



Legislative Report

Special plates study report

February 3, 2025

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Special plates study report

The Minnesota Legislature passed legislation in May 2024 requiring the Minnesota Department of Public Safety's Driver and Vehicle Services (DVS) division to conduct a comprehensive study on establishing a standing committee to review and approve proposals for special license plates. Study results must be submitted to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance by Feb. 15, 2025.

The study must evaluate potential improvements to the current statutory and legislative process for approving specialty license plates. This includes the removal and delegation of legislative authority in new special license plates approval.

The study must evaluate the feasibility and effectiveness of establishing a committee tasked with reviewing and approving proposals for special license plates. It should propose criteria for the committee to evaluate each special license plate proposal such as public interest, community support, relevance to the purpose of special license plates and potential revenue generation.

The study must include information from states that have adopted similar review committees for special license plates. It should evaluate potential costs or benefits to removing legislative authority to approve special license plates, including a detailed analysis of fiscal considerations.

It must also evaluate whether creating a committee would have impact on rules currently adopted and enforced by the commissioner of the Minnesota Department of Public Safety. This includes Minnesota Rules, part 7403.0500, and whether the committee should be responsible for monitoring implementation and use of approved special license plates and recommending modifications or discontinuations to existing special license plates.

DVS will assess the required resources, staffing and administrative support needed to establish and maintain the standing committee.

DVS must assess the current statutory process for approving special license plates, including Minnesota Statute Section 168.1293, and make suggested improvements to the statutory language to increase transparency, accountability and allow for public input in the special license plate process. The division must also analyze the roles and responsibilities of relevant stakeholders, including the Legislature, DVS, community organizations or other interested parties currently involved in the approval, creation and distribution of special license plates.

DVS must provide any other recommendations to the potential improvement to the process, including design, implementation and public engagement.

Minnesota Rule 7403.0100, subpart 7, defines a special plate as a plate specifically selected by the applicant and includes both personalized plate combinations and plates that commemorate, signify membership in or raise revenue for selected organizations. Minnesota Rule 7403.0500 defines the application, content and review of personalized plates. Minnesota Statutes, section 168.002, subdivision 31a, defines a special plate as one designed with wording or graphics that differs from a regular Minnesota passenger automobile plate or motorcycle plate.

This report will focus on plates that commemorate, signify membership in or raise revenue for selected organizations. This includes plates with standard graphics that have alternative messaging from the standard passenger plates issued. DVS believes the review process for personalized plates is not relevant to the committee's work discussed in this report and would have no bearing on Minnesota Rule 7403.0500.

Current statutory process

Statutory process

Based on a review of Minnesota Statute 168.1293, the process for adopting a new special plate is outlined below.

1. A requester who plans to seek legislation to establish a new plate must submit the following to DVS at least 120 days before the convening of the next regular legislative session:
 - a. A request describing the general terms and purpose of the plate.
 - b. The proposed fee or minimum contribution required.
 - c. A \$20,000 application fee to cover application process and development of new plate if passed into law.
 - d. A scientific sample survey that indicates at least 10,000 Minnesota vehicle owners intend to purchase the proposed plate with proposed contribution fees.
 - e. A marketing strategy containing short-term and long-term marketing plans and a financial analysis showing anticipated revenues.
 - f. Planned expenditures of any fee or contribution derived from the plate.
2. The requester must submit a proposal to the legislature.
3. DVS must submit a briefing to committee chairs and members within 15 days of introduction if a bill is drafted and introduced. The briefing should:
 - a. Include a summary of special plate requirements under 168.1293.
 - b. Identify which requirements under 168.1293 have been met by the organization for the proposed special plate.
 - c. Be submitted electronically.
4. DVS must be prepared to testify if the proposed plate is a topic of discussion at a committee hearing and include information from briefing.
5. If a plate is passed into law, the organization shall submit a design within 120 days of the effective date.
 - a. DVS is responsible for selecting the final design.
 - b. If the plate is not passed into law, \$17,500 of the \$20,000 application fee is refunded to the requester.
6. The organization must apply for a supplier ID with Minnesota Management and Budget (MMB)
7. DVS and DPS' Fiscal and Administrative Services (FAS) must attempt a forecast to determine the revenue budget.
 - a. Budget forecasts are difficult to do when organizations claim exemption from 168.1293 because DVS has no base numbers to determine potential sales.
8. Account information is created through DPS' FAS and MMB (appropriation ID, account number, placeholder purchase order, speedchart key).
9. DVS submits a request through the Electronic Inter-Office Request (EIOR) system to have placeholder purchase order created for the fiscal year.
10. MNDRIVE, the state's vehicle registration system, is programmed to allow the plate to be ordered by customers and deputy registrars.
11. DVS updates website to allow for online ordering.
12. DVS adds design, contribution and availability information to the annual special plates brochure.

