

**STATE OF MINNESOTA**

**DEPARTMENT OF PUBLIC SAFETY  
DRIVER AND VEHICLE SERVICES DIVISION**

**STATEMENT OF NEED AND REASONABLENESS**

**In the matter of the proposed permanent rules relating to fees for license plates, validation stickers, and International Fuel Tax Agreement Decals and issuance and transfer of license plates.**

**GENERAL STATEMENT**

The amendments made to Minnesota Rules, chapter 7403 update and expand the Department of Public Safety's (department) procedures regarding the issuance and transfer of license plates. Chapter 7403 was originally adopted by the department in 1976 to set forth procedures for the issuance of personalized license plates. The proposed amendments to chapter 7403 not only include updates on the issuance and transfer of personalized plates, but also include procedures on the use, transfer and issuance of other license plates issued by the department.

Chapter 7403 also includes two new sections, parts 7403.1300 and 7403.1400, which set forth fees for the manufacturing and issuing of license plates, validation stickers and International Fuel Tax Agreement decals. Amendments made in the 1992 legislative session to Minnesota Statutes, section 168.12, subdivision 5, section 168.29, and section 296.171, authorize the department to impose such fees.

**STATUTORY AUTHORITY**

The general statutory authority for the promulgation of rules relating to the use, issuance and transfer of license plates and fees for license plates, validation stickers and International Fuel Tax Agreement decals is set forth in Minnesota Statutes, section 299A.01, subdivision 6, and section 14.06 of the Administrative Procedure Act.

Minnesota Statutes, section 299A.01, subdivision 6, provides that the commissioner of public safety shall have the power to promulgate such rules pursuant to chapter 14, as are necessary to carry out the duties of the commissioner. Section 14.06 of the Administrative Procedure Act gives the Department of Public Safety general rulemaking authority. Under section 14.06, the commissioner of public safety has the authority to promulgate rules that directly affect the rights of and procedures available to the public.

In addition to the general rulemaking authority listed above, the legislature has also set forth specific rulemaking authority with regard to the issuance, use and transfer of special license plates under the following statutes:

Minnesota Statutes, section 168.12, subdivision 2, Amateur radio station license; subdivision 2a, Personalized plates; subdivision 2b, Firefighters; subdivision 2c, National guard; subdivision 2d, Ready reserve; Minnesota Statutes, section 168.123, subdivision 6, Veterans; and Minnesota Statutes, section 168.125, subdivision 3, Former prisoners of war.

These rules, which administer various provisions under Minnesota Statutes, chapter 168, directly affect the public who will register a motor vehicle in Minnesota. When such policies and procedures of the department directly affect the public, the procedures must be adopted through the formal rulemaking process. The rulemaking process gives the public the opportunity to comment and participate in the development of the procedures and policies of the department.

### **SMALL BUSINESS CONSIDERATIONS**

Minnesota Statutes, section 14.115, subdivision 2, requires the department, when proposing rules, to consider the impact such rules will have on small businesses. The department is to consider the following methods for reducing the impact of the rules on small businesses:

- (a) the establishment of less stringent compliance or reporting requirements for small businesses;
- (b) the establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;
- (c) the consolidation or simplification of compliance or reporting requirements for small businesses;
- (d) the establishment of performance standards for small businesses to replace design or operational standards required in the rule; and
- (e) the exemption of small businesses from any or all requirements of the rule.

Minnesota Statutes, section 14.115, subdivision 3, requires agencies to incorporate into proposed rules any of the above methods "that it finds to be feasible, unless doing so would be contrary to the statutory objectives that are the basis of the proposed rulemaking."

The rules do not set any specific reporting requirements or design or operational standards for businesses. These rules apply equally to all individuals and businesses that are required to register motor vehicles under the laws of Chapter 168. However, deputy registrars, as small businesses, were given special consideration when the license fee schedule was developed under part 7403.1300. Part 7403.1300 is a new section which imposes a fee for the cost of manufacturing and issuing license plates and validation stickers. The majority of people obtain their license plates through one of the many deputy registrar offices located throughout Minnesota. Deputy registrars will be responsible for correctly assessing the plate costs. As is further explained in part 7403.1300, the plate costs have been divided into a limited number of general categories that cover all 40 plate categories issued by the department. Instead of having the deputy registrars assess 40 different plate costs, the department has broken the cost down into a few general categories. Having a limited number of plate fees will make it easier for deputy registrar offices to implement the new section.

