



POLICY MATTERS

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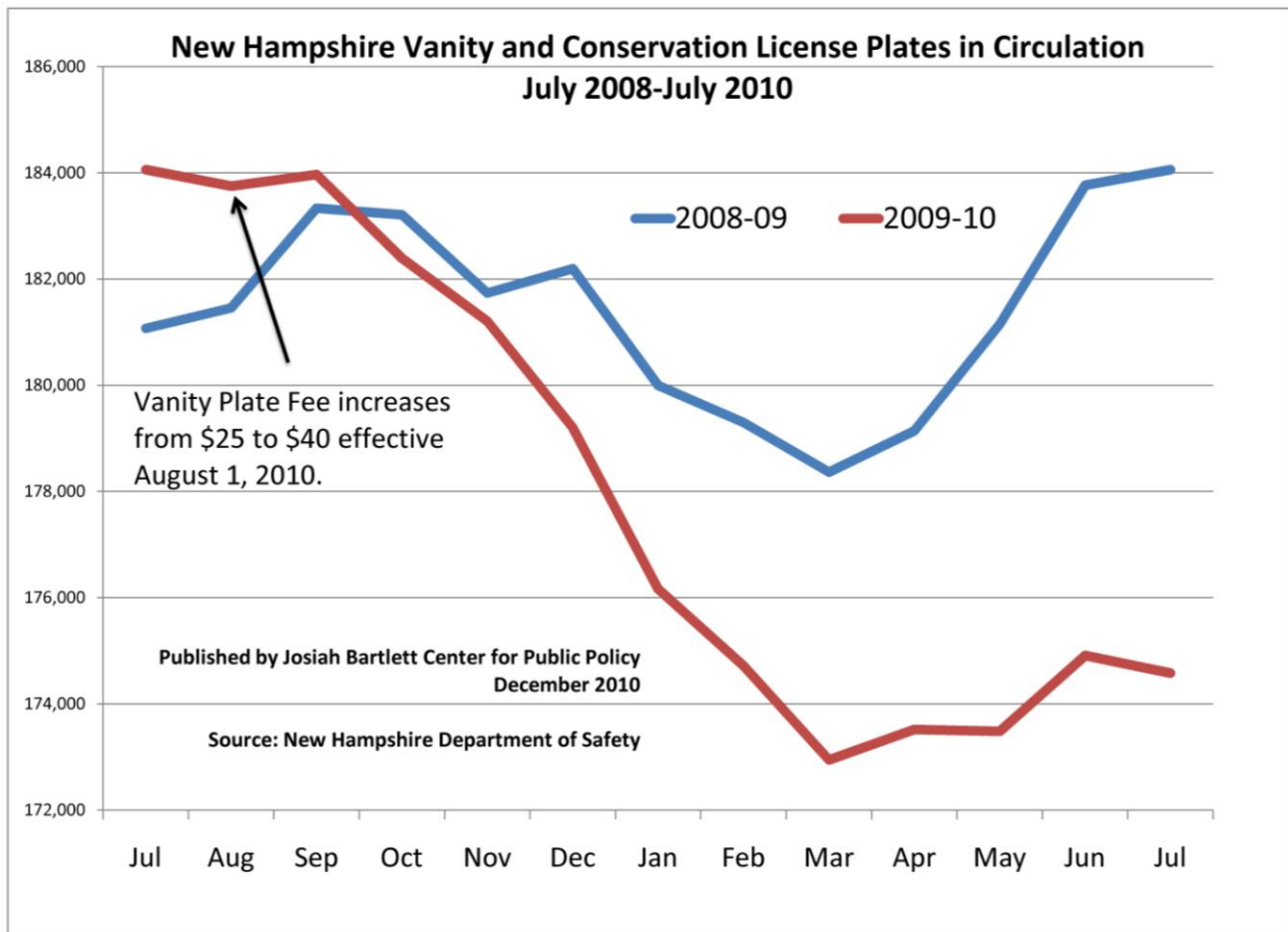
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Higher Vanity Plate Fees bring small drop in Sales