Legislator-initiated special plates

While not outlined in statute, organizations seeking to enact a new specialty license plate often begin the process by contacting their legislator. This practice is the most common way that a new specialty plate is enacted and is outlined below:

1. An organization interested in a special plate will reach out to a legislator and ask them to sponsor a bill for their special plate.
2. The legislator will request the bill be drafted by nonpartisan staff and then introduces it.
 - a. The organization will claim an exemption to 168.1293, subd. 2, in the draft language allowing them to proceed without paying the \$20,000 application fee.
3. The special plate bills are referred to the transportation committees upon introduction.
4. Chairs of the transportation committees determine whether the bill gets a hearing and thus has the opportunity to become law.
 - a. Most special plate bills are tabled for possible inclusion in an omnibus bill.
5. If a bill passes into law, DVS will work with the organization to create a design.
 - a. Design is typically created by DVS with input from the proposing organization.
 - b. Designs must be approved by the Minnesota State Patrol for visibility and readability.
6. Organization must apply for a supplier ID with Minnesota Management and Budget (MMB).
7. DVS and DPS' Fiscal and Administrative Services (FAS) must attempt a forecast to determine the revenue budget.
 - a. Budget forecasts are difficult to do when organizations claim exemption from 168.1293 because we have no base numbers to determine potential sales.
8. Account information is created through FAS and MMB (appropriation ID, account number, placeholder purchase order, speedchart key).
9. DVS submits a request through the Electronic Inter-Office Request (EIOR) system to have placeholder purchase order created for the fiscal year.
10. MNDRIVE, the state's vehicle registration system, is programmed to allow the plate to be ordered by customers and deputy registrars.
11. DVS updates website to allow for online ordering.
12. DVS adds design, contribution and availability information to the annual special plates brochure.

Establishment of a standing committee

Establishing a committee within DVS to review and approve special plates will be relatively straightforward. DVS' Vehicle Services team will retain membership majority. However, making a state agency the decision-making body may become controversial.

DVS is well-positioned to administratively facilitate the application and approval process for new plates. But to remain neutral on potentially controversial plate proposals, DVS will need to rely on survey or projected sales data if the approval process is contained within DVS. This may lead to plates being issued that would otherwise not receive adequate support for implementation.

The American Association of Motor Vehicle Administrators (AAMVA) conducted a plate-related survey in 2023. Twenty-one of the 37 states that responded to the survey require some kind of legislative approval for new specialty plates. In some cases, the process is initiated in legislation while other states have a formal application that is completed first. Some of these applications also require the pre-sale of a given number of plates within a certain time frame before the plates are produced.

Fees for this process vary widely from state to state, ranging from simple design fees of approximately \$250 per hour up to a flat fee of \$50,000.

Several states will only accept applications from nonprofit organizations. Verification of the organization's nonprofit status is done as part of the application process with some states requiring documents such as the organization's charter of bylaws, a letter of good standing from the Secretary of State's office or an IRS ruling of their nonprofit tax exemption status.

Most applications require the organizations to do some legwork ahead of time. This could include a preliminary design submission, petitions or signatures of a set number of residents demonstrating interest in the plate, or the collection of pre-order fees from residents.

Kentucky is the only state indicating they have a committee in place to review potential specialty plates. North Dakota requires director's approval.

DVS recommends the approval process be a joint effort between the state agency and the Legislature, with DVS handling the administrative process in preparing potential specialty plates for legislation. As part of this recommendation, DVS would suggest creating an application process to which all organizations will adhere.