### **NOTICE TO DEPARTMENT OF FINANCE**

In accordance with Minnesota Statutes, section 16A.128, subdivision 1a, pertaining to fees, the Department has received approval from the Commissioner of Finance for the fees set by these rules. A copy of the approval is attached to this Statement of Need and Reasonableness.

## NOTICE TO CHAIRS OF LEGISLATIVE COMMITTEES

In accordance with Minnesota Statutes, section 16A.128, subdivision 2a, the Department has sent a copy of the Notice of Intent to Adopt Rules and a copy of the proposed rules to the Chairs of the House Appropriations Committee and the Senate Finance Committee prior to submitting this notice to the State Register for publication.

### OTHER STATUTORY REQUIREMENTS

Minnesota Statutes, section 14.11, subdivision 1, does not apply because adoption of these rules will not result in additional spending by local public bodies in excess of \$100,000 per year for the first two years following adoption of the rules. Minnesota Statutes, section 14.11, subdivision 2, does not apply because adoption of these rules will not have an impact on agricultural land. Minnesota Statutes, sections 115.43, subdivision 1, 116.07, subdivision 6, and 144A.29, subdivision 4, do not apply to these rules.

### WITNESSES

If these rules go to a public hearing, the following individuals may testify on behalf of the department of public safety in support of the need for and reasonableness of the rules:

Dave Davies, Supervisor, Customer and Agency Services, Driver and Vehicle Services Division, Department of Public Safety, 159 Transportation Bldg., 395 John Ireland Blvd., St. Paul, MN 55155

Dan Floyd, Agency Services, Driver and Vehicle Services Division, Department of Public Safety, 159 Transportation Bldg., 395 John Ireland Blvd., St. Paul, MN 55155

Laura Nehl-Trueman, Rulewriter, Driver and Vehicle Services Division, Department of Public Safety, 208 Transportation Bldg., 395 John Ireland Blvd., St. Paul, MN 55155

Other employees of the Department of Public Safety.

If the rules go to a public hearing, the agency may call expert witnesses to testify on behalf of the agency. If the agency expects to call expert witnesses at the hearing, a list of expert witnesses will be mailed out to all persons who requested a copy of the Statement of Need and Reasonableness.

## RULE-BY-RULE ANALYSIS

### **7403.0100 DEFINITIONS.**

**Subpart 3a. Plates.** The term plate was defined to clarify that plate means either special or regular plates unless the rules state otherwise.

**Subpart 5. Reserved.** The term reserved has been repealed because the term, as used in the rule, has two separate meanings. One meaning of the term "reserved" relates to a person reserving a plate combination on a personalized plate. The other use of the term "reserved" refers to the procedure of the department reserving numbered plate sequences for future use on license plates. It is reasonable to delete this definition because the terms, as used in the rule, have a common meaning and do not need additional defining.

**Subpart 6 and subpart 7. Regular plates and Special plates.** The terms regular plates and special plates are defined to set forth the distinction between the two different types of plates. Regular plates are those that are assigned to the vehicle. The majority of people in Minnesota obtain these sequential lettered and numbered license plates. Special license plates, like personalized plates or veterans plates, are those that the division assigns to an individual owner for use on a specific vehicle listed in the owners license plate application. With special plates, the owner then is able to transfer the plates to other vehicles that the owner owns through the procedures outlined in part 7403.0900.

**Subpart 8. Validation sticker.** Validation sticker is defined as a license plate sticker, with a control number, which designates weight or expiration date. The definition is necessary to distinguish a validation sticker from other types of stickers that are issued by the department.

### **7403.0200; 7403.0300 PURPOSE AND SCOPE.**

These two parts have been broadened to state that this set of rules deals not only with personalized plates, but now covers additional regular and special plates that the department administers under chapter 168.

