



# House of Representatives

General Assembly

**File No. 652**

February Session, 2016

Substitute House Bill No. 5625

*House of Representatives, April 18, 2016*

The Committee on Finance, Revenue and Bonding reported through REP. BERGER of the 73rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING THE SALE, VIA INTERNET AUCTION, OF LICENSE PLATES ISSUED BY THE DEPARTMENT OF MOTOR VEHICLES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2016*) (a) (1) The Commissioner of  
2 Motor Vehicles shall establish and administer a number plate auction  
3 program where number plates issued by the commissioner and  
4 number plates not yet in circulation are publicly auctioned and  
5 transferred to the highest bidder. The commissioner shall conduct such  
6 auction at least weekly on the department's Internet web site. The  
7 holder of a number plate issued by the commissioner may sell or  
8 transfer such number plate in the number plate auction. The  
9 commissioner, in consultation with the Secretary of the Office of Policy  
10 and Management, may establish a market value for a specific number  
11 plate as determined by auction or appraisal, provided (A) no such  
12 plate shall have a market value of less than one thousand dollars, and  
13 (B) number plates with four or fewer numerals or letters shall have a

14 greater market value than plates with more numerals or letters. Each  
15 person shall pay to the commissioner a fee of twelve dollars for each  
16 year in which such person seeks to participate as a bidder in the  
17 number plate auction. Each seller of a number plate shall pay to the  
18 commissioner a fee of twelve dollars per one thousand dollars or  
19 portion thereof of the amount paid at auction for a number plate. The  
20 sale of a number plate at auction allows for the transfer of possession  
21 of such number plate, provided the buyer shall pay all fees associated  
22 with registration and issuance of such number plate. All number plates  
23 shall remain the property of the state and no title shall pass to any  
24 person who buys a number plate at auction. The commissioner may  
25 adopt regulations, in accordance with the provisions of chapter 54 of  
26 the general statutes, concerning the auction process or the transfer of a  
27 number plate by auction.

28 (2) The commissioner shall transfer to the municipal revenue  
29 sharing account established pursuant to section 4-66l of the general  
30 statutes (A) one hundred per cent of the amount paid at auction for a  
31 number plate not yet in circulation, and (B) fifty per cent of the amount  
32 paid at auction for a number plate issued by the commissioner. The  
33 commissioner shall transfer the remaining fifty per cent of the amount  
34 paid at auction for a number plate issued by the commissioner to the  
35 seller of such plate.

36 (3) Pursuant to the powers and authority under section 14-3 of the  
37 general statutes, the commissioner may enter into one or more  
38 contracts with independent contractors authorizing such contractors to  
39 implement and administer the number plate auction program. Such  
40 contract shall provide that the fee for implementation and  
41 administration shall be paid contingent upon, and as a percentage of,  
42 the revenue generated by such auction.

43 (b) The commissioner, in consultation with the Connecticut Lottery  
44 Corporation, may conduct a weekly contest providing cash prizes to  
45 participating number plate holders.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2016</i>	New section

**FIN**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 17 \$</b>	<b>FY 18 \$</b>
Motor Vehicle Dept.	TF - Revenue Loss	None	Potential
Policy & Mgmt., Off.	MRSA <sup>1</sup> - Revenue Loss	None	See Below
Department of Motor Vehicles	TF - Cost	190,984	140,984
Comptroller- Fringe Benefits <sup>2</sup>	TF - Cost	56,309	56,309

Note: TF=Transportation Fund

**Municipal Impact:** None

**Explanation**

The bill requires the Department of Motor Vehicles (DMV) to administer the plate auction program and it is estimated that program administration would result in a total cost of \$247,293 to the Special Transportation Fund (STF). This represents: (1) a one-time cost of up to 50,000 for information technology expenses and (2) \$197,293 (\$140,984 for salaries and \$56,309 for fringe costs) for 2 staff positions (one Information Technology Manager and one Fiscal Administrative Assistant).

