

March 5, 2007

Texas Bicycle Coalition (Share the Road SLP Sponsor) response to TxDOT Specialty License Plate (SLP) questions.

Some questions we (TxDOT) have for you:

- **What benefits can you see for having a single Web site for all specialty plates?**

-

Benefit - If TxDOT operated the site we see a significant benefit if it can be linked from our own website.

Concern - If a private vendor owns the site then they have an opportunity to capture leads that the current SLP sponsors send. MPI has said that they will encourage their site visitors to sign up for an "SLP club" or e-newsletter.

Solution - Allow SLP sponsors that choose to sell plates from their websites and send the info direct to TxDOT. Current SLP sponsors should also be able to have an SLP Club or newsletter list and get the same customer information.

- **What benefits can you see with having an increase in marketing expenditures to raise awareness of specialty license plates?**

Benefit - Marketing that promotes existing SLPs could increase sales and benefit SLP sponsors - non-profits, universities and agencies.

Concern - The flood of marketing the new plates could overwhelm existing plate sales. Typically when a market booms there are many producer casualties and three or four brands that win.

Solution - MPI can put aside 20% of their marketing budget into a pool for promoting existing SLPs. The marketing program could be managed by an advisory committee of existing SLP sponsors.

- What concerns do you have about the new specialty license plate program?

- No appeal process if SLP sponsors disagree with the SLP working group.
- Current SLP sponsors are not protected with rules. TxDOT's own estimates in 2005 show a loss of \$216,000 to SLP Sponsors.
- The single website creates a monopoly that puts other SLP at a disadvantage.
- New SLP marketing agreements with MPI are lopsided. MPI can require any terms they desire because they have a monopoly.
- There is no reason to believe that the SLP monopoly would be benign. Competition and a level playing field keep everyone honest.

- What actions might mitigate your concerns?

- MPI and/or TxDOT should guarantee that existing SLP revenues will grow at the same rate as the overall SLP program.
- SLP advisory committee should include 7 SLP Sponsors.
- Working group should include four SLP sponsors.
- Allow SLP sponsors to sell plates from their websites and send the info direct to TxDOT.
- Establish an approved contract for SLP Sponsors who contract with MPI. There will be no leverage for most groups to strike a balanced deal. The contracts should be transparent.
- Ask the Comptroller to certify direct and indirect costs as well as projections.
- Clear penalties to MPI and risk of losing the SLP marketing contract if the appeal group, TxDOT or the Comptroller determines that MPI is repeatedly anti-competitive or fails to meet their obligations.
- The legislation (HB 2894) does not allow MPI to pay money to the state that does not come from fees. This needs to be clarified. How can they meet their \$40 million minimum is sales fall short?