### **7403.0400 PLATES; FORMAT AND CONTENT.**

**Subpart 1. Characters.** Subpart 1 previously listed the characters that were only available on personalized plates. Part 7403.0400 now applies to other regular and special plates, including personalized plates. Therefore, the word "personalized" has been stricken from this subpart.

**Subpart 3. Number of characters.** Subpart 3 has been repealed because the information in this subpart has been incorporated into subpart 4.

**Subpart 4. Characters limited.** The first sentence of subpart 4 pertaining to the use of letters and numbers on a personalized plate has been stricken and moved to item C.

**Item A.** Item A is the requirement that was previously set forth in subpart 3. This requirement has been added to subpart 4 so that all character requirements could be located in one subpart. The requirement provides that at least one character on a plate must be a full-size letter or number. This rule prevents a person from having a license plate combination with only stacked characters, hyphens or spaces.

**Item B.** Item B provides that stacked characters shall count as one character. Item B also defines stacked characters. The definition of "stacked characters" is added to the rules to specify that one character placed directly above another character is a single character and not two separate characters. For some special plates, characters are required to be stacked. For example, under Minnesota statutes, section 168.123, Pearl Harbor plates require the letters "P" and "H" to be stacked, with the "P" being placed directly above the "H". The rules use the term "stacked" to define the placement of such letters.

**Subpart 5. Duplication.** The last sentence of subpart 5, requiring that the specific numbering systems prohibited on personalized plates shall be indicated on applications, has been stricken because the division no longer lists such numbering systems on the applications. It is too cumbersome and economically inefficient to list plate combinations that are not allowed on the application form. Customers can directly ask division personal about specific combinations when applying for the personalized plates.

Subpart 5 has also been clarified to state that applicants shall not be allowed to use character combinations on special plates that are currently being used or those which the department has set aside and reserved for future use.

**Subpart 6. Division plate combinations.** As in subpart 5, this subpart has been expanded beyond personalized plates and also prohibits individuals from choosing plate combinations that have been used or reserved by the department.

**Subpart 7. Spacing and hyphenation.** Subpart 7 lists the requirements for use of spaces and hyphens on plates. For example, hyphens can be used to group characters on a personalized plate but may not be used consecutively on a personalized plate. Personalized combinations using consecutive hyphens are more difficult for law enforcement to work with.

The requirement stating that the maximum number of characters on a personalized plate is six has been deleted because that requirement has been changed by statute. Minnesota Statutes, section 168.12, subdivision 2a, provides that personalized license plates cannot have more than seven letters or numbers printed on them. Because the numbers of characters allowed on a personalized plate is governed by statute, the requirement will be removed from the rules.

Subpart 7 also states that if hyphens and spaces are used on a license plate they shall count towards the total number of characters allowed on a plate. There are only seven spaces available on a license plate and if someone used a space as a space or uses a hyphen, then there will be less space available for any letters or numbers. This requirement applies for any plate in which a hyphen or space is used.

**Subpart 8. Unique symbols and weight designation stickers.** As subpart 8 indicates, unique symbols and weight designation stickers are items that may be required to be placed on a plate either by the department or specifically under chapter 168. These items are not characters that can be chosen by the person for use on a personalized plate. However, when a symbol or sticker is required it will reduce the amount of space that is available on a plate for letters and numbers.

**Subpart 9. Multiple owners.** This requirement was previously listed in part 7403.0500, subpart 2. The terms "leased" and "lessees" have been added to this subpart to clarify that if a person has leased a vehicle they will be allowed to apply for a different set of license plates without obtaining the signature of the lessor.

This procedure allows the lessee to apply directly for a different set of plates. Previously, the lessor had to sign off on the application as the owner of the vehicle. However, this procedure was very time consuming and added additional paperwork for the leasing companies. The procedure of having the lessee applying directly for the plates saves the consumer and division time in processing the application and getting the plate delivered to the applicant.

