up costs associated with implementing a new plate series. If they cannot afford to pre-pay the start-up costs, other processes are created to minimize the financial liability incurred by the state.

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### HOUSE COMMITTEE ON TRANSPORTATION

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 18 members: Representatives Murray, Chair; Rockefeller, Vice Chair; Simpson, Vice Chair; Jarrett, Assistant Ranking Minority Member; Campbell, Cooper, Dickerson, Flannigan, Hankins, Hudgins, Lovick, Morris, Nixon, Romero, Sullivan, Wallace, Wood and Woods.

**Minority Report:** Do not pass. Signed by 6 members: Representatives Anderson, Armstrong, Bailey, Kristiansen, Schindler and Shabro.

**Staff:** Reema Griffith (786-7301).

## **Background:**

Currently the power to create special license plates is vested in the Legislature. Every year the Legislature receives requests from organizations seeking to create a special license plate series. The creation of a new special license plate series requires state expenditures and historically, the state has had difficulty recouping those costs.

The 2002 supplemental transportation budget directed the Legislative Transportation Committee (LTC) to review the costs, processes, and other considerations relating to special license plates. As a result, the LTC established the special license plate work group and developed the following proposed legislation to aid the Legislature in reviewing special license plate applications.

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## **Summary of Engrossed Substitute Bill:**

### PART I: Special License Plate Review Board

The Special License Plate Review Board (SLPRB) is created and consists of seven members: one member appointed by the Governor to serve as the Chairman, four members of the legislature, one from each caucus of the House and Senate, a Department of Licensing (DOL) representative, and a Washington State Patrol (WSP) representative. Members of the SLPRB will serve four-year terms and may not serve more than three consecutive terms.

The SLPRB does not in any way preclude the authority of the Legislature to independently propose and enact special license plate legislation.

The SLPRB is charged with having to review and either approve or reject special license plate applications submitted by sponsoring organizations. Within seven days of making a determination on an application, the SLPRB must issue an approval or rejection letter to the sponsoring organization, to the DOL, and to the legislative sponsor identified in the application.

The SLPRB must meet at least one time a year, within 90 days before an upcoming legislative session. The SLPRB must be compensated from the general appropriation for the LTC.

The DOL must provide administrative support to the SLPRB which includes general staffing, processing special license plate applications, compiling annual financial reports submitted by sponsoring organizations, etc.

The LTC will provide general oversight of the SLPRB which includes processing and approving board members' compensation requests, reviewing the annual financial reports of sponsoring organizations, and reviewing the list of special license plate applications

considered by the SLPRB in the last year.

#### PART II: Eligibility Requirements for a Sponsoring Organization

If a private entity wishes to sponsor a special license plate application, they must be a non-profit organization, located in Washington, and registered as a charitable organization.

If a governmental entity wishes to sponsor a special license plate application, they must be a political subdivision, a federally recognized tribe, an agency, or a community or technical college.

#### PART III: General Requirements

Sponsoring organizations must submit to the DOL either: (1) full prepayment for the start-up costs associated with implementing a new license plate series; or (2) submit signature sheets representing 2,000 intended plate purchases along with an application fee for an amount equal to 10 percent of the total start up costs. Sponsoring organizations must also submit to the DOL an application form provided by the DOL, along with a proposed license plate design, a marketing strategy, signatures of legislative sponsors and the actual legislation creating the plate series, and proof that the organization meets eligibility requirements.

If a sponsoring organization can fully prepay the start-up costs, the money received by the DOL must be placed in the newly created Special License Plate Trust Account until the special license plate legislation is enacted. If the legislation is not enacted, the money must be fully reimbursed within 30 days. Organizations may also withdraw their application at any time and will receive a full reimbursement within 30 days as well.

For sponsoring organizations who cannot fully prepay the start-up costs, the initial revenue generated from their special license plate's sales must be deposited into the Motor Vehicle Account until the state has been fully reimbursed for the implementation costs associated with their plate. Once the state is reimbursed, the House and Senate Transportation Committees must be notified of this fact and the DOL must commence distributing the plate revenues per the provisions contained in the law governing the individual plate series.

If the state is not reimbursed for the start-up costs within two years, the plate series will be placed in probationary status for a period of one year from that date. If the state is still not fully reimbursed at the end of the one-year probation period, the plate series will be discontinued.

The DOL must enter into a written agreement with the sponsoring organization that outlines prohibitions on the use of the plate revenue and requires the organization to expend the revenues in the state and for the benefit of the public.

Sponsoring organizations must submit an annual financial report by September 30 of each year to the DOL, detailing actual revenues and expenditures of the revenues generated from the sales of the special plates.

If an organization ceases to exist, revenues generated from the sale of their plate series will be deposited into the Motor Vehicle Account.

A sponsoring organization may not redesign its plate series unless all of the inventory is sold or purchased by the organization itself. All redesign costs must be paid by the organization.

If a special license plate series is created outside of the SLPRB process, the sponsoring organization is still subject to all of the same requirements mentioned above, that are applicable to organizations going through the SLPRB review process. Also, within 30 days of enactment, the organization must submit the following to the DOL: prepayment of the start-up costs or proof demonstrating that the organization cannot pre-pay the start-up costs, at which time the revenue generated from the plate will be deposited into the Motor Vehicle Account until the state is fully reimbursed; a proposed license plate design; and a marketing strategy.

#### PART IV: Standard Background

A standard license plate background is no longer required. Rather the plate background may vary in color and design, provided that the plate continue to be legible and clearly identifiable as a Washington State plate.

#### PART V: Prior Special Plate Series Continuation

The DOL's authorization to discontinue special plate series based on the number of sales is maintained, but only for those plates created before January 1, 2003.

#### PART VI: Funding

The Legislature does not intend to appropriate additional funds for the implementation of the bill and expects all affected state agencies to proceed with implementation utilizing their existing appropriations.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** This bill creates an efficient process by which organizations can have special plates without placing a financial burden on the state.

**Testimony Against:** None.

**Testified:** Don White, Childhood Language Center; and Jim King, Citizens for Parks and Recreation.