

Budget Brief – Tax License Plates Production Line Item

NUMBER EDR 08-02

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, as well as decals from the vendors.

ISSUES AND RECOMMENDATIONS

Growing Nonlapsing Balance

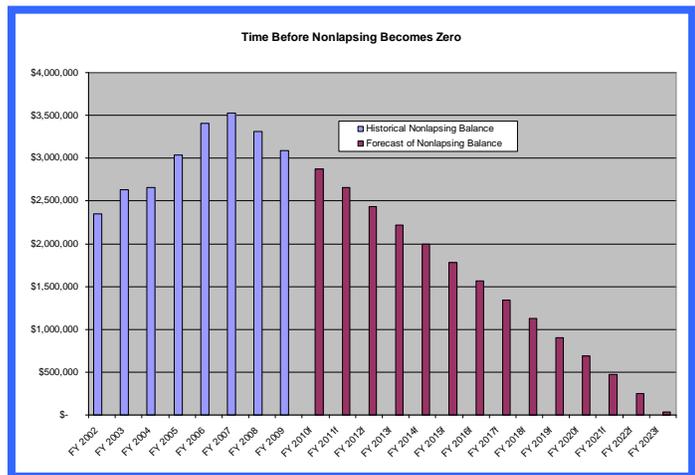
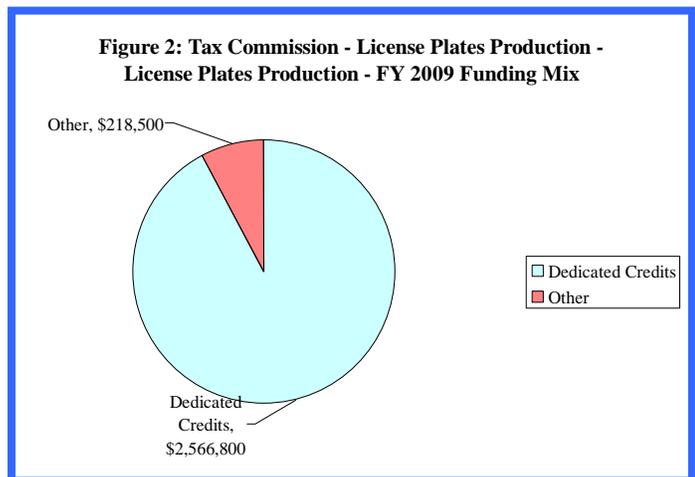
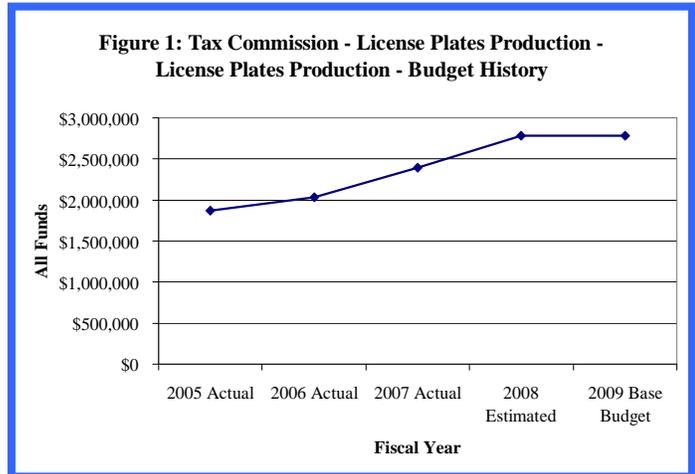
Statutory authority for the Tax Commission to carry forward unexpended balances related to license plate production is provided in UCA 41-Aa-1201, Disposition of Fees. Over the past several years, closing nonlapsing balances in the License Plate Production line item have consistently been greater than total expenses for the year. The closing nonlapsing balances for FY 2007 was \$3.3 million.

ACCOUNTABILITY DETAIL

In the past General Session, the Analyst recommended that the Tax Commission address the existing nature of the nonlapsing balances. To the Analyst’s knowledge, this has not yet been accomplished. It is again recommended that the Tax Commission address this issue by providing evidence that costs are likely to increase in the near future or that license plate fees be decreased to closer align revenues with expenditures. At the current rate of decrease, it will be approximately 14 years before the nonlapsing balances become zero.

BUDGET DETAIL

The table below summarizes the License Plate Production line item. Most of the revenue comes from the reflectorized plate fee. Almost all of the funding goes for license plates from the State Prison license plate production operation and vendors for the decals, with a small portion being devoted to freight and drayage.



Tax Commission - License Plates Production - License Plates Production

Sources of Finance	FY 2007	FY 2008	Changes	FY 2008	Changes	FY 2009*
	Actual	Appropriated		Revised		Base Budget
Dedicated Credits Revenue	2,516,400	2,398,200	168,600	2,566,800	0	2,566,800
Beginning Nonlapsing	3,403,100	3,369,200	160,100	3,529,300	(218,500)	3,310,800
Closing Nonlapsing	(3,529,300)	(3,335,300)	24,500	(3,310,800)	218,500	(3,092,300)
Total	\$2,390,200	\$2,432,100	\$353,200	\$2,785,300	\$0	\$2,785,300
Categories of Expenditure						
Current Expense	2,390,200	2,432,100	353,200	2,785,300	0	2,785,300
Total	\$2,390,200	\$2,432,100	\$353,200	\$2,785,300	\$0	\$2,785,300

*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 License Plate Production Line Item:

- Authorize a base budget of \$2,785,300.
- Direct the Tax Commission to report evidence of increasing costs.