#### **7403.0500 PERSONALIZED PLATE APPLICATION; CONTENTS AND REVIEW.**

**Subpart 2. Multiple owners.** This subpart has been repealed and the requirements are now located in part 7403.0400, subpart 9.

#### **7403.0600 REPLACEMENT OF PERSONALIZED PLATES.**

**Subpart 1, Loss or theft and Subpart 2, Defacement.** Subparts 1 and 2, dealing with the loss, theft or defacement of a personalized plate, have been combined into one section because of a statutory change.

Previously, under subpart 1, if a plate was lost or stolen and a person applied for a replacement plate, the person could not obtain the same character combination on the replacement plate because the lost or stolen plates could be illegally placed on another vehicle. When the person applied for a replacement set of plates, a report would be made to law enforcement concerning the lost or stolen plates. If the department issued the same character combination to the person, the person would be in jeopardy of being stopped by law enforcement for having stolen plates on their vehicle.

Under subpart 2, if a plate was defaced, the plate owner could obtain the same character combination because the plates were required to be surrendered. If the plates were surrendered they could not be illegally placed on another vehicle.

Because of an amendment made under Minnesota Statutes, section 168.12, subdivision 2a, if the owner's plates are lost, stolen or destroyed they will be able to obtain the same personalized character combination. Minnesota Statutes, section 168.12, subdivision 2a provides, in part, "... if the personalized license plates are lost, stolen, or destroyed, the applicant may apply and shall receive duplicate license plates bearing the same combination of letters and numbers as the former personalized plates upon the payment of the fee required by section 168.29."

In addition, the department's registration record now is able to display which vehicle the plate is assigned to and what year the plate was issued. Therefore, there would no confusion as to who the legitimate plate owner was. Law enforcement officials have access to the department's registration records through a 24-hour phone service set up by the department. If a law enforcement officer has a question regarding the owner of a plate or whether a vehicle has been issued a certain set of plates they can contact the department's staff who will provide them with the information.

The refund section of subpart one has been deleted. Since the owner will not be applying for a new plate combination, there is no need for a refund.

## **7403.0700. FEES.**

Part 7403.0700 has been repealed because of a statutory change regarding the life of a plate under Minnesota Statutes, section 168.12. Personalized plates were originally issued for a five-year cycle which started in 1976. A plate issued in 1976 would be good until 1981. A \$50 application fee was required upon issuance. Using the five year cycle, the department prorated the \$50 application fee to \$10 per year.

Under Minnesota Statutes, section 168.12, subdivision 1, clause 2, plates are now required to be issued for a seven-year period. The seven-year period is not a set period, i.e. from 1976-1981, but is determined by the date the plates were originally issued. Furthermore, Minnesota Statutes, section 168.12, subdivision 2a, was also amended to provide for a one-time application fee of \$100. This statutory change precludes the department from prorating the fee for the issuance of personalized plates.

## **7403.0800 REFUNDS FOR SPECIAL PLATES.**

**Subpart 1. Conditions.** Subpart 1 provided for a ten dollar refund for each full unused registration year. The ten dollar refund was appropriate when the refund was based on the five-year registration system. As explained above in part 7403.0700, the amount of the application fee and the registration system have changed since the initial adoption of these rules. Therefore, a new refund schedule has been proposed.

Subpart 1 allows for a refund of the application fee if a person surrenders the plates to the department within 45 days of original issuance. The refund allows a person, who changes his or her mind, or who receives the plates as a gift but does not want them, to return the plates and apply for a refund. Based on department experience, 45 days is a reasonable amount of time for the person to determine whether or not they want to keep the plates or whether they want to return the plates and apply for a refund.

**Item A.** Item A has been deleted because the refund for lost or stolen plates is no longer necessary. See part 7403.0600 for an explanation of the change in policy with regard to lost or stolen plates.

**Subpart 3. Nonuse.** Subpart 3 has been repealed because subpart 1 now provides for the condition under which a refund is allowed. Therefore, this subpart is unnecessary.

