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**ENGROSSED SUBSTITUTE HOUSE BILL 1592**

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**State of Washington**

**58th Legislature**

**2003 Regular Session**

**By** House Committee on Transportation (originally sponsored by Representatives Simpson and Ericksen)

READ FIRST TIME 02/25/03.

1       AN ACT Relating to special license plates; amending RCW 46.16.233  
2 and 46.16.314; adding new sections to chapter 46.16 RCW; and creating  
3 new sections.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5       NEW SECTION. **Sec. 1.** The legislature has seen an increase in the  
6 demand from constituent groups seeking recognition and funding through  
7 the establishment of commemorative or special license plates. The high  
8 cost of implementing a new special license plate series coupled with  
9 the uncertainty of the state's ability to recoup its costs, has led the  
10 legislature to delay the implementation of new special license plates.  
11 In order to address these issues, it is the intent of the legislature  
12 to create a mechanism that will allow for the evaluation of special  
13 license plate requests and establish a funding policy that will  
14 alleviate the financial burden currently placed on the state. Using  
15 these two strategies, the legislature will be better equipped to  
16 efficiently process special license plate legislation.



1 expenses in going to, attending, and returning from meetings of the  
2 board or that are incurred in the discharge of duties requested by the  
3 chair. However, in no event may a board member be compensated in any  
4 year for more than one hundred twenty days, except the chair may be  
5 compensated for not more than one hundred fifty days. Service on the  
6 board does not qualify as a service credit for the purposes of a public  
7 retirement system.

8 (3) The board shall keep proper records and is subject to audit by  
9 the state auditor or other auditing entities.

10 (4) The department of licensing shall provide administrative  
11 support to the board, which must include at least the following:

12 (a) Provide general staffing to meet the administrative needs of  
13 the board;

14 (b) Report to the board on the reimbursement status of any new  
15 special license plate series for which the state had to pay the start-  
16 up costs;

17 (c) Process special license plate applications and confirm that the  
18 sponsoring organization has submitted all required documentation. If  
19 an incomplete application is received, the department must return it to  
20 the sponsoring organization;

21 (d) Compile the annual financial reports submitted by sponsoring  
22 organizations with active special license plate series and present  
23 those reports to the board for review and approval.

24 (5) The legislative transportation committee will provide general  
25 oversight of the board, which must include at least the following:

26 (a) Process and approve board member compensation requests;

27 (b) Review the annual financial reports submitted to the board by  
28 sponsoring organizations;

29 (c) Review annually the list of the board's approved and rejected  
30 special license plate proposals submitted by sponsoring organizations.

31 NEW SECTION. **Sec. 103.** A new section is added to chapter 46.16  
32 RCW to read as follows:

33 **AUTHORITY AND RESPONSIBILITIES OF THE BOARD.** (1) The creation of  
34 the board does not in any way preclude the authority of the legislature  
35 to independently propose and enact special license plate legislation.

36 (2) The board must review and either approve or reject special  
37 license plate applications submitted by sponsoring organizations.

1 (3) Responsibilities of the board include but are not limited to  
2 the following:

3 (a) Review and approve the annual financial reports submitted by  
4 sponsoring organizations with active special license plate series and  
5 present those annual financial reports to the legislative  
6 transportation committee;

7 (b) Report annually to the legislative transportation committee on  
8 the special license plate applications that were considered by the  
9 board;

10 (c) Issue approval and rejection notification letters to sponsoring  
11 organizations, the department, and the legislative sponsors identified  
12 in each application. The letters must be issued within seven days of  
13 making a determination on the status of an application.

14 **PART II**

15 **ELIGIBILITY REQUIREMENTS FOR A SPONSORING ORGANIZATION**

16 NEW SECTION. **Sec. 201.** A new section is added to chapter 46.16  
17 RCW to read as follows:

18 **ELIGIBILITY REQUIREMENTS.** (1) For an organization to qualify for  
19 a special license plate under the special license plate approval  
20 program created in sections 101 through 303 of this act, the sponsoring  
21 organization must submit documentation in conjunction with the  
22 application to the department that verifies:

23 (a) That the organization is a nonprofit organization, as defined  
24 in 26 U.S.C. Sec. 501(c)(3). The department may request a copy of an  
25 Internal Revenue Service ruling to verify an organization's nonprofit  
26 status; and

27 (b) That the organization is located in Washington and has  
28 registered as a charitable organization with the secretary of state's  
29 office as required by law.

