

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/CS/HB 1375 Specialty License Plates

SPONSOR(S): Transportation & Tourism Appropriations Subcommittee, Transportation & Infrastructure Subcommittee, Grant, J.

TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Transportation & Infrastructure Subcommittee	12 Y, 0 N, As CS	Johnson	Vickers
2) Transportation & Tourism Appropriations Subcommittee	13 Y, 1 N, As CS	Cobb	Davis
3) Government Accountability Committee			

SUMMARY ANALYSIS

The bill is a comprehensive bill relating to specialty license plates. In summary the bill:

- Establishes a limit of 125 active specialty license plates. The department may not make any new specialty plates available for design, presale, or issuance until a sufficient number of plates are discontinued.
- Provides that no more than 5 additional specialty license plates may be issued in a given calendar year.
- Provides that new specialty license plates must presell two times the break-even point before entering circulation.
- Authorizes a person with a discontinued specialty license plate to keep the plate for the remainder of the 10-year license plate replacement period.
- Provides direction to the Department of Highway Safety and Motor Vehicles (DHSMV) on the discontinuance of specialty license plates and establishes a timeframe of 180 days to distribute the remaining annual use fees held or collected by the Department.
- Authorizes revenues from specialty license plates for an out-of-state institution to be expended outside of Florida.
- Maintains the exemption for collegiate specialty plates from the active specialty plate minimum and adds license plates with a statutory eligibility limitation for purchase.
- Revises the distribution of revenues for the In God We Trust specialty license plate.
- Creates the following specialty license plates with \$25 annual use fees:
 - Auburn University
 - Beat Childhood Cancer
 - Florida State Beekeepers Association
- Requires DHSMV to submit a report regarding the total cost per unit of producing each specialty license plate.
- Requires DHSMV to review and make preparations for issuing specialty license plates as a standard plate with a location for the appropriate logo of the recipient cause or charity.

The bill will likely have an insignificant fiscal impact to DHSMV related to programming hours associated with the design of the new specialty license plates and reports required by the bill. See Fiscal Analysis for details.

The bill has an effective date of October 1, 2017.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background

Specialty License Plates in General

The first Florida specialty license plates were enacted in 1986 and included the creation of the Challenger plate and ten Florida collegiate plates. Today, there are over 120 specialty license plates available to any owner or lessee of a motor vehicle who is willing to pay the additional use fee for the privilege, typically \$25 annually.¹ The collected fees are distributed by the Department of Highway Safety and Motor Vehicles (DHSMV) to statutorily designated organizations in support of a particular cause or charity. Vehicles registered under the International Registration Plan, a commercial truck required to display two license plates, or truck tractors are not eligible for specialty license plates.²

Only the Legislature may create new specialty license plates. If a specialty license plate is created by law, the following requirements must then be met:

- Within 60 days, the organization must submit an art design, in a medium prescribed by DHSMV.³
- Within 120 days, DHSMV must establish a method to issue a specialty license plate voucher to allow for the pre-sale of the specialty plate.⁴
- Within 24 months after the voucher is established, the organization must obtain a minimum of 1,000 voucher sales before manufacturing may begin. If this requirement is not met, the plate is deauthorized and DHSMV must discontinue development of the plate and issuance of the vouchers.⁵

DHSMV must discontinue the issuance of an approved specialty license plate if the number of valid specialty plate registrations falls below 1,000 plates for at least 12 consecutive months. A warning letter is mailed to the sponsoring organization following the first month in which the total number of valid specialty plate registrations falls below 1,000 plates (does not apply to collegiate license plates).⁶

Organizations receiving specialty license plate revenue must adhere to certain accountability requirements found in statute. These requirements include an annual attestation document affirming, under penalty of perjury, that funds received have been spent in accordance with applicable statutes.⁷

HB 1375

The bill creates new specialty license plates, revises current plates, and makes changes to the specialty license plate process. For ease of understanding, this analysis is arranged by topic.

