

Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: November 4, 2010

SUBJECT: Fiscal Impact Statement – “Veterans License Plates Establishment Act of 2009”

REFERENCE: Bill Number 18-235 – Committee Print received on November 2, 2010

This revision replaces the fiscal impact statement issued by the OCFO on January 28, 2010.

Conclusion

Funds are sufficient in the FY 2011 through FY 2014 budget and financial plan to implement the proposed legislation. The proposed legislation would generate \$32,760 in FY 2011 and \$65,520 in the FY 2011 through FY 2014 financial plan period.

Background

The proposed legislation would create veterans’¹ license plates to generate a revenue stream for the Office of Veterans Affairs.² The application fee (\$52) and the annual display fee (\$26) for these plates would be deposited into the Office of Veterans Affairs Fund³ (“Fund”) to provide programs and services to the District’s veterans. The Mayor would be required to design and make available for issue one or more veterans plates, and establish an application process for the issuance of these

¹ Veteran is defined as any person who has served on active duty in the armed forces of the United States. The term would also include members of the National Guard and Reserves, who are either called to active duty or have twenty or more years of service. The veteran must have been honorably discharged from the armed forces to receive the proposed plates, and a medical discharge or general discharge would be considered as an honorable discharge. Upon the death of the holder of any veteran plates, the plates would be transferred to the surviving spouse for the spouse’s lifetime until he or she remarries.

² By adding a new section 2a into Title IV of the District of Columbia Revenue Act of 1937, approved August 17, 1937 (50 State. 673; D.C. Official Code § 50-1501.01 et seq.)

³ Created by section 705 of the Office of Veterans Affairs Establishment Act of 2001, effective October 3, 2001 (D.C. Law 14-28; D.C. Official Code § 49-1004).

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plates. The legislation would require that every qualified veteran would be eligible for at least one veterans' plate.

Department of Motor Vehicles (DMV) would be required to provide a copy of the application to the Office of Veterans Affairs to support the administration of the program.

Financial Plan Impact

Funds are sufficient in the FY 2011 through FY 2014 budget and financial plan to implement the proposed legislation.

The proposed specialty plates for veterans are expected to generate \$32,760 in FY 2011 and approximately \$65,500 through the four-year financial plan period. The proposed legislation does not allow for the payment of the costs of designing and manufacturing the license plates for veterans through the Fund proceeds. Manufacturing of a specialty plate costs an average of \$6.63; DMV would also have to incur a one-time computer programming cost of \$3,000 for a new type of specialty plate. Thus, the proposed legislation would require \$5,785 in implementation costs in FY 2011. This cost can be absorbed within DMV's budget. The table below summarizes the impact of this legislation on the budget and financial plan.

Estimated Fiscal Impact of Veterans License Plates Establishment Act of 2009					
	FY 2011	FY 2012	FY 2013	FY 2014	Four-Year Total
Revenues from total fee collection to the Fund ^(a)	\$32,760	\$10,920	\$10,920	\$10,920	\$65,520
Cost of manufacturing plates and programming ^(b)	\$5,785	-	-	-	\$5,785

^(a)Based on the Census data, there are close to 45,000 civilian veterans living in District of Columbia, and a separate study reports that the car ownership rate among households in the District is 63 percent (Mayor's Parking Taskforce Report, December 2003). Extrapolating, this would represent 28,350 veterans with cars, and, assuming a 1.5 percent take up rate for the Veterans License Plates, there would be 420 applications and annual renewals. As a point of reference, in 2008, there were 859 new applications and renewals for specialty plates, with 302 for historical plates, the highest demand category.

^(b)This represents a \$6.63 manufacturing cost per plate for 420 plates and a \$3,000 fixed cost for programming.