30 (2) For a governmental body to qualify for a special license plate  
31 under the special license plate approval program created in sections  
32 101 through 303 of this act, a governmental body must be:

33 (a) A political subdivision, including but not limited to any  
34 county, city, town, municipal corporation, or special purpose taxing  
35 district that has the express permission of the political subdivision's  
36 executive body to sponsor a special license plate;

1 (b) A federally recognized tribal government that has received the  
2 approval of the executive body of that government to sponsor a special  
3 license plate;

4 (c) A state agency that has both received approval from the  
5 director of the agency or the department head, and has the express  
6 statutory authority to sponsor a special license plate; or

7 (d) A community or technical college that has the express  
8 permission of the college's board of trustees to sponsor a special  
9 license plate.

10 **PART III**

11 **GENERAL REQUIREMENTS**

12 NEW SECTION. **Sec. 301.** A new section is added to chapter 46.16  
13 RCW to read as follows:

14 APPLICATION REQUIREMENTS. (1) A sponsoring organization meeting  
15 the requirements of section 201 of this act, applying for the creation  
16 of a special license plate to the special license plate review board  
17 must, on an application supplied by the department, provide the minimum  
18 application requirements in subsection (2) of this section. If the  
19 sponsoring organization cannot meet the payment requirements of  
20 subsection (2) of this section, then the organization must meet the  
21 requirements of subsection (3) of this section.

22 (2) The sponsoring organization shall:

23 (a) Submit prepayment of all start-up costs associated with the  
24 creation and implementation of the special license plate in an amount  
25 determined by the department. The department shall place this money  
26 into the special license plate applicant trust account created under  
27 section 302(3) of this act until the special license plate receives  
28 legislative approval. If the special license plate does not receive  
29 legislative approval the money must be fully refunded within thirty  
30 days. The organization may withdraw the application at any time and  
31 receive a full refund of the money within thirty days;

32 (b) Provide a proposed license plate design;

33 (c) Provide a marketing strategy outlining short and long-term  
34 marketing plans for the special license plate and a financial analysis  
35 outlining the anticipated revenue and the planned expenditures of the  
36 revenues derived from the sale of the special license plate;

1 (d) Provide a signature of a legislative sponsor and proposed  
2 legislation creating the special license plate; and

3 (e) Provide proof of organizational qualifications as determined by  
4 the department as provided for in section 201 of this act.

5 (3) If the sponsoring organization is not able to meet the payment  
6 requirements of subsection (2)(a) of this section and can demonstrate  
7 this fact to the satisfaction of the department, the sponsoring  
8 organization shall:

9 (a) Submit an application and fee for an amount equal to ten  
10 percent of the total start-up costs, as determined by the department,  
11 associated with the creation and implementation of the special license  
12 plate, for deposit in the motor vehicle account, to the department;

13 (b) Provide signature sheets that include signatures from  
14 individuals who intend to purchase the special license plate and the  
15 number of plates each individual intends to purchase. The sheets must  
16 reflect a minimum of two thousand intended purchases of the special  
17 license plate;

18 (c) Provide a proposed license plate design;

19 (d) Provide a marketing strategy outlining short and long-term  
20 marketing plans for the special license plate and a financial analysis  
21 outlining the anticipated revenue and the planned expenditures of the  
22 revenues derived from the sale of the special license plate;

23 (e) Provide a signature of a legislative sponsor and proposed  
24 legislation creating the special license plate; and

25 (f) Provide proof of organizational qualifications as determined by  
26 the department as provided in section 201 of this act.

27 NEW SECTION. **Sec. 302.** A new section is added to chapter 46.16  
28 RCW to read as follows:

29 DISPOSITION OF REVENUES. (1) Revenues generated from the sale of  
30 special license plates for those sponsoring organizations who used the  
31 application process in section 301(3) of this act must be deposited  
32 into the motor vehicle account until the department determines that the  
33 state's portion of the implementation costs have been fully reimbursed.  
34 When it is determined that the state has been fully reimbursed the  
35 department must notify the house of representatives and senate  
36 transportation committees and commence the distribution of the revenue  
37 as otherwise provided by law.

