

STORAGE NAME: h3509z.tr
DATE: May 12, 1998

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

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

BILL #: HB 3509
RELATING TO: Specialty License Plate Requirements
SPONSOR(S): Representatives Constantine, Livingston, and Culp
COMPANION BILL(S): SB 1250 (i)

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

- (1) TRANSPORTATION YEAS 8 NAYS 0
- (2)
- (3)
- (4)
- (5)

I. FINAL ACTION STATUS:

On May 1, 1998, HB 3509 was passed and subsequently became Chapter 98-xxx, Laws of Florida.

II. SUMMARY:

The bill amends several provisions of law related to motor vehicle specialty license plates and includes the following:

- Deletes the requirement that 10,000 signatures be submitted as part of the application process. In lieu of the signatures, the bill requires the results of a scientific sample survey be submitted as part of the application process in order to better gauge potential interest and sales.
- Increases the maximum amount the Department of Highway Safety and Motor Vehicles (DHS&MV) may charge for the application fee, from \$30,000 to \$60,000.
- Revises requirements for discontinuing low selling specialty plates.
- Increases the annual use fee, from \$15 to \$20, for the manatee specialty license plate and exempts the Save the Manatee Trust Fund from the 7 percent General Revenue Fund service charge.

The bill also establishes requirements for voluntary contributions that are received by DHSM&V during the motor vehicle registration and driver's license issuance processes. The requirements are similar to those currently used for specialty license plates.

The bill increases recurring revenue to the Save the Manatee Trust Fund by approximately \$1 million and decreases recurring revenue to the General Revenue Fund by \$164,887.

Increasing the maximum amount that may be charged for the application fee from \$30,000 to \$60,000 will allow DHS&MV to recover startup costs when creating a new tag.

III. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

SPECIALTY LICENSE PLATES

As of January 1998, 39 different specialty license plates were available to the motoring public and approximately \$121 million has been collected since 1987 from the sale of such plates. Proceeds from specialty license plate annual use fees have been used to fund programs, such as an astronaut memorial, space technology research, scholarships, and university academic enhancements.

Specialty license plates must be specifically authorized by the Legislature. Section 320.08053, F.S., establishes the requirements organizations or agencies must meet in order to create a new specialty license plate. The law requires that specified information and an application fee, up to \$30,000 to cover the Department's costs, be submitted to DHS&MV prior to requesting legislative approval for a specialty plate. Information required to be submitted includes:

- 10,000 signatures from prospective buyers.
- A marketing plan and financial analysis of anticipated revenues and expenditures.
- 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.

Sections 320.08053 and 320.08058, F.S., specify requirements for specialty license plates including the distribution of annual use fees and the discontinuance of low selling license plates. The law requires that during a license plate's first 5 years, and each subsequent 5 year period, revenues must be sufficient to cover DHS&MV's costs related to that particular license plate. If sales revenues are insufficient, that specialty license plate must be discontinued.

Section 320.08062, F.S., provides accountability requirements regarding specialty license plate proceeds, including audits of expenditures and a compliance review by DHS&MV. In addition, the Department *may* discontinue the distribution of proceeds, if proceeds have been improperly spent by the recipient organization. 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.

MANATEE LICENSE PLATES

The annual use fee for the manatee license plate is currently \$15. The fees are deposited into the Save the Manatee Trust Fund and used for environmental education, manatee research, manatee protection and recovery, and facilities as provided in s. 370.12, F.S.

Section 215.20, F.S., requires that a General Revenue Fund service charge of 7 percent be assessed on all income of a revenue nature deposited in trust funds unless exempted. The Save the Manatee Trust Fund is not exempt from this deduction. The Save the Manatee Trust Fund receives revenue from the manatee license plate annual use fee; vessel and boat registration donations; and county option fees.