Establishment of Specialty License Plates (Section 1)

Current Situation

Section 320.08053, F.S., provides for the establishment of specialty license plates. If the Legislature approves a specialty license plate, the organization submits the proposed art design for the specialty license plate to DHSMV as soon as practicable, but no later than 60 days after the act approving the specialty license plate becomes law.

¹ Florida Department of Highway Safety and Motor Vehicles, *Specialty License Plates Index*, <http://www.flhsmv.gov/dmv/specialtytags/> (last visited December 21, 2016)

² s. 320.08056(2), F.S.

³ s. 320.08053(1), F.S.

⁴ s. 320.08053(2)(a), F.S.

⁵ s. 320.08053(2)(b), F.S.

⁶ s. 320.08056 (8)(a), F.S.

⁷ s. 320.08062, F. S.

Within 120 days following a specialty license plate becoming law, DHSMV establishes a method for issuing a specialty license plate voucher allowing for the presale of the specialty license plate. The processing fee,⁸ the service charge and branch fee,⁹ and the annual use fee¹⁰ are charged for the voucher. All other applicable fees are charged at the time of issuance of the license plates.

Within 24 months after the presale specialty license plate voucher is established, the approved specialty license plate organization is required to have a minimum of 1,000 voucher sales prior to the commencement of the manufacture of the license plate. If, at the conclusion of the 24-month presale period, the minimum sales requirements have not been met, the specialty plate is deauthorized and the DHSMV discontinues development of the plate and discontinues issuing presale vouchers. Upon deauthorization, a purchaser of the license plate voucher may use the annual use fee collected as a credit towards any other specialty license plate or apply for a refund.

There is currently no limit on the number of specialty license plates that the department may issue, nor the number of specialty license plates that the Legislature may approve.

There is currently no statutory formula related to presale requirements for specialty license plates.

Proposed Changes

The bill creates s. 320.08053(3)(a), F.S., providing that if the Legislature has approved 125 or more specialty license plates, the department may not make any new specialty license plates available for design, presale, or issuance until a sufficient number of plates are discontinued pursuant to s. 320.08056(8) such that the number of plates being issued is reduced to fewer than 125.

The bill creates s. 320.08053(3)(b), F.S., providing that new specialty license plates that have been approved by law but are awaiting issuance under s. 320.08053(a), F.S., shall be issued in the order they appear in s. 320.08056(4). However, no more than 5 additional specialty license plates approved by law may be issued in a given calendar year. New specialty license plates must presell two times the break-even point before entering circulation and maintains that all other provisions of s. 320.08053 must also be met.

Discontinued License Plates (Sections 2 and 3)

Current Situation

Section 320.08056(8), F.S., discusses the discontinuance of specialty license plates. DHSMV is required to discontinue the issuance of an approved specialty license plate if the number of valid specialty plate registrations falls below 1,000 plates for at least 12 consecutive months. A warning letter is mailed to the sponsoring organization following the first month in which the total number of valid specialty license plate registrations is below 1,000 plates. This provision does not apply to collegiate license plates.¹¹

DHSMV may discontinue the issuance of a specialty license plate and distribution of associated annual use fee proceeds if the organization no longer exists, if the organization has stopped providing services that are authorized to be funded from the annual use fee proceeds, if the organization does not meet the presale requirements¹² or pursuant to an organizational recipient's request. Organizations are required to immediately notify DHSMV to stop all warrants for plate sales if any of the above conditions

⁸ The process fee is prescribed s. 320.08056, F.S.

⁹ The service charge and branch fee is prescribed in s. 320.04, F.S.

¹⁰ The annual use fee is prescribed in s. 320.08056, F.S.

¹¹ Collegiate license plates are established under s. 320.08058(3), F.S.

¹² The presale requirements are provided in s. 320.08053, F.S.

exist, and must meet the requirements of s. 320.08062, F.S., for any period of operation during a fiscal year.