1 (2) If reimbursement does not occur within the two-year time frame,  
2 the special license plate series will be placed in probationary status  
3 for a period of one year from that date. If the state is still not  
4 fully reimbursed for its implementation costs after the one-year  
5 probation, the plate series will be discontinued immediately. Those  
6 plates issued up until the point of discontinuation will remain valid  
7 until they are required to be replaced under RCW 46.16.233.

8 (3) The special license plate applicant trust account is created in  
9 the custody of the state treasurer. All receipts from special license  
10 plate applicants, except the application fee as provided in section  
11 301(3) of this act, must be deposited into the account. Only the  
12 director of the department or the director's designee may authorize  
13 disbursements from the account. The account is not subject to the  
14 allotment procedures under chapter 43.88 RCW, nor is an appropriation  
15 required for disbursements.

16 (4) The department shall provide the special license plate  
17 applicant with a written receipt for the payment.

18 (5) The department shall maintain a record of each special license  
19 plate applicant trust account deposit, including, but not limited to,  
20 the name and address of each special license plate applicant whose  
21 funds are being deposited, the amount paid, and the date of the  
22 deposit.

23 (6) After the department receives written notice that the special  
24 license plate applicant's application has been:

25 (a) Approved by the legislature the director shall request that the  
26 money be transferred to the motor vehicle account;

27 (b) Denied by the special license plate review board or the  
28 legislature the director shall provide a refund to the applicant within  
29 thirty days; or

30 (c) Withdrawn by the special license plate applicant the director  
31 shall provide a refund to the applicant within thirty days.

32 NEW SECTION. **Sec. 303.** A new section is added to chapter 46.16  
33 RCW to read as follows:

34 SPECIAL LICENSE PLATE ON-GOING REQUIREMENTS. (1) Upon legislative  
35 enactment of a new special license plate series for a qualifying  
36 organization meeting the requirements of section 201(1) of this act,  
37 the department shall enter into a written agreement with the

1 organization that sponsored the special license plate. The agreement  
2 must identify the services to be performed by the sponsoring  
3 organization. The agreement must be consistent with all applicable  
4 state law and include the following provision:

5 "No portion of any funds disbursed under the agreement may be used,  
6 directly or indirectly, for any of the following purposes:

7 (a) Attempting to influence: (i) The passage or defeat of  
8 legislation by the legislature of the state of Washington, by a county,  
9 city, town, or other political subdivision of the state of Washington,  
10 or by the Congress; or (ii) the adoption or rejection of a rule,  
11 standard, rate, or other legislative enactment of a state agency;

12 (b) Making contributions reportable under chapter 42.17 RCW; or

13 (c) Providing a: (i) Gift; (ii) honoraria; or (iii) travel,  
14 lodging, meals, or entertainment to a public officer or employee."

15 (2) The sponsoring organization must submit an annual financial  
16 report by September 30th of each year to the department detailing  
17 actual revenues and expenditures of the revenues received from sales of  
18 the special license plate. Consistent with the agreement under  
19 subsection (1) of this section, the sponsoring organization must expend  
20 the revenues generated from the sale of the special license plate  
21 series for the benefit of the public, and it must be spent within this  
22 state. Disbursement of the revenue generated from the sale of the  
23 special license plate to the sponsoring organization is contingent upon  
24 the organization meeting all reporting and review requirements as  
25 required by the department.

26 (3) If the sponsoring organization ceases to exist or the purpose  
27 of the special license plate series ceases to exist, revenues generated  
28 from the sale of the special license plates will be deposited into the  
29 motor vehicle account.

30 (4) A sponsoring organization may not seek to redesign its plate  
31 series until all of the inventory is sold or purchased by the  
32 organization itself. All cost for redesign of a plate series must be  
33 paid by the sponsoring organization.

34 NEW SECTION. **Sec. 304.** A new section is added to chapter 46.16  
35 RCW to read as follows:

36 NONREVIEWED PLATES. (1) A special license plate series created by



1 the legislature after January 1, 2004, that has not been reviewed and  
2 approved by the special license plate review board is subject to  
3 section 303 of this act and the following requirements:

4 (a) The organization sponsoring the license plate series shall,  
5 within thirty days of enactment of the legislation creating the plate  
6 series, submit prepayment of all start-up costs associated with the  
7 creation and implementation of the special license plate in an amount  
8 determined by the department. The creation and implementation of the  
9 plate series will not commence until payment is received by the  
10 department. The prepayment will be credited to the motor vehicle fund.