## **7403.0850 RECALL OF PERSONALIZED PLATES.**

Part 7403.0850 sets forth information regarding the notice that a person will receive if the persons plates are recalled. Plates may be recalled under Minnesota Statutes, section 168.12, subdivision 2a, due to a complaint and subsequent determination that the character combination used on the plate is of an obscene, indecent, or immoral nature, or of a nature that would offend public morals or decency.

**Items A through E.** Items A through E provide the owner of the character combination with the background information as to why his or her character combination is being recalled.

**Item F.** Item F lists the options that are available to the owner if the plate combination is being recalled. The owner may obtain another plate combination for no additional fee or the owner may obtain a regular plate and receive a prorated refund of their original application fee under the fee schedule provided for in this item.

The refund is prorated over a period of five years. The five year refund is based on the five year retention schedule of license plate application records. According to the retention schedule, license plate applications are destroyed after five years. Refunds are based on those application records. Therefore, once the records are destroyed, the department is not authorized to issue a refund. Record retention schedules are approved by the Department of Administration under Minnesota Statutes, section 138.17.

#### **7403.0900 ASSIGNMENT AND TRANSFER OF SPECIAL PLATES.**

**Subpart 1. In general.** The subpart has been expanded to cover all special plates, including personalized plates.

**Subpart 2. Transfer.** In this subpart, item C, requiring surrender of plates upon a transfer, has been eliminated. As previously discussed under part 7403.0600, it is no longer necessary to surrender plates because of the information that is now available to law enforcement agencies regarding plate ownership from the department's registration system. Law enforcement can readily determine which plates are valid for display on any vehicle.

Elimination of the requirement for surrender of plates provides better service to the customer and more efficient administration in the issuance of plates by being able to offer registration by mail.

**Subpart 3. Election to transfer plates.** The amendment in subpart 3 clarifies that special plates can only be transferred to eligible individuals and vehicles. There are specific statutory requirements that prohibit the transfer of plates to certain individuals or vehicles. For example, under Minnesota Statutes, section 168.123, a Korean veteran plate can only be displayed on a vehicle by a veteran of the Korean conflict. Under Minnesota Statutes, section 168.128 limousine plates may not be transferred to a vehicle owned by another person, but may only be transferred to another limousine owned by the same person upon notifying the registrar.

The final amendment in subpart 3, notifies the owner of a personalized plate that upon sale of a vehicle, the plate will be considered assigned to a new eligible owner unless the owner follows the procedures in subpart 4 to retain the plate. The rule points out that it is the responsibility of the seller to obtain regular plates or notify the department if he or she wishes to retain the plate combination.

**Subpart 4. Election to retain plates.** The amendment in subpart 4 adds an additional step that the owner of specialized plates must take if the owner sells the vehicle and wishes to retain the use of the special plates. In most cases, the owner will have to obtain regular plates for the vehicle being sold if the owner wishes to retain the special plate. However, there are a limited number of exceptions under which a person will not have to obtain regular plates. The owner will not have to obtain regular plates if the owner provides written notification to the department before the sale that one of the exceptions applies, what the disposition of the special plates will be and whether the owner wishes to retain the right to use the special plate.

This additional procedure, of notification to the department, actually protects the owner's right to retain the special plates. For example, there have been cases where an owner of a special plate sold a car to an insurance company without obtaining regular plates for the car thinking the car would be junked. However, the insurance company re-sold the car to another buyer. Because regular plates were not obtained for the car, the special plates were automatically assigned to the buyer who purchased the car from the



insurance company. Under that example, the original owner of the plate combination lost the right to use that combination.

Therefore, instead of just assuming that a car going to an insurance company will be junked and never resold, the rule amendment puts the burden on the owner to get regular plates for the vehicle being sold or to notify the department and inform the department as to the disposition of the plates and that the owner wishes to retain the plate. Once the department is notified that vehicle is sold to a junk yard and that the owner wishes to retain the right to the plate combination, the department will provide a fictitious plate number on the motor vehicle record for the car that was sold. The motor vehicle registration record will show that the special plate combination is no longer registered to the sold vehicle. The special plate combination will then be reserved for the original owner.

**Subpart 5. Surrender of other plates.** Subpart 5, requiring the surrender of the regular numbered plates at the time the personalized plates are issued, has been repealed. As previously explained in part 7403.0600 the department no longer requires the surrender of plates.