Proposed Changes

The bill creates s. 320.08056(8)(c), F.S., providing that a person issued a specialty license plate that DHSMV has discontinued may keep the discontinued specialty license plate for the remainder of the 10-year license plate replacement period and is required to pay all other applicable registration fees. However, the person is exempt from paying the applicable specialty license plate fee for the remainder of the license plate replacement period.

The bill creates s. 320.08056(8)(d), F.S., providing that if DHSMV discontinues a specialty license plate, all annual use fees currently held or collected by DHSMV are required to be distributed within 180 days after the discontinuance of the specialty license plate. Of those fees, DHSMV is required to retain an amount sufficient to defray the applicable administrative and inventory closeout costs associated with discontinuing the plate. The remaining funds are distributed to the specified organization or organizations for the discontinued specialty license plate.¹³

The bill creates s. 320.08056(8)(e), F.S., providing that if an organization that is the intended recipient of specialty license plate funds no longer exists, DHSMV is required to deposit any undisbursed funds into the Highway Safety Operating Trust Fund.

The bill establishes that s. 320.08056(8)(a) does not apply to collegiate license plates¹⁴ or license plates with statutory requirements to receive the license plate.

Use of Specialty License Plate Fees (Section 2)

Current Situation

Section 320.02056(10)(a), F.S., provides that specialty license plate annual use fees and any interest earned from specialty license plate fees may not be used for commercial or for-profit activities or for general or administrative expenses, except those specifically authorized, or to pay for the cost of the audit or report.¹⁵ The fees and any interest earned from the fees may be expended only for use in Florida unless the annual use fee is derived from the sale of specialty license plates related to the United States Armed Forces or specialty license plates related to veterans.

Proposed Changes

The bill adds an additional exception from the requirement that specialty license plate fees be expended in Florida for specialty license plates for out-of-state institutions. This would allow fees from the Auburn University specialty license plate discussed below to be expended outside of Florida.

In God We Trust License Plate (Section 4)

Current Situation

Created in 2008, s. 320.08058(66), F.S., creates the "In God we Trust" specialty license plate. The statute provides that the license plate annual use fees are distributed to the In God We Trust Foundation, Inc., to fund educational scholarships for the children of Florida residents who are members of the United States Armed Forces, the National Guard, and the United States Armed Forces Reserve and for the children of public safety employees who have died in the line of duty who are not covered by existing state law. Funds are also distributed to provide grants and scholarships to other s. 501(c)(3) organizations, and to provide educational grants to public and private schools to promote the

¹³ The distributions for each specialty license plate are proved in s. 320.08058, F.S.

¹⁴ Florida Professional Sports Team License Plates are Established under s. 320.08058(9), F.S.

¹⁵ The audit or report are required by s. 320.08062(1), F.S.

historical and religious significance of American and Florida history. The In God We Trust Foundation, Inc., distributes the license plate annual use fees in the following manner:

- The In God We Trust Foundation, Inc., retains all revenues from the sale of such plates until all startup costs for developing and establishing the plate have been recovered.
- Ten percent of the funds received by the In God We Trust Foundation, Inc., are expended for administrative costs, promotion, and marketing of the license plate directly associated with the operations of the In God We Trust Foundation, Inc.
- All remaining funds are expended by the In God We Trust Foundation, Inc., for programs.

Proposed Changes

The bill amends s. 230.08058(66)(b), F.S, providing that the annual use fees from the In God We Trust specialty license plate are distributed to the In God We Trust Foundation, Inc., which may use up to 10 percent of the proceeds to offset administrative costs, promoting, and marketing of the specialty license plate directly associated with the operations of the foundation. The remaining proceeds may be used to address the needs of the military community and the public safety community; provide educational grants and scholarships to foster self-reliance and stability in Florida's youth and provide education in public and private schools regarding the historical significance of religion in American and Florida history. The In God We Trust Foundation, Inc., is required to create an advisory council comprised of persons with knowledge in the above program areas to make funding recommendations.