There are currently 3.4 million active vehicle registrations, of which approximately 9% are specialty plates (306,000). Currently, specialty

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<sup>1</sup> PA 15-244, the FY 16 and FY 17 budget, established the Municipal Revenue Sharing Account. The account receives a portion of sales tax revenue, and funds three different grants to towns: 1) Additional PILOT grants for certain towns with a large amount of tax exempt property, 2) grants to reimburse towns for the revenue loss resulting from a cap on motor vehicle mill rates, and 3) additional grants to all towns.

<sup>2</sup>The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 39.94% of payroll in FY 17 and FY 18.

plates costs between \$94.00 and \$159.00. To the extent individuals participate in the auction, there will be a revenue gain to the Municipal Revenue Sharing Account (MRSA). The revenue gain is unknown as it is dependent on the number of participants and plates sold in the auction. For example, in Delaware plate number 6 was auctioned for \$675,000 in 2008, and Texas license plates personalized with the words "houston", "cowboys," and "12thman" sold for \$25,000, \$11,500 and \$115,000 respectively.

It should be noted that current license plate revenue is collected by DMV and credited to the STF. The bill requires the revenue from the plate auction program to be collected by DMV and credited to MRSA. To the extent individuals receive their license plate from the auction there will be a revenue loss to the STF dependent on the type of specialty plate.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future dependent on the number of participants and license plates sold.

*Sources: Department of Motor Vehicles*

**OLR Bill Analysis**

**sHB 5625**

***AN ACT CONCERNING THE SALE, VIA INTERNET AUCTION, OF LICENSE PLATES ISSUED BY THE DEPARTMENT OF MOTOR VEHICLES.***

**SUMMARY:**

This bill requires the Department of Motor Vehicles (DMV) commissioner to establish and administer a license plate auction program and conduct such auctions at least weekly on DMV's website.

Under the bill, the program must auction both previously-issued license plates and licenses plates not yet in circulation and transfer them to the highest bidder. In establishing the program, the bill does the following:

1. allows the DMV commissioner to establish a market value for license plates;
2. establishes fees for auction participants;
3. requires the commissioner to transfer auction proceeds to the Municipal Revenue Sharing Account (MRSA) and, if applicable, the plate's seller;
4. allows DMV to use independent contractors to administer the auction program;
5. allows DMV to conduct, in consultation with the Connecticut Lottery Corporation, a weekly contest providing cash prizes to "participating license plate holders" (presumably, this refers to those participating in the license plate auction); and
6. allows the commissioner to adopt regulations for auctioning and transferring license plates.

The bill also specifies that license plates remain state property and auctions only transfer possession of the plates.

EFFECTIVE DATE: July 1, 2016

## **LICENSE PLATE AUCTION**

### ***Plate Market Value***

The bill allows the commissioner, in consultation with the Office of Policy and Management secretary, to establish a market value, by auction or appraisal, for a specific number plate, as long as (1) no such plate has a market value of \$1,000 or more and (2) plates with four or fewer characters (numerals or letters) have a higher market value than those with more characters.

### ***Fees***

Under the bill, each person must pay an annual fee of \$12 each year he or she wishes to bid on license plates in the auction. Each seller of a license plate must pay to DMV a fee of \$12 per \$1,000 of the amount paid at auction for the plate. The buyer of a license plate must pay all fees associated with registering and issuing the license plate.

### ***Plate Ownership***

Under the bill, license plates remain state property, and the sale of a number plate at auction transfers the possession of the number plate. The bill prohibits passing the title to anyone who buys a license plate at auction.

### ***Auction Proceeds***

The bill requires the DMV commissioner to transfer to MRSA 100% of the amount paid at auction for a license plate not yet in circulation. For auctions of previously-issued license plates, the commissioner must transfer half of the amount paid at auction to MRSA and the other half to the plate's seller.

### ***Contractors***

The bill allows DMV to enter into one or more contracts with independent contractors to implement and administer the auction

program. Any contract must require that the contractor's fee be contingent on, and a percentage of, the program's revenue.

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 28 Nay 22 (03/31/2016)