Application process

AAMVA's best practices serve as a guide for managing specialty license plate programs as outlined in their License Plate Standard Edition Three. The application would identify all criteria that must be met to qualify for a specialty plate as well as collect organization information. AAMVA also recommends each applicant develop and submit a marketing plan with their application. The plan should include, at a minimum, the purpose or background of the specialty plate, who would qualify to purchase the plate, a description of the target market and who would receive the revenue¹. This requirement is in Minnesota current statute language but is often exempted by the Legislature.

DVS recommends publicizing any pending applications for public review on the DVS website prior to any upcoming legislation to get feedback about the sponsoring organization and plate design. Applications would be posted for no less than 60 days for the public to review and provide their feedback. DVS could publish updates through social media when new plates are proposed to steer traffic toward the website to get the best possible combination of community members reviewing and providing feedback. This would be similar to the online process the state of Wisconsin has in place for specialty plate review.

The webpage could outline the general process followed by all organizations, fees paid and any additional steps taken. Basic information would be listed for each applicant based on the order applications are received. The information would include the organization's name, a link to their website, additional contribution fees to be collected and how often, and what purpose the organization intends to use the funds received. DVS would also include potential images received from the organization for review.

There would be a link under each organization's application information to submit feedback. The link would direct users to an online form. DVS would create categories for objections to more easily report on them to the Legislature. Categories could include charitable status, potential use of funds, religious affiliation, political affiliation and special group conflicts.

¹ AAMVA License Plate Standard, Edition 3, October 2023, page 21

Each organization would be responsible for paying an application fee sufficient to cover administrative costs incurred in preparing the language for session and initial design and production costs. The application fee should be set so all organizations can pay it. No exemptions should be allowed as the fee collected would be used to pay administrative payroll costs, as well as costs incurred to setup the public feedback page and initial design setup costs incurred.

Predicting the popularity of a new special plate and sales of those plates can be difficult. On-demand production would minimize revenue loss should the sales be less than predicted. In addition, current technology has proven effective for the production and distribution of plates on demand, eliminating the need for the application fee to include the cost of the initial plate production. The assumption is that any new plates launched would be distributed on demand with the production cost covered by the plate fee paid by the vehicle owner applying for the special plate.

As part of the application process, a deadline would be set which would allow DVS enough time to review all applications for completeness, post information online, collect public feedback and build a legislative proposal to submit to the transportation committee at the beginning of session for bill creation, jacketing and committee review. All organizations with pending applications would receive information on when the bill will be heard in committee, allowing them time to testify on behalf of their plate as part of the legislation's decision-making process.

All pending applications will be put forth as one bill each session. A maximum number of plates should be included in final language passed into law, with the transportation committee members making the deciding vote on all plates to be included in the bill.

This bill will also contain recommendations on plates that do not meet the continuation requirements set for in Minnesota Statute Section 168.1293, subdivision 5. These recommendations will be based on review of the number of currently registered plates at the end of the most recent fiscal year after the plate has been in circulation at least six years and will be reviewed every two years after this point. This review process will not apply to any Veteran, Medal of Honor, Prisoner of War or Proud to be a Veteran plate styles as outlined in statute.

Suggested improvements from DVS

Applications and deadlines

DVS suggests creating an application for organizations and other requesters. This will allow for uniformity of all potential plates and ensure consistent information is collected from every applicant. Information collected is with the assumption the plate will make it through the entire legislative process, and the information is needed in plate creation process. This ensures DVS, MMB and FAS all require information needed to setup the account and eliminates delays.

A deadline should be established for special plate applications to DVS. The suggested deadline is June 1 each year. This would align with other statutes around annual changes such as wheelage tax. It would allow DVS time to review all applications for completeness, make any necessary follow-up and prepare applications to be submitted during the annual time for division change item proposals. This will also allow for a standardized process and uniformity in bill language. Organizations could then testify in committee.

Application fee

The plate production process has drastically changed since the last time the application fee was modified. The fee was most likely determined to cover the cost of mass-producing plates to have on hand for distribution to deputy offices or mail to customers. DVS can now print plates on demand and mail them directly to vehicle owners eliminating the need for stock.