Auburn University Specialty License Plate (Sections 2 and 4)

Current Situation

There is currently not a specialty license plate for Auburn University or any other college or university not located in Florida.

The Tampa Bay Auburn Club is an officially chartered group of Auburn University Alumni and Friends. Its stated mission is to encourage more top Tampa Bay area students to attend Auburn University and to foster the spirit of Auburn University throughout the Tampa Bay Area.¹⁶ The Tampa Bay Auburn Club, Inc., is an active corporation with the Department of State.

Proposed Changes

The bill creates s. 320.08056(4)(ffff) and 320.08058(84), F.S., creating the Auburn University specialty license plate with a fee of \$25. The license plate must bear a DHSMV approved color and design. The word "Florida" will appear at the top of the plate and "War Eagle" will appear at the bottom of the plate.

The bill provides that the Tampa Bay Auburn Club is the lead club on behalf of the state's Auburn clubs. The annual use fees are distributed to the Tampa Bay Auburn Club, along with statistics on sales of the license plate tabulated by county. The Tampa Bay Auburn Club must distribute to each of the state's Auburn clubs on a pro-rata basis the moneys received for sales in the regions within the respective club's area for the purpose of awarding scholarships to Florida residents attending Auburn University. Students receiving these scholarships are required to be eligible for the Florida Bright Futures Scholarship Program¹⁷ and are required to use the scholarship funds for tuition and other expenses related to attending Auburn University.

Beat Childhood Cancer License Plate (Sections 2 and 4)

Current Situation

Current law does not provide for a Beat Childhood Cancer specialty license plate.

Neuroblastoma (nb) is a cancer that affects children. It is among the most common childhood tumors, and typically affects children under five years old. It is not usually diagnosed until the tumor grows and

¹⁶ <http://tampabayauburnclub.com/> (Last visited March 13, 2017).

¹⁷ The Florida Bright Futures Scholarship Program is created pursuant to s. 1009.531, F.S.

presents symptoms. The majority of childhood neuroblastoma cases are aggressive, showing survival rates of less than 60 percent with standard chemotherapy, and a 50 percent relapse rate. Once relapsed, there is currently no curative treatment, and for those under five years old, the survival rate is less than ten percent.¹⁸

The mission of Beat Nb is to drive neuroblastoma cancer research, and to raise awareness of the disease.¹⁹ The Beat Nb Cancer Foundation, Inc., is an active corporation with the Department of State.

Proposed Changes

The bill creates s. 320.08056(4)(gggg) and 320.08058(85), F.S., creating the Beat Childhood Cancer specialty license plate with a fee of \$25. The license plate must bear a DHSMV approved color and design. The word "Florida" will appear at the top of the plate and "Beat Childhood Cancer" will appear at the bottom of the plate.

The annual use fees from the Beat Childhood Cancer license plate are to be distributed to Beat Nb, Inc., which may use a maximum of 10 percent of the proceeds for administrative costs directly associated with the operation of the corporation and for marketing and promoting the specialty license plate. The remaining proceeds are to be used by the corporation to fund pediatric cancer treatment and research.

Florida State Beekeepers Association License Plate (Sections 2 and 4)

Current Situation

There is currently no specialty license plate for the Florida State Beekeepers Association.

The Florida State Beekeepers Association is dedicated to keeping Florida apiculture strong and healthy and is the major voice for the state's beekeeping industry. Its mission is to:

- To provide resources for the improvement of beekeeping by using proven techniques and procedures in the management of honey bees and to share this knowledge with everyone interested in the art of beekeeping.
- To promote the development of practical beekeeping methods in the state of Florida.
- To act in the interest of Florida beekeepers in advocating for and carrying on statewide beekeeping affairs.
- To act as a medium for and to aid in cooperative and mutual beekeeping methods.
- To act as the representative of the Florida beekeepers in state and national beekeeping affairs.²⁰

The Florida State Beekeepers Association, Inc., is an active corporation registered with the Department of State.