11 (b) If the sponsoring organization is not able to meet the  
12 prepayment requirements in (a) of this subsection and can demonstrate  
13 this fact to the satisfaction of the department, the revenues generated  
14 from the sale of the special license plates will be deposited in the  
15 motor vehicle account until the department determines that the state's  
16 portion of the implementation costs have been fully reimbursed. When  
17 it is determined that the state has been fully reimbursed the  
18 department must notify the treasurer to commence distribution of the  
19 revenue according to statutory provisions.

20 (c) The sponsoring organization must provide a proposed license  
21 plate design to the department within thirty days of enactment of the  
22 legislation creating the plate series.

23 (d) The sponsoring organization must provide a marketing strategy  
24 to the department within thirty days of enactment of the legislation  
25 creating the plate series. The marketing strategy must outline short  
26 and long-term marketing plans for the special license plate and a  
27 financial analysis outlining the anticipated revenue and the planned  
28 expenditures of the revenues derived from the sale of the special  
29 license plate.

30 (2) The state must be reimbursed for its portion of the  
31 implementation costs within two years from the date the new plate  
32 series goes on sale to the public. If the reimbursement does not occur  
33 within the two-year time frame, the special license plate series will  
34 be placed in probationary status for a period of one year from that  
35 date. If the state is still not fully reimbursed for its  
36 implementation costs after the one-year probation, the plate series  
37 will be discontinued immediately. Those plates issued up until the

1 point of discontinuation will remain valid until they are required to  
2 be replaced under RCW 46.16.233.

3 (3) If the sponsoring organization ceases to exist or the purpose  
4 of the special plate series ceases to exist, revenues generated from  
5 the sale of the special license plates must be deposited into the motor  
6 vehicle account.

7 (4) A sponsoring organization may not seek to redesign their plate  
8 series until all of the existing inventory is sold or purchased by the  
9 organization itself. All cost for redesign of a plate series must be  
10 paid by the sponsoring organization.

11 **PART IV**  
12 **STANDARD BACKGROUND**

13 **Sec. 401.** RCW 46.16.233 and 2000 c 37 s 1 are each amended to read  
14 as follows:

15 Except for those license plates issued under RCW 46.16.305(1)  
16 before January 1, 1987, under RCW 46.16.305(3), and to commercial  
17 vehicles with a gross weight in excess of twenty-six thousand pounds,  
18 effective with vehicle registrations due or to become due on January 1,  
19 2001, the appearance of the background of all vehicle license plates  
20 may vary in color and design but must be (~~issued on a standard~~  
21 ~~background~~) legible and clearly identifiable as a Washington state  
22 license plate, as designated by the department. Additionally, to  
23 ensure maximum legibility and reflectivity, the department shall  
24 periodically provide for the replacement of license plates, except for  
25 commercial vehicles with a gross weight in excess of twenty-six  
26 thousand pounds. Frequency of replacement shall be established in  
27 accordance with empirical studies documenting the longevity of the  
28 reflective materials used to make license plates.

29 **PART V**  
30 **PRIOR SPECIAL PLATE SERIES CONTINUATION**

31 **Sec. 501.** RCW 46.16.314 and 1997 c 291 s 9 are each amended to  
32 read as follows:

33 (~~After a period of three years from the initial issuance of a~~  
34 ~~special license plate series,~~) The department has the sole discretion,

1 based upon the number of sales to date, to determine whether or not to  
2 continue issuing ((the)) license plates in a special series created  
3 before January 1, 2003.

4 **PART VI**  
5 **FUNDING**

6 NEW SECTION. **Sec. 601.** The legislature does not intend to  
7 appropriate additional funds for the implementation of this act and  
8 expects all affected state agencies to implement this act's provisions  
9 within existing appropriations.

10 **PART VII**  
11 **TECHNICAL**

12 NEW SECTION. **Sec. 701.** Part headings used in this act are not  
13 part of the law.

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