

STORAGE NAME: h1017za.tr
DATE: May 11, 1998

****FINAL ACTION****
****SEE FINAL ACTION STATUS SECTION****

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
TRANSPORTATION
FINAL BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: HB 1017 (Passed as SB 282)
RELATING TO: Keep Kids Drug Free License Plate
SPONSOR(S): Representatives Bradley, Morroni, and others
COMPANION BILL(S): SB 282 and SB 854 (s)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) TRANSPORTATION YEAS 9 NAYS 0
- (2) TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS (W/D)
- (3)
- (4)
- (5)

I. FINAL ACTION STATUS:

On April 29, 1998, SB 282, a companion measure to HB 1017, was taken up and passed. SB 282 became Chapter 98-xxx, Laws of Florida. The analysis that follows is applicable to SB 282.

II. SUMMARY:

The bill requires the Department of Highway Safety and Motor Vehicles (DHS&MV) to issue a "Keep Kids Drug Free" license plate. In addition to the usual specialty license plate fees, a \$25 annual use fee will be charged for this new specialty license plate. Proceeds are distributed to the Keep Kids Drug-Free Foundation, Inc., and used to reduce substance abuse among Florida residents.

Current law provides for a requesting organization to meet specified application requirements prior to legislative authorization of a speciality license plate. The applicant for the "Keep Kids Drug Free" license plate has complied with the application requirements.

Pursuant to s. 320.08053, F.S., the cost to review and develop specialty license plates has been established by the Department at approximately \$43,000. A \$30,000 application fee has been collected by DHS&MV to help defray administrative and license plate design costs.

The bill has an indeterminate revenue impact to the state.

III. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Specialty license plates must be specifically authorized by the Legislature. A "Keep Kids Drug Free" license plate has not been authorized by the Legislature.

The State of Florida has a total of 39 types of license plates. Since the program's inception, approximately \$121 million has been raised. Proceeds from specialty license plate annual use fees have been used to fund an astronaut memorial, space technology research, scholarships, and university academic enhancements.

Section 320.08053, F.S., establishes the requirements that organizations or agencies must meet in order to create a new specialty license plate. The law requires that specified information and an application fee be submitted to DHS&MV prior to requesting legislative approval for a specialty plate. Information required to be submitted includes:

- 1) 10,000 signatures from prospective buyers.
- 2) A marketing plan and financial analysis of anticipated revenues and expenditures.
- 3) An application fee to defray DHS&MV's costs for reviewing the application and developing the specialty license plate.

Once a specialty license plate has been approved by the Legislature, s. 320.08056, F.S., establishes uniform requirements for all specialty license plates, including taxes, fees, and design characteristics.

Section 320.08058, F.S., specifies the individual requirements and distribution of annual use fees for approved specialty plates.

Section 320.08062, F.S., provides accountability requirements regarding specialty license plate proceeds, including audits of expenditures and a compliance review by DHS&MV. The law also prohibits the use of specialty license plate proceeds for commercial or for-profit activities or for general or administrative expenses, except for the cost of the required audit.

B. EFFECT OF PROPOSED CHANGES:

The bill requires the Department of Highway Safety and Motor Vehicles (DHS&MV) to issue a "Keep Kids Drug Free" license plate. In addition to the usual specialty license plate fees, a \$25 annual use fee will be charged for this new specialty license plate. Proceeds are distributed to the Keep Kids Drug-Free Foundation, Inc., and used to reduce substance abuse among Florida residents.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

N/A

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

The bill creates an additional specialty license plate. Local tax collectors will be accountable for additional specialty license plate inventories.

(3) any entitlement to a government service or benefit?

N/A

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

N/A

- b. Does the bill require or authorize an increase in any fees?

To the extent that the public chooses to purchase this new specialty plate, fees will increase by \$25 per plate.

- c. Does the bill reduce total taxes, both rates and revenues?

N/A

- d. Does the bill reduce total fees, both rates and revenues?

N/A

- e. Does the bill authorize any fee or tax increase by any local government?

N/A

3. Personal Responsibility:

- a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

N/A

- b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

A \$30,000 application fee has already been paid by the requesting organization to cover start-up costs and current state law requires DHS&MV to deduct the license plate's pro-rata share of recurring costs for the specialty license plate program.

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

The bill authorizes vehicle owners to purchase an additional type of specialty license plate.

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

N/A

5. Family Empowerment:

a. If the bill purports to provide services to families or children:

(1) Who evaluates the family's needs?

N/A

(2) Who makes the decisions?

N/A

(3) Are private alternatives permitted?

N/A

(4) Are families required to participate in a program?

N/A

(5) Are families penalized for not participating in a program?

N/A

b. Does the bill directly affect the legal rights and obligations between family members?

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

ss. 320.08056 and 320.08058, F.S.

E. SECTION-BY-SECTION RESEARCH:

N/A

IV. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

Revenues:

Current law provides that an application fee, not to exceed \$30,000, be paid to DHS&MV to defray the department's administrative costs of reviewing and developing the new specialty license plate. DHS&MV has collected \$30,000 from the applicant to defray these costs. Any additional cost of issuing the license plate will be retained from the first proceeds derived from the annual use fees.

Expenditures:

DHS&MV estimates its administrative and design costs to be approximately \$43,000 per specialty license plate authorized.

2. Recurring Effects:

Revenues:

Indeterminate. The number of plates that will be sold cannot be determined.

3. Long Run Effects Other Than Normal Growth:

None

4. Total Revenues and Expenditures:

Indeterminate.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

C. **DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

1. Direct Private Sector Costs:

N/A

2. Direct Private Sector Benefits:

Because the demand for the license plate cannot be determined, the estimated revenue is indeterminate.

3. Effects on Competition, Private Enterprise and Employment Markets:

N/A

D. **FISCAL COMMENTS:**

N/A

V. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. **APPLICABILITY OF THE MANDATES PROVISION:**

This bill does not require counties or municipalities to spend funds or to take action requiring the expenditure of funds.

B. **REDUCTION OF REVENUE RAISING AUTHORITY:**

This bill does not require counties or municipalities to spend funds or to take action requiring the expenditure of funds.

C. **REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:**

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

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VI. COMMENTS:

N/A

VII. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On April 2, 1998, the Committee on Transportation adopted one amendment to HB 1017.
The amendment:

- Removes a requirement that DHS&MV must approve a plan for how the Keep Kids Drug-Free Foundation, Inc., must distribute license plate proceeds.
- Places a 10% cap on the use of Keep Kids Drug-Free license plate proceeds for administrative and marketing costs.
- Requires DHS&MV to issue a "Florida Sheriffs Youth Ranches" license plate.

VIII. SIGNATURES:

COMMITTEE ON TRANSPORTATION:

Prepared by:

Legislative Research Director:

Thomas E. Duncan

John R. Johnston

FINAL RESEARCH PREPARED BY COMMITTEE ON TRANSPORTATION:

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