Proposed Changes

The bill creates s. 320.08056(4)(hhhh) and 320.08058(86), F.S., creating the Florida State Beekeepers specialty license plate with a fee of \$25. The license plate must bear a DHSMV approved color and design. The word "Florida" will appear at the top of the plate and "Save the Bees" will appear at the bottom of the plate.

The annual use fees from the sale of the Florida State Beekeepers license plate are to be distributed to the Florida States Beekeepers Association to be used to fund outreach and education to raise awareness of the importance of beekeeping to Florida agriculture, and to fund honeybee research and husbandry.

¹⁸ <https://beatnb.org/neuroblastoma/> (Last visited March 13, 2017)

¹⁹ <https://beatnb.org/about-us/> (Last visited March 13, 2017)

²⁰ <http://www.floridabeekeepers.org/> (Last visited March 13, 2017).

Unit Cost of Specialty License Plates (Section 5)

The bill requires that by January 1, 2018, DHSMV report to the Governor, the President of the Senate and the Speaker of the House of Representatives the total cost per unit of producing each specific specialty license plate. The cost per unit includes the cost per license plate, including the cost of the physical license plate, stamping costs, and costs associated with inventorying the license plate. The report is also required to provide a calculation of the break-even point in number of plates for each specialty license plate.

Standard License Plates (Section 6)

The bill requires DHSMV to review and make preparations for the transition from the existing process of creating specialty license plates to using a new template design that is readily recognizable by applying the appropriate logo or graphic to a standard license plate identifying the specialty license plate. The new specialty license plates are required to be of the same size and design as a standard license plate, with a designated area for including a unique design and identifying number.

B. SECTION DIRECTORY:

Section 1 amends s. 320.08053, F.S., relating to the establishment of specialty license plates.

Section 2 amends s. 320.08056, F.S., relating to specialty license plates.

Section 3 amends s. 320.08056, F.S., relating to specialty license plates.

Section 4 amends s. 320.08058, F.S., relating to specialty license plates.

Sections 5 and 6 require DHMSV to conduct specified studies.

Section 7 provides for an effective date of October 1, 2017, unless otherwise provided.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

DHSMV estimates that 612 hours, or the equivalent of \$26,700 in FTE and contracted resources will be required in order to design and implement the three new specialty license plates.²¹ These costs can be absorbed within existing resources.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

²¹ Department of Highway Safety and Motor Vehicles Bill Analysis of HB 309. Page 4.
STORAGE NAME: h1375d.TTA
DATE: 4/6/2017

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The organizations designated to receive funds from the newly created specialty license plates may see additional revenue associated with the sale of the specialty license plates.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not Applicable. This bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditures of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The bill requires the proceeds from the "Beat Childhood Cancer" specialty license plate to go to Beat Nb, Inc. However, on the Department of State website the organization is listed as the Beat Nb Cancer Foundation, Inc.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On March 21, 2017, the Transportation & Infrastructure Subcommittee adopted one amendment and reported the bill favorably as a committee substitute. The amendment provided that specialty license plates with statutory eligibility requirements for purchase from the 4,000 license plate requirement to keep the license plate active.

This analysis is written to the committee substitute as reported favorably by the Transportation & Infrastructure Subcommittee.

On March 28, 2017, the Transportation & Tourism Appropriations Subcommittee adopted two amendments and reported the bill favorably as a committee substitute. The amendments: removed the provision that would increase the presale and maintenance requirements from 1,000 to 4,000; removed the exemptions related to plates of institutions of the State University System and Florida professional sports teams; established a limit of 125 active specialty license plates; that no more than 5 additional plates may be issued in a given calendar year; and removed the requirement to audit every two years organizations receiving revenues from specialty license plate fees. The analysis is drafted to the committee substitute as reported favorably by the Transportation & Tourism Appropriations Subcommittee.