The application fee should be adjusted so it is feasible for all organizations to cover the cost yet still cover DVS costs incurred in preparing the applications for legislative review. The fee should cover the initial image setup fees, administrative costs for processing, reviewing and preparing the application for legislation and website updates for resident review and feedback.

Currently, DVS' plate application process cost includes \$5,000 for the plate image setup fee of a standard-sized plate, and \$3,750 in payroll costs. The payroll amount assumes the recommendations for creating a public-facing webpage, with the ability to collect feedback and the creation of a standardized application form, are accepted. This would cover two weeks of staff time per application received for website updates, application processing and legislative preparation for each application. \$8,400 will also be incurred for MNDRIVE programming to accommodate the new plates only if the plate is approved by the Legislature. Therefore, based on the current costs, DVS recommends the application fee change from \$20,000 to \$17,150. \$8,400 would be refunded to the organization if the plate is not approved by the Legislature.

Statute language changes

168.1293 Certain special plates; authorization, discontinuance

Subdivision 1. **Definition.** For purposes of this section, the following terms have the meanings given them:

(1) "new special plate" or "proposed special plate" means a special plate that is not authorized under this chapter and for which legislation authorizing the plate, including but not limited to a bill or amendment, is introduced or presented to the legislature; and

(2) "proximate special plate" means a special plate (i) authorized under section [168.12](#), subdivisions 2b and 2e; [168.1235](#); or [168.129](#); or (ii) authorized in law on or after August 1, 2010.

Subd. 1a. **Establishment of plate.** The commissioner may only establish a special plate as authorized under this chapter. This requirement does not apply to alternative or additional designs for a special plate.

Subd. 2. **Submissions to commissioner.** (a) A person, legal entity, or other requester, however organized, that plans to seek legislation establishing a new special plate, or is a proponent of a new special plate, shall submit the following information and fee to the commissioner:

(1) The requester shall submit ~~an request~~ an application for the special plate being sought, describing the special plate in general terms, the purpose of the plate, and the proposed fee or minimum contribution required for the plate.

~~(2) The requester shall submit the results of a scientific sample survey of Minnesota motor vehicle owners that indicates that at least 10,000 motor vehicle owners intend to purchase the proposed plate with the proposed fee or minimum contribution. The requester's plan to undertake the survey must be reported to the commissioner before the survey is undertaken. The survey must be performed independently of the requester by another person or legal entity, however organized, that conducts similar sample surveys in the normal course of business.~~

(3) The requester shall pay an application fee of ~~\$20,000~~ \$17,150, to cover the cost of reviewing the application for a new plate and developing the new special plate if authorized by law. State funds may not be

used to pay the application fee. ~~This requirement does not apply if legislation or a bill introduced to the legislature proposing the new special plate contains a mechanism by which all costs incurred by the commissioner for development and implementation of the plate are covered, provided that the application fee subsequently does apply if such a mechanism is not enacted in the law authorizing the new special plate.~~

(4) The requester shall submit a marketing strategy that contains (i) short-term and long-term marketing plans for the requested plate, and (ii) a financial analysis showing the anticipated revenues and the planned expenditures of any fee or contribution derived from the requested plate.

(b) The requester shall submit the information required under paragraph (a) to the commissioner ~~at least 120 days not later than June 1 in the year~~ before the convening of the next regular legislative session at which the requester's application will ~~submit the proposal~~ be reviewed by the house of representatives and senate committees to which the bill was referred.

Subd. 2a. **Information for legislature.** (a) Within 15 days of the introduction of a bill proposing a new special plates, the commissioner shall submit a briefing to the chairs and ranking minority members of the House of Representatives and senate committees to which the bill was referred. At a minimum, the briefing must:

(1) summarize the ~~requirements for a special plate~~ applications received under this section; and

(2) ~~identify which of the requirements have been met for the proposed special plate~~ summarize any public feedback received from the general public for each application.

(b) If ~~any of the~~ proposed special plates ~~is~~ are a topic of discussion at a legislative committee hearing, the commissioner shall make every reasonable effort to provide testimony. The testimony must include the information required in the briefing under paragraph (a).