#### **7403.1000 INITIAL ISSUE.**

Part 7403.1000 has been repealed. This section was used to administer the initial issuance of personalized plates in 1976 and is no longer relevant to the issuance of personalized plates today.

#### **7403.1100. RESERVATION DATE.**

Part 7403.1100 has been repealed. This part required the owner of personalized plates to notify the department 60 days in advance of their license plate renewal date if they wished to reserve their plate combination. The 60 day notification period was necessary so that the new plates would be available upon renewal.

The 60 day notification requirement is no longer necessary because of a change in Minnesota Statutes, section 168.09, subdivision 7. The statute now allows the department to issue a 60 day permit to the person when they renew their plate. The 60 day permit provides proof that taxes were paid. During the 60 day period the person's new license plates will be manufactured.

#### **7403.1300 PLATE AND VALIDATION STICKER FEES.**

Part 7403.1300 is a new part that is added to conform to legislative changes with regard to the fee that is imposed for the cost of license plates and validation stickers. Minnesota Statutes, section 168.12, subdivision 5, was amended by Minnesota Laws 1992, chapter 581, section 7, to read:

In addition to any fee otherwise authorized or any tax otherwise imposed upon any motor vehicle, the payment of which is required as a condition to the issuance of any number license plate or plates, the commissioner of public safety may impose a fee of \$2 ~~for a~~ that is calculated to cover the cost of manufacturing and issuing the license plate...

In addition, Minnesota Statutes, section 168.29, was amended by Minnesota Laws 1992, chapter 581, section 11, to read:

In the event of the defacement, loss or destruction of any number plates or validation stickers, the registrar, upon receiving and filing a sworn statement of the vehicle owner, setting forth the circumstances of the defacement, loss, destruction or theft of the number plates or validation stickers, together with any defaced plates or stickers and the payment of ~~the~~ a fee of \$5 calculated to cover the cost of replacement, shall issue a new set of plates... or stickers.

In accordance with the 1992 legislative amendments, this rule part sets forth fees that are calculated to cover the cost of manufacturing and issuing license plates and validation stickers. The costs are based on expenditures for fiscal year 1992.

**Subpart 1. General information.** Subpart 1 sets forth general information regarding what the plate fee is. The plate fee covers only the cost of manufacturing and issuing the license plate and validation sticker. Section 168.12, subdivision 5, provides that the plate fee is in addition to any other authorized fees or any tax otherwise imposed upon the motor vehicle. Such other fees and taxes include: titling, transfer and filing fees, registration tax, fees required to transfer the plate to another vehicle, and yearly display fees or contributions.

The department issues license plates for every vehicle required to be registered in Minnesota. License plates issued to passenger automobiles and dealer license plates are replaced at seven year intervals; all other license plates are issued for the life of the vehicle. Registration is renewed by affixing a validation sticker to the lower right corner of each license plate.

**Subpart 2. Original issuance.** Subpart 2 sets forth the fee for plates which will be imposed upon original issuance of the plate. The plate fee is based on the cost of manufacturing and issuing of the plates. The breakdown of the costs of issuing and manufacturing plates is set forth in Appendix A, pages 1 through 4. As page 1 of appendix A illustrates, the total expenditure is based on the Managers Financial Report, from the Statewide Accounting System.

The figures that are used in the worksheet are 1992 fiscal year numbers, with adjustments. The adjustments on the worksheet are necessary to show the materials and incomplete plates that remain at the end of the fiscal year. Materials that remain at the end of the fiscal year are used in the next fiscal year. The cost of the materials carried over into the next fiscal year is shown in the adjustments column on page 1 of appendix A.

In fiscal year 1992, the department expended over \$1,800,000 in the manufacturing and issuance of plates and validation stickers, as shown on page 1 of appendix A. Page 2 of appendix A shows that approximately 17 percent of the \$1,708,295 was expended on the manufacturing and issuing of validation stickers and 83 percent was expended on the manufacturing of plates.

