

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 978

STATE OF NEW JERSEY

DATED: JANUARY 19, 2023

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 978.

This bill authorizes the Chief Administrator (chief administrator) of the New Jersey Motor Vehicle Commission (commission) to issue special Kappa Alpha Psi license plates.

The bill provides that the design of the Kappa Alpha Psi license plate would display appropriate words and an emblem honoring the Kappa Alpha Psi Fraternity, Inc. (Kappa Alpha Psi). The chief administrator, in consultation with the Northeastern Province Polemarch of Kappa Alpha Psi, would select the design and color scheme of the Kappa Alpha Psi license plates.

In addition to all fees otherwise required by law for the registration of a motor vehicle, the bill provides an application fee of \$50 and an annual renewal fee of \$10 for each Kappa Alpha Psi license plate. Under the bill, these fee collections would first be used to reimburse the commission for certain costs incurred in the implementation of the license plate program. Thereafter, the additional fees would be deposited into a special non-lapsing fund, known as the "Kappa Alpha Psi License Plate Fund," which monies would be annually appropriated to Kappa Alpha Psi to support the organization's mission and programs.

The bill requires the chief administrator to annually certify the average cost of producing, issuing, renewing, and publicizing the availability of the specialty license plates. If the average cost per plate exceeds \$50 in two consecutive fiscal years, the chief administrator may discontinue the Kappa Alpha Psi license plate program. The bill also requires the Northeastern Province Polemarch of Kappa Alpha Psi to appoint a liaison to represent the Northeastern Province of Kappa Alpha Psi (Northeastern Province) in all communications with the commission regarding the license plate program.

The bill provides that the commission may not use public funds to defray the initial costs of implementing the Kappa Alpha Psi license plate program. Instead, the bill requires the Northeastern Province or an individual or entity designated by the Northeastern Province to contribute non-public monies, not to exceed \$25,000, to offset the initial costs to implement the program. The bill

authorizes the Northeastern Province to receive funds from private sources to support these costs.

Under the bill, the commission is not required to design, produce, issue, or publicize the availability of the Kappa Alpha Psi license plates, or make any necessary programming changes, until: (1) the Northeastern Province or the individual or entity designated by the Northeastern Province has provided the commission with the money necessary to offset the initial costs of implementing the license plate program; and (2) the Northeastern Province liaison has provided the commission with a minimum of 500 completed applications for the Kappa Alpha Psi license plates.

The provisions of the bill will remain inoperative until the first day of the seventh month after the appropriate applications and fees required to offset the initial costs incurred by the commission are provided by the Northeastern Province liaison. The bill expires on the last day of the 12th month after enactment if sufficient applications and fees to offset the initial costs are not received by that date.

As reported, Assembly Bill No. 978 is identical to Senate Bill No. 2587 (1R), which was also reported by the committee on this date.

FISCAL IMPACT:

The Office of Legislative Services (OLS) finds that the bill will produce annual State revenue and expenditure increases that will largely offset one another. The OLS cannot quantify the annual increases because it is unclear how many applications for the Kappa Alpha Psi license plate the New Jersey Motor Vehicle Commission (MVC) will receive. The OLS notes, however, that the implementation of the bill is conditioned upon the receipt by the MVC of a minimum of 500 applications for the Kappa Alpha Psi license plate.

The bill establishes the Kappa Alpha Psi license plate program in such a manner that the MVC may fully recover the expenses incurred in administering the program. The MVC has identified its initial cost of designing and establishing a new license plate series as \$62,000, which is largely attributable to computer system changes, and the per plate cost of an initial 550 plate run at \$6.60 per license plate, for a total cost of \$65,700.

The MVC will receive a \$50 Kappa Alpha Psi license plate application fee in addition to a \$10 annual renewal fee for each Kappa Alpha Psi license plate. Initial fee collections will reimburse the MVC for the expenses it incurs in administering the program. In addition, the MVC will have to receive an initial payment of up to \$25,000 and a minimum of 500 license plate applications for a total of \$50,000 to offset initial costs before license plate production begins. The MVC

will then be permitted to retain additional fee amounts until its costs are fully reimbursed.

After the MVC's cost recovery, indeterminate excess application and renewal fee collections will be appropriated to the Kappa Alpha Psi Fraternity, Inc.