(c) Notwithstanding section [3.195](#), the commissioner may submit the briefing under paragraph (a) by submitting an electronic version rather than a printed version.

Subd. 3. **Design; redesign.** (a) The requester shall submit the proposed design with their initial application. The proposed design must meet the following requirements:

- (1) Designs images must be 12 inches by 5.40 inches;
- (2) graphics must not distort or interfere with the readability of the characters or any other identifying information on the license plate;
- (3) any background image used must not interfere with the ability to read the license plate number by the human eye and license plate reader; and
- (4) any emblems will be placed on the left side of the license plate number and shall not interfere with spacing requirements of the license plate number. The design may be any shape, but it must fit within a 3-inch square;

(b) If the proposed special plate sought by the requester is approved by law, the requester shall notify the commissioner of any changes in the initial design submitted and submit the proposed design for the plate to the commissioner as soon as practicable, but not later than 120 days after the effective enactment date of the law authorizing issuance of the plate. The commissioner is responsible for selecting the final design for the special plate.

~~(b)(c)~~ (c) The requester that originally ~~requested~~ applied for a new special plate subsequently approved by law may not submit a new design for the plate within the five years following the date of first issuance of the plate ~~unless the inventory of those plates has been exhausted. The requester may deplete the remaining inventory of the plates by reimbursing the commissioner for the cost of the plates.~~

Subd. 4. **Refund of fee.** If the special plate requested is not authorized in the legislative session at which authorization was sought, the commissioner shall, if applicable, refund \$8,400 of the application fee to the requester.

Subd. 5. **Discontinuance of plate.** (a) The commissioner shall annually review proximate special plates currently registered and make a recommendation to discontinue the issuance or renewal of any proximate special plate if (1) fewer than 1,000 sets of those plates are currently registered at the end of the first six years during which the plates are available, or (2) fewer than 1,000 sets of those plates are currently registered at the end of any subsequent two-year period following the first six years of availability.

(b) The commissioner shall discontinue the issuance or renewal of any proximate special plate, and distribution of any contributions resulting from that plate, if the commissioner determines that (1) the fund or requester receiving the contributions no longer exists, (2) the requester has stopped providing services that are authorized to be funded from the contribution proceeds, (3) the requester has requested discontinuance, or (4) contributions have been used in violation of subdivision 6.

(c) Nothing in this subdivision applies to plates issued under section [168.123](#), [168.124](#), [168.125](#), or [168.1255](#).

(d) Upon commencing discontinuance of a proximate special plate under this subdivision, the commissioner (1) shall not issue the plate, including as a duplicate; and (2) shall allow retention of any existing plate for the regular period. For purposes of this paragraph, "regular period" may be, as appropriate, the period specified under section [168.12, subdivision 1](#); the time until issuance of a duplicate plate for that vehicle; or as otherwise provided by law.

Subd. 6. **Use of contributions.** Contributions made as a condition of obtaining a proximate special plate, and interest earned on the contributions, may not be spent for commercial or for-profit purposes.

Subd. 7. **Deposit of fee; appropriation.** The commissioner shall deposit the application fee under subdivision 2, paragraph (a), clause (3), in the driver and vehicle services operating account under section [299A.705](#). An amount sufficient to pay the department's cost in implementing and administering this section, ~~including payment of refunds under subdivision 4~~, is appropriated to the commissioner from that account.

Subd. 8. **Legislative report.** (a) By February 1 annually, the commissioner must submit a report on special plates to the legislative committees with jurisdiction over transportation policy and finance. At a minimum, the report must:

(1) identify the number of special plate issuances and total plate counts for each type of special plate, with a breakout by each alternative or additional design; and

(2) for each special plate in which a onetime or annual contribution is required:

(i) provide a fiscal summary of the contributions, including to specify the appropriate contribution account, identify total contributions received in the two most recently completed fiscal years, and identify the direct recipients of contribution funds; and

(ii) provide a description of how contribution funds were spent in the prior fiscal or calendar year, as provided by each direct recipient.

(b) An entity that receives special plate special contribution funds under this chapter directly from the commissioner must submit information on contribution funds expenditures in the form and manner specified by the commissioner.