Page 3 and page 4 of the worksheet in appendix A provide a further breakdown of the expenditures for plates and stickers. Page 3 is a breakdown of the plate expenditures into various plate categories. The plate expenditures are divided into six categories, under items A and B, as follows:

A.	Sequenced double plate	2.50
	Sequenced special plate-double	3.50
	Sequenced single plate	1.50
	Sequenced special plate-single	2.75

B.	Non-sequenced double and collegiate plate	9.75
	Non-sequenced single plate	9.00

A sequenced plate is one that is numbered according to the department's numbering system. Sequenced plates are made in sequential order and include regular numbered plates and the majority of special plates such as veterans plates. Non-sequenced plates are only personalized plates, amateur radio operator plates, and citizen band operator plates. These special plates have letters and numbers that are chosen by the individual or reflect the call letters of the person's radio station or citizen's band.

The expenditure for the manufacturing and issuing of plates is broken down into a limited number of categories of plates for ease of administration. Currently, the department manufactures 40 different categories of license plates. Some categories of plates cost more to produce because of additional time and material. However, it is not administratively feasible to have separate plate costs for each of the 40 categories. Plates are issued by the department and through 167 separate deputy registrar offices located throughout the state. Using the two general categories of sequenced and non-sequenced for plate costs will make it easier for deputy registrars to issue the plates. Fewer plate categories will mean less training time for deputies, less paperwork and fewer errors in issuing plates, which ultimately leads to better customer service.

The categories were divided up into sequenced and non-sequenced plates because there is the largest cost differential between these categories of plates in the time and expense required to manufacture the plates. The division between sequenced and non-sequenced was also reasonable because of the additional handling time that is needed to process the license plate application and issue the non-sequenced plates by division staff, as shown on page 3 of appendix A. The additional handling and cost is set forth on page 3 of appendix A.

A division in plate fees was also made between single and double plates. This is a reasonable division because not all plates are purchased in pairs. For example, motorcycle and utility trailer plates are single plate purchases. Such plates are also smaller, seven inches as opposed to twelve inches. Therefore, a breakdown between single and double plates was made to avoid having a person pay as much for a single plate as for two plates. Even though a person will pay less for a single plate, the fee will not be half of a double plate. This is because the overhead costs are the same for all plates, but the material costs are half for a single plate. Overhead costs consist of time, salary, electricity, and other non-material fixed costs. It takes the same amount of time to make a double plate as it does a single plate, only the material costs will increase for double plates.

The plate fees in items A and B also include handling costs. Handling costs are part of the issuing costs. In item A, the handling fee is only assessed if a person is issued special plates. Therefore, a sequenced special plate will cost more than a regular numbered sequence plate. A person is assessed a handling charge for purchasing special plates because of the additional staff time required to process and issue the plates. A person who purchases special plates, such as veterans plates, has to fill out a special application for the plates. The plates have to be specially manufactured and then distributed to that person. On the other hand, a person who obtains regular plates can be issued pre-manufactured plates over the counter without any additional handling or processing time by the staff.

Collegiate plates are authorized under Minnesota Statutes, section 168.129. Under subdivision 1 of the statute, the commissioner is authorized to design special collegiate plates after consulting with each participating college, university or post-secondary system. To date, the department has not issued any collegiate plates. However, the department is

working with a small number of colleges in designing collegiate plates. It is anticipated that only a small number of collegiate plates will be manufactured in this fiscal year. The cost of manufacturing and issuing the collegiate plates is comparable to other non-sequenced plates.

Under item B, the handling charge for non-sequenced plates is added into the total plate cost. There is one total fee cost for non-sequenced plates because all non-sequenced plates require additional handling. As the worksheet on appendix A, page 3 illustrates, the non-sequenced double plate cost is \$5.24 and the single plate cost is \$4.33. The handling charge for each of the single and double plates is \$4.44. For convenience in administering the fee, the two costs were added together for one fee.

