

CONCURRENCE IN SENATE AMENDMENTS

AB 192 (Travis Allen)

As Amended September 1, 2015

Majority vote

ASSEMBLY: 71-4 (June 2, 2015)

SENATE: 40-0 (September 9, 2015)

Original Committee Reference: **TRANS.**

SUMMARY: Authorizes the expenditure of funds raised from the existing Pet Lover's specialized license plate program.

The Senate amendments:

- 1) Delete the requirement that the State Coastal Conservancy apply to the Department of Motor Vehicles (DMV) to sponsor a coastal conservancy awareness specialized license plate program, and all provisions related to this proposed specialized license plate program.
- 2) Authorize the revenue received from Pet Lover's specialized license plate program to be used to cover DMV's administrative costs and, upon appropriation, by the Veterinary Medical Board (VMB) for disbursement through a non-profit organization to qualifying spay and neuter facilities.

EXISTING LAW:

- 1) Allows any state agency to apply to DMV to sponsor a specialized license plate program.
- 2) Requires DMV to issue specialized license plates for that program if the agency complies with all statutory requirements.
- 3) Prohibits DMV from establishing a specialized license plate program for an agency until it has received not less than 7,500 paid applications for that agency's specialized license plates.
- 4) Requires the agency to collect and hold applications for the plates. Once the agency has received at least 7,500 applications, it must submit the applications, along with the necessary fees, to DMV.
- 5) Prohibits advance payment to DMV of its estimated or actual administrative costs associated with the issuance of a particular specialized license plate from constituting compliance with the 7,500 application threshold requirement.
- 6) Requires funds accruing to a sponsoring state agency from the sale of specialized license plates to be expended exclusively for projects and programs that promote that agency's official policy, mission, or work.
- 7) Allows specialized license plates to feature a distinctive design, decal, or distinctive message in a two-inch by three-inch space to the left of the plate's numerical sequence and a space not larger than 5/8-inch in height below the numerical series.

FISCAL EFFECT: According to the Senate Appropriations Committee:

- 1) The State Coastal Conservancy (SCC) would incur costs of \$30,000 in 2015-16 for plate design and development of materials, and likely minor costs in 2016-17, and potentially 2017-18, for staff time to collect the initial 7,500 applications and fees for the establishment of the plate program (State Coastal Conservancy Fund). There could be additional costs of approximately \$60,000 if SCC executes a marketing strategy to attract applicants. If the license plate program is implemented, SCC would incur ongoing administrative costs, potentially up to \$100,000 annually (Coastal Conservancy Awareness Fund).
- 2) Assuming 7,500 pre-paid applications are collected by the SCC, DMV would incur initial administrative costs of \$135,000 to process the applications, and an additional \$440,000 in programming and other implementation costs, likely in 2017-18 or 2018-19, partially offset by pre-paid application fees of \$375,000, leaving a net cost of approximately \$200,000 (Motor Vehicle Account). These net costs would be reimbursed in the following fiscal year by registration renewal fees from holders of the coastal conservancy awareness plates. All ongoing costs thereafter would be fully offset by fees from renewals and issuance of new plates.
- 3) Upon full implementation of the proposed plate program, there would be ongoing revenues of approximately \$300,000 annually for use by SCC for specified conservancy purposes (based on 7,500 plate renewals, and not accounting for administrative costs).
- 4) Diversion of funding for personalizing a coastal conservancy awareness plate from the California Environmental License Plate Fund to the School Violence Prevention Fund. See staff comments.
- 5) Likely minor fiscal impacts related to the authority for the VMB to designate a nonprofit entity for administering grant distribution under the Pet Lover's plate program. The overall limit of 25% for administrative purposes would still apply. (Pet Lover's Fund)

COMMENTS: Prior to 2007, any new specialized license plate required specific legislative authorization. That practice was held to be unconstitutional by the federal courts in that the Legislature approved some of the plates and rejected others, while using no standardized or objective criteria for those decisions. In response to the court decision, AB 84 (Leslie), Chapter 454, Statutes of 2006, established the current specialized license plate program to provide a forum for government speech that promotes California's state policies. AB 84 excludes private organizations from seeking specialized license plates as a forum for private speech, and thus addresses the court's objection.

Plates now created and the revenue they generate must publicize or promote a state agency, or the official policy, mission, or work of a state agency. Furthermore, the process requires that at least 7,500 paid applications must be received by the state agency prior to notifying DMV. The 7,500-application threshold was previously put into statute for specialized license plates and was arrived at in an attempt to assure that DMV's startup costs would be fully covered by the portion of the registration fee surcharge that is directed to DMV and to avoid a proliferation of different types of plates, which can be troublesome from a law enforcement perspective.

This bill proposes to establish an expenditure framework for the Pet Lover's specialized license plate program. The VMB sponsored a specialized license plate administratively with the purpose of funding low- and no-cost animal sterilization services. That plate received more than 7,500 applications and is now in production. VMB, as the sponsoring agency for the Pet Lover's

specialized license plate program, must retain the oversight for granting funds collected through the specialized plate program to qualified providers. However, VMB does not have sufficient staff to administer the program and is seeking assistance from a non-profit organization to provide general administrative support, such as providing recommendations for grant criteria, accepting and reviewing grant applications, and making recommendations to VMB regarding eligible providers of low-cost spay and neuter services. Under this bill, VMB would retain its authority and responsibility to make decisions regarding awarding grants, and would oversee the distribution of the funds, but may contract with a qualified non-profit for general administrative support.

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