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[HF 2639](#) – License Plates, Gadsden Flag (LSB5535HZ)  
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Fiscal Note Version – New

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## **Description**

[House File 2639](#) creates a “Gadsden Flag” special registration plate and requires the Department of Transportation (DOT) to design and issue the plates. The Bill creates two fees, an initial special fee of \$50 and an annual fee of \$50. An applicant may obtain personalized Gadsden Flag plates upon payment of the \$25 fee and the annual registration fee of \$5 for personalized plates established under current law, which is in addition to the special Gadsden Flag plate fee. Under the Bill, a registration plate frame is no longer required to permit full view of the name of the county.

License plate fees are deposited in the Road Use Tax Fund (RUTF). The Treasurer of State is required to transfer an equal amount of the special plate fee from the Statutory Allocations Fund to the General Fund monthly. The funding transferred to the General Fund is appropriated to the Department of Public Safety (DPS) to provide education and training on the right to keep and bear arms. The Bill prohibits the DOT from conditioning the issuance of Gadsden Flag plates on the receipt of any number of orders for Gadsden Flag plates.

## **Background**

Under current law, the DOT is allowed to issue personalized license plates for an additional fee of \$25. Personalized plates are subject to an annual renewal registration fee of \$5 on top of the regular annual registration fee.

Currently, an owner of a vehicle who places any frame around or over a registration plate that does not permit full view of all numerals and letters printed on the registration plate, including the name of the county, commits a simple misdemeanor punishable by a scheduled fine of \$30. In FY 2023, there were 1,762 convictions for failure to display plates.

The RUTF is the primary source of funding for construction, maintenance, and administration of Iowa’s highways. The RUTF consists primarily of revenues that are constitutionally protected, including revenues for all license plates. The RUTF revenue is collected by the Treasurer of State and distributed by formula to the DOT, counties, and cities. Due to the constitutional protection of certain RUTF revenues, direct transfers from the RUTF for nonroad programs cannot occur. Instead, equal amounts are transferred from the Statutory Allocation Fund (SAF) for specific programs.

The SAF consists of driver’s license fees and trailer registration fees. Truck registration fees are based on the weight of the vehicle as determined by Iowa Code section [321.122](#). After certain statutory transfers, including offsetting transfers of the special plate revenues, are made to other accounts, the remainder of the SAF balance is transferred to the RUTF at the end of the fiscal year.

Iowa Code section [312.2\(3\)](#) authorizes an annual allocation from the RUTF sufficient to pay the cost of producing license plates.

**Assumptions**

- Permitting a registration plate frame to cover a county name may decrease citations and result in a minimal loss of revenue.
- Demand for the Gadsden Flag plate is estimated to equal the demand for the Fallen Peace Officer plate. As of July 2023, there were 3,150 total Fallen Peace Officer plates issued, with 821 being personalized and 2,329 being nonpersonalized.
- Production of the 3,150 additional plates will cost approximately \$19,000, at a per plate production cost of \$5.88 and will be paid from the RUTF.
- Approximately \$158,000 in plate fees is estimated to be deposited into the RUTF and will be offset by a matching allocation of \$158,000 from the SAF to the DPS. This allocation will decrease the year-end balance transferred from the SAF to the RUTF.
- Any administrative costs associated with the Keep and Bear Arms Program will be absorbed within existing resources in the DPS.
- Personalized license plate sales deposited into the RUTF are estimated to be approximately \$21,000 in FY 2025 and approximately \$12,300 in FY 2026.

**Fiscal Impact**

**Figure 1** shows the total revenue estimated to result from personalized and nonpersonalized Gadsden Flag license plates. There will also be a one-time cost of \$19,000 to the RUTF for plate production.

**Figure 1 — Gadsden Flag License Plate Total Revenue**

	<b>FY 2025</b>	<b>FY 2026</b>
DPS — Keep and Bear Arms Program	\$ 158,000	\$ 158,000
Road Use Tax Fund	21,000	12,300
<b>Total Revenue</b>	<b>\$ 179,000</b>	<b>\$ 170,300</b>

\*Numbers may not be exact due to rounding.

**Sources**

Department of Transportation  
Department of Public Safety  
Legislative Services Agency calculations

/s/ Jennifer Acton

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.