

- SB 13-170 License Plate Auction Group, Legislative issues
- The issues that we are requesting be addressed in the 2013 legislative session are;
- Adding private sector representatives to LPAG, 3 from private sector, 1 from a program delivering services. This is to bring other perspectives and resources to LPAG, such as business, marketing, auction experience, etc..
- Keep the 5% cap on implementation/operating expenses. The group requests authority to allow “up to 20%” for commissions for “auctioneers”. This will allow us to partner with non-profits to do specialty auctions (e.g. United Way to sell UW). We have also learned that if we are to use a professional auctioneer they charge a commission. Sothebys charges between 15% - 25%.
- Increase spending authority – currently about \$22K. We need spending authority increase to provide adequate spending authority to get going, based on our draft budget, developed with the assistance of the Office of Economic Development. The current request will be \$300k, and we have a few potential funding sources (grants, gifts...) that could help us meet that goal.
- Authorizing LPAG to have authority to make “business” decisions on issues not specified in statute, similar to the Lottery. Again to give us necessary flexibility (and increase the comfort level for the state employees on LPAG in making out-of-the-box decisions) and reduce our need to keep asking for legislative changes.
- Creating viable incentives for holders of currently issued valuable combinations to turn them in for auction, if it can be done without negative impact on the state coffers. There are many valuable combinations currently issued and we would like to be able to offer some incentives to get those turned in for auction.
- Authority to have plates made from “alternate” materials, as approved by DMV, e.g. porcelain. The Delaware example shows some people will pay a premium for plates made from materials that were previously used, e.g. porcelain, leather, etc.
- Allowing a portion of the purchase price to be a charitable tax deduction for purchases, if it can be done without negative impact on the state coffers. We believe (as the consultants do) that this will result in people paying higher purchase prices.
- Allow use of symbols on the standard American keyboard or as approved by the LPAG. All indications are that certain symbols (@, #, \$, %,...) will be very valuable. \$ may be worth 7 figures. DMV has said this is quite doable.

## SB 170 (as amended) fiscal issues

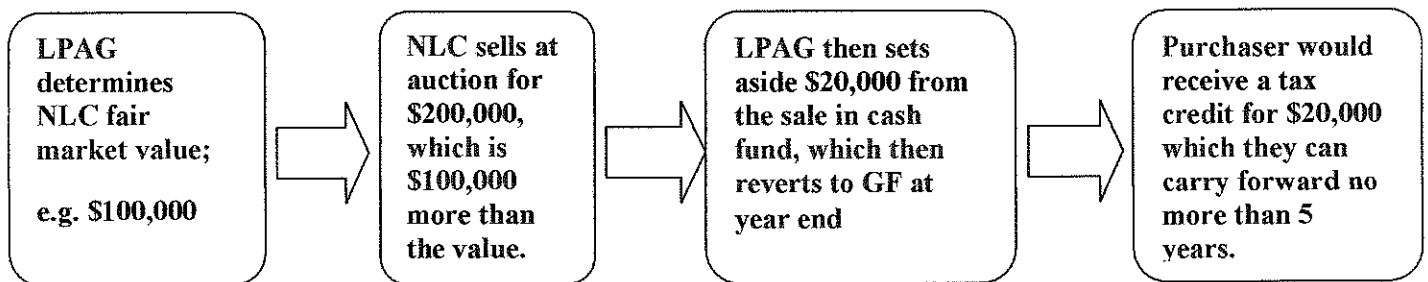
Allowing charitable tax deductions for purchases at the state level (we do not know what IRS will do, we are seeking approval), if it can be done without negative impact on the state coffers. We believe, as the consultants do, that this will result in people paying significantly higher purchase prices.

The amended bill allows a purchaser of a plate number/letter combination (NLC) to get a tax credit for 20% of the portion of the purchase that exceeds the market value of the NLC. The License Plate Auction Group determines fair market value.

The LPAG would set aside 20% of the sale price above what the LPAG has determined is fair market value in a separate account, which would then revert to the GF at year end.

This will also indemnify the state coffers should IRS grant tax deductible status, for amounts paid over the fair market value of the NLC.

Example;



Other Fiscal Issues;

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