

# Budget Brief – Tax License Plates Production Line Item

NUMBER EDR-16-07

**SUMMARY**

The Tax Commission’s License Plate Production line item accounts for the purchase of license plates and tags from the State Prison license plate production operation.

**ISSUES AND RECOMMENDATIONS**

***Growing Nonlapsing Balances***

Statutory authority for the Tax Commission to carry forward unexpended balances related to license plate production is provided in UCA 41-1a-1201, Disposition of Fees. Over the past several years, closing nonlapsing balances in the License Plate Production line item have consistently been greater than total expenses for the year. The closing nonlapsing balance for FY 2006 was \$3.4 million—almost 70 percent greater than expenditures for that year.

The Analyst recommends directing the Tax Commission to decrease the nonlapsing balance in the License Plate Production line item. Since all revenues to the program are dedicated credits, the agency may decrease fees. If the Tax Commission can provide documentation of increasing costs for plate production, the agency may also decrease the nonlapsing balance by holding the fees it charges constant.

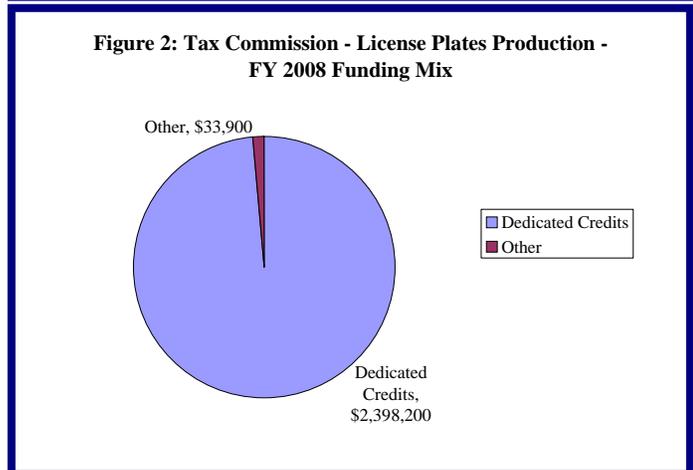
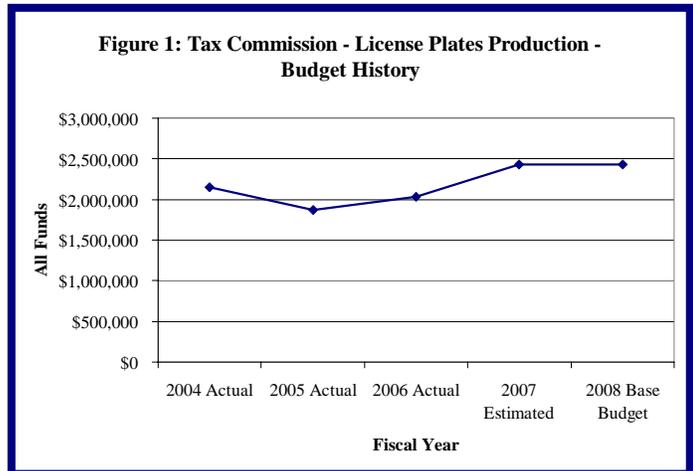
See Issue Brief GAA-07-004, *Tax Commission Nonlapsing Balances* for more details.

**ACCOUNTABILITY DETAIL**

The Tax Commission has provided no performance measures for this line item as it accounts only for the purchase of license plates. The Analyst recommends directing the Commission to report at least one outcome-based performance measure next session. This measure may be related to fee policies that decrease the line item’s growing nonlapsing balance.

**BUDGET DETAIL**

The figures on this page and the table on the following page provide details for the License Plate Production line item budget. Funding for this line item is generated solely through license plate fees, which do not lapse as described previously.



The majority of expenditure is for the purchase of license plates and tags from the State Prison license plate production operation with a small portion of funds going towards freight and drayage costs.

<b>Tax Commission - License Plates Production</b>						
	<b>FY 2006</b>	<b>FY 2007</b>		<b>FY 2007</b>		<b>FY 2008*</b>
<b>Sources of Finance</b>	<b>Actual</b>	<b>Appropriated</b>	<b>Changes</b>	<b>Revised</b>	<b>Changes</b>	<b>Base Budget</b>
Dedicated Credits Revenue	2,398,200	2,250,200	148,000	2,398,200	0	2,398,200
Beginning Nonlapsing	3,034,700	2,864,100	539,000	3,403,100	(33,900)	3,369,200
Closing Nonlapsing	(3,403,100)	(2,693,500)	(675,700)	(3,369,200)	33,900	(3,335,300)
<b>Total</b>	<b>\$2,029,800</b>	<b>\$2,420,800</b>	<b>\$11,300</b>	<b>\$2,432,100</b>	<b>\$0</b>	<b>\$2,432,100</b>
<b>Programs</b>						
License Plates Production	2,029,800	2,420,800	11,300	2,432,100	0	2,432,100
<b>Total</b>	<b>\$2,029,800</b>	<b>\$2,420,800</b>	<b>\$11,300</b>	<b>\$2,432,100</b>	<b>\$0</b>	<b>\$2,432,100</b>
<b>Categories of Expenditure</b>						
Current Expense	2,029,800	2,420,800	21,900,200	24,321,000	(21,888,900)	2,432,100
<b>Total</b>	<b>\$2,029,800</b>	<b>\$2,420,800</b>	<b>\$21,900,200</b>	<b>\$24,321,000</b>	<b>(\$21,888,900)</b>	<b>\$2,432,100</b>

\*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

**LEGISLATIVE ACTION**

The Analyst recommends the following budget action for the Tax Commission Administration Line Item:

- Adopt a base budget totaling \$2,432,100 for the License Plate Production Line Item.
- Direct the Tax Commission to take action to decrease nonlapsing balances in the License Plate Production Line Item by decreasing fees or holding fees steady if the Commission's costs increase.