Individual special plate statutes

DVS recommends future special plates no longer be allowed a subdivision exempting the plate from Minnesota Statute 168.1293, subdivision 2.

DVS further recommends adding language to the contributions and appropriations subdivision in each new statute provision requiring the organization to submit an annual report to the commissioner by Oct. 15 itemizing each expenditure the organization made with the funds received under this section for the previous state fiscal year. This will streamline the creation of the annual special plate report due to the Legislature each February. Reference Minnesota Statute 168.1293, subdivision 8, paragraph b.

In addition, DVS recommends changing the language in the design subdivision so it puts the obligation back onto the organization to provide a suitable design and a deadline that the final design should be submitted by. This aligns with the suggestion that a mock-up of the plate design be submitted with the application. Final design approval will stay with DVS in consultation with law enforcement. The current language presently added in new special plate statutes contradicts the language in the main special plate statute (Minn. Stat. 168.1293, subd. 3). Language related to the formatting of the design file submitted by the organization should also be included.

Frequently asked questions and available information

DVS will use the newly redesigned website to create a frequently asked questions page for organizations to reference when applying for a special plate. There will also be a page announcing pending applications outlining the organization applying for a plate, what they intend to use the contribution fees for, how much the fee will be, a sample of the proposed plate image and other pertinent information for customers to provide feedback to DVS.

Roles and responsibilities

The roles and responsibilities listed below are based on assumptions that the special plate review process is modified as suggested above.

Legislature

The Legislature and its representatives will review the proposed language from DVS, along with application summaries, feedback from the public, marketing strategies of organizations seeking special plates and other documentation received with the applications. They will be responsible for hearing testimony from DVS and organizations regarding plate applications in the transportation committee. They will vote if the application should be approved and put into statute.

Department of Public Safety

Driver and Vehicle Services

DVS will facilitate the collection of applications, fees and supporting documents, along with administrative review of the applications. The division will prepare the applications and submit a change item for bill creation and committee review.

DVS will also review existing special plates currently registered for viability and make recommendations to discontinue any that do not meet the minimum qualifications. This will include notifying the appropriate organizations of the recommendation so they may prepare testimony to be heard by the committee if they wish to dispute the recommendation.

When a new special plate is passed into law, DVS will work with the organization to prepare the plate for issuance by the effective date set forth by legislation. This will include ensuring all appropriate programming is put in place in MNDRIVE and working with FAS to create account information for the organization. They will ensure the organization is registered with MMB and work with law enforcement agencies to ensure the design submitted by the organization meets visibility requirements.

The special plate brochure will be updated annually at the end of each calendar year to include information on new plates being introduced. It will be published online and circulated to all business partners via electronic notification.

DVS will notify FAS when a new plate has been approved to begin the account setup process to ensure relevant account information is created in tandem with the DVS system programming so system testing can be done in a timely manner.

Law enforcement

Law enforcement agencies will work with DVS to ensure plate designs meet the minimum visibility requirements.

MINNCOR

MINNCOR will work with DVS to ensure designs submitted by organizations are feasible and work with equipment and color limitations. This includes ensuring designs for motorcycle plates work with their small size.

Fiscal and Administrative Services

FAS will create the account, appropriation ID and other codes needed to record fees received appropriately in SWIFT. They will create the annual receipt budget necessary to facilitate the collection and recording of funds and payment of contribution fees to the organizations.

FAS will work with MMB once this information is created to have a speedchart key created and provide the information to DVS in a timely manner so testing of the new plate information can be completed prior to the effective date of the new plate.

Deputy registrars

Deputy registrar offices will familiarize their staff with new plates as they are introduced, and the special plate brochure is published. The brochure should be available for customers to review.

Community organizations and interested parties

Organizations and parties interested in creating a plate will submit a completed application to DVS with the application fee. The application will be completed in its entirety to ensure no delays in the review process. They will reply to any requests from DVS or legislation promptly and supply all information requested.

If requested they will provide testimony during transportation committee hearings regarding their special plate, the nature of their organization, the reasoning behind the contribution fee requested and other inquiries put forth by the committee.