Higher Price, Slow Economy mean fewer customized plates in NH

By Grant D. Bosse

Fewer New Hampshire drivers are paying a premium to customize their license plates, following a 60% increase in the fee. The New Hampshire Legislature increased the annual surcharge for customized plates from \$25 to \$40 as part of the 2009-2010 budget. The higher rate went into effect on August 1, 2009. One year after the fee increase, there were nearly 10,000 fewer vehicles with premium New Hampshire license plates. This drop-off represents a small fraction of car owners, as the percentage of vehicles with vanity plates has fallen from 14.8% to 14.3% of all cars on the road.



Source: New Hampshire Department of Safety

VANITY PLATES DECLINE WHILE CONSERVATION PLATE SALES RISE

The dip in demand for customized license plates could easily be attributed to a sluggish economy rather than the higher fee. But sales of Conservation Plates, which also carry an additional fee, have been steady over the past year, even as the number of Vanity Plates in circulation has fallen by 5%. The decline proceeded steadily throughout the year, as each month more drivers faced the decision of whether to renew their Vanity Plates for the higher fee.

The drop in Vanity Plate sales has not hurt state revenues. According to NH Department of Safety data, Vanity Plates generated \$6.65 million dollars in fees during FY 10, a 52% annual increase.

Premium License Plates in New Hampshire

Date	Vanity Plates	Conservation	Vanity + Conserv.	Total Plates	%
7/5/2008	172,239	30,393	8,832	1,457,114	14.51%
8/2/2008	172,608	30,537	8,851	1,460,079	14.52%
9/6/2008	174,387	30,868	8,946	1,473,598	14.54%
10/4/2008	174,279	30,999	8,932	1,470,639	14.57%
11/1/2008	172,822	30,995	8,916	1,459,458	14.58%
12/6/2008	173,257	31,232	8,938	1,460,415	14.61%
1/3/2009	171,128	31,057	8,870	1,440,770	14.65%
2/7/2009	170,437	31,230	8,863	1,434,728	14.67%
3/7/2009	169,548	31,172	8,817	1,424,235	14.71%
4/4/2009	170,297	31,135	8,847	1,421,495	14.79%
5/2/2009	172,320	31,178	8,830	1,433,329	14.81%
6/6/2009	174,908	31,475	8,859	1,453,718	14.81%
7/4/2009	175,226	31,540	8,837	1,457,024	14.80%
8/1/2009	174,957	31,528	8,795	1,457,366	14.77%
9/5/2009	175,170	31,759	8,796	1,466,376	14.71%
10/3/2009	173,687	31,692	8,705	1,460,067	14.66%
11/7/2009	172,516	31,848	8,689	1,458,282	14.61%
12/17/2009	170,579	31,785	8,621	1,455,378	14.50%
1/2/2010	167,643	31,560	8,518	1,428,004	14.55%
2/6/2010	166,241	31,654	8,474	1,423,018	14.50%
3/6/2010	164,540	31,611	8,405	1,414,079	14.47%
4/3/2010	165,140	31,578	8,377	1,413,103	14.51%
5/1/2010	165,164	31,498	8,321	1,418,479	14.45%
6/5/2010	166,590	31,804	8,321	1,440,629	14.35%
7/3/2010	166,272	31,870	8,309	1,446,168	14.28%

Source: New Hampshire Department of Safety

CONCLUSION

Demand for Vanity License Plates in New Hampshire is elastic. A large increase in the fee resulted in a small but noticeable drop in sales. This decrease should not be attributed to the state's slow economy, as demand for Conservation Plates did not see a similar drop. While further fee increases would likely reduce sales, demand would not drop enough to hurt overall revenues from the higher fees. Customizing a license plate is not an essential state service, and paying this fee is entirely voluntary. The Legislature should consider higher license plates fees before raising taxes and fees on essential economic activities.

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