The costs for the plates were rounded up to the nearest quarter. As previously mentioned, the majority of plates are issued through the deputy registrar offices throughout Minnesota. Deputy registrars are responsible for collecting motor vehicle fees and depositing the fees in a state depository within 24 hours at the end of each working day. Fees that are rounded off will provide for easier record keeping and accounting for the deputy registrar offices so they can make their deposit in the required amount of time. The deputy registrar offices can be assessed additional money for not meeting the deadline for depositing state funds. Deputy registrars are small businesses that are limited in the number of staff available. If the fees are easy to assess and easy to process, the deputy registrars will not be overly burdened with these new fees.

**Subpart 3. Duplicate plates.** Subpart 3 states that duplicate plate fees will be the same as the fees assessed upon original issuance of the plate in subpart 2. This section is based on the legislative amendment to Minnesota Statute, section, 168.29, as previously mentioned in subpart 2 above, that allows the department to charge for the cost of manufacturing and issuing duplicate plates.

**Subpart 4. Duplicate validation sticker fees.** Under Minnesota Statutes, section 168.29, the department is authorized to charge the cost of manufacturing and issuing validation stickers when stickers are lost, defaced or otherwise destroyed. This section sets forth the fees for duplicate validation stickers. Validation stickers issued with original issuance plates are included in the cost of issuing the license plate under subpart 2.

Like the cost of license plates, the breakdown of the costs for validation stickers is shown in appendix A. As shown on page 2 of appendix A, 17 percent of the total expenditure from page 1 of appendix A is spent on manufacturing validation stickers. Page 4 of appendix A shows the breakdown of validation stickers based on the size of the sticker. Because the cost to produce each of the three size stickers is under ten cents, all stickers will be priced at ten cents for ease of administration. The handling charge per sticker is 50 cents, as shown on page 4 of appendix A, for a total charge of 60 cents per sticker. However, to reduce the burden on deputy registrar offices in the assessment of the fee, the fee for duplicate stickers will be rounded off to 50 cents.

#### **7403.1400 INTERNATIONAL FUEL TAX AGREEMENT DECAL FEE.**

The International Fuel Tax Agreement (IFTA) is an agreement among jurisdictions for the uniform collection and distribution of fuel use tax revenues. IFTA is a national program under which motor carriers will only have to deal with a single jurisdiction for fuel use tax licensing and reporting, instead of several jurisdictions as some motor carriers are doing now. Federal legislation has been passed and mandates that all jurisdictions comply with the fuel use tax reporting procedures under IFTA by 1996.

IFTA requires carriers to display a decal which indicates that the fuel taxes have been paid in their base jurisdiction. IFTA allows member jurisdictions to charge decal fees. The authority for Minnesota to charge a decal fee has been codified in Minnesota Statutes, section 296.171, subdivision 10, which was first enacted in Minnesota Laws 1992, chapter 581, section 20. Subdivision 10 provides, in part:

The commissioner of public safety may issue and require the display of a decal or other identification to show compliance with subdivision 5. The commissioner may charge a fee to cover the cost of issuing the decal or other identification.

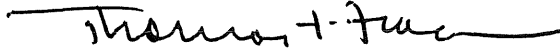
Minnesota has been issuing fuel decals for several years. However, the department has never charged carriers for the decal. With the passage of the authority to charge a fee for the decals in 1992, the department will start charging for the decal in the 1993 registration period.

This part sets forth the fee that will be charged carriers for the cost of the fuel decal sticker. Carriers will be charged a fee of 50 cents for the decal. The figures showing the breakdown of the cost per decal are found in the worksheet in appendix B. The worksheet states that for fiscal year 1993, the department estimates that a total of \$72,985.17 will be expended in the production of the decals. That total amount was divided by the total number of decals that the department anticipates will be produced for 1993. This calculation resulted in a figure of 51 cents per decal. The cost per decal of 51 cents was rounded off to 50 cents for ease of administration and issuance.

It is anticipated that the decal fee will not change each calendar year unless the number of decals produced significantly increases. The department figures will be reevaluated each year to determine whether a change in decal fees is warranted.

Based on the foregoing, the department's proposed rules are both necessary and reasonable.

10-21-92  
Date

  
Thomas H. Frost, Commissioner  
Department of Public Safety