VOLUNTARY CONTRIBUTIONS

Chapters 320, 322, and 327 F.S., authorize DHS&MV to accept voluntary donations or contributions for specified trust funds and organizations during the motor vehicle and vessel registration process and the driver's license issuance process. During FY 1996-97, DHS&MV collected the following amounts as voluntary contributions:

Voluntary Contribution Revenues Fiscal Year 1996-97				
Type	Driver Licenses	Vessels	License Plates	Total
Prevent Blindness	\$127,229			\$127,229
Non Game Wildlife TF			\$39,768	\$39,768
Election Campaign TF	\$19,544	\$881	\$17,780	\$38,205
Organ and Tissue Donor TF	\$64,440		\$21,923	\$86,363
Save the Manatee TF		\$134,669		\$134,669
Marine Turtle Protection		\$71,097		\$71,097
Transportation Disadvantaged TF			\$22,255	\$22,255
Child Safety Seats			\$29,487	\$29,487
Florida Council of the Blind	<u>\$18,212</u>	_____	_____	<u>\$18,212</u>
Total	<u>\$229,425</u>	<u>\$206,647</u>	<u>\$131,213</u>	<u>\$567,285</u>

Source: Department of Highway Safety and Motor Vehicles

B. EFFECT OF PROPOSED CHANGES:

The bill amends several provisions of law related to motor vehicle specialty license plates and establishes requirements for voluntary donations received by DHSM&V during the motor vehicle registration and driver's license issuance processes.

SPECIALTY LICENSE PLATES

Changes to the specialty license plate requirements include the following:

Application Requirements

- Deletes the requirement that 10,000 signatures be submitted as part of the application process. In lieu of the signatures, the bill requires the results of a scientific sample survey be submitted as part of the application process in order to better gauge potential interest and sales. The survey results must indicate that at least 15,000 motor vehicle owners intend to purchase the proposed specialty license plate at the increased cost. The sample survey of registered motor vehicle owners must be performed independent of the requesting organization by an organization that conducts similar sample surveys as a normal course of business. Prior to conducting a sample survey a requesting organization must obtain a determination from DHS&MV that the organization selected to conduct the survey performs similar sample surveys as a normal course of business and is independent of the organization seeking the specialty license plate.
- Increases the maximum amount that DHS&MV may charge for the application fee, from \$30,000 to \$60,000. This fee increase will allow DHS&MV to fully recover costs, totaling approximately \$43,000, for issuing a new specialty license plate.
- Prohibits the use of state funds to pay the application fee, except for requests for collegiate specialty license plates.
- Provides that the new application requirements in the bill would not apply to organizations currently in the application process. Instead, the previous requirements would apply.

Discontinuance Requirements Low Selling Specialty Plates

- Revises requirements for discontinuing low selling specialty plates. Instead of discontinuing specialty plates whose sales are insufficient to cover DHS&MV's costs, the bill requires that a specialty license plate be discontinued if less than 8,000 plates are issued by the 5th year of sales. Further, the bill requires that at least 8,000 specialty plates be issued during each subsequent 5-year period in order for a plate not to be discontinued.

The sales requirements for discontinuing a specialty license plate do not apply to collegiate specialty plates authorized in s. 320.08058(3) and (13).

- Authorizes DHS&MV to discontinue the issuance of a specialty license plate for specified reasons such as: the organization no longer exists; the organization stops providing services authorized to be funded with specialty tag proceeds; or on request by the organization.

Monitoring Use of Specialty License Plate Proceeds

- Provides for *annual* audits to be submitted to the Department for review. Currently, organizations not subject to an annual audit by the Auditor General have the option of having either an annual or biennial audit performed on their use of specialty tag proceeds. Further, the bill changes the audit reporting requirements so that audit

reports are only required to be submitted to the Department. Audit reports are no longer required to be submitted to the Senate President, the House Speaker, and the Governor.

- Authorizes organizations to submit a report, instead of an audit, if the amount of the proceeds received is less than \$25,000. DHS&MV indicated that the expense of an audit was a burden for organizations that receive less than \$25,000.
- Requires DHS&MV to discontinue distributing specialty plate proceeds if an audit or report is not submitted or if the funds are not properly spent. If the organization fails to comply within 12 months, funds from the specialty plate are deposited into the DHS&MV's trust fund instead of being distributed to the organization.
- Authorizes DHS&MV to examine the organization's records relating to the use of funds from the sale of specialty license plates.

MANATEE LICENSE PLATES

- Increases the annual use fee for the manatee specialty license plate from \$15 to \$20.
- Clarifies that the use fees may be used for *manatee* related environmental education programs.
- Exempts the Save the Manatee Trust Fund from the 7 percent General Revenue Fund service charge.

VOLUNTARY CONTRIBUTIONS

Application Requirements

The bill also establishes requirements for entities seeking to create a voluntary checkoff on motor vehicle registrations and driver's license transactions. The new requirements are similar to the application requirements used for specialty license plates. The requesting organization must submit the following to DHS&MV at least 90 days before the next regular legislative session:

- A request that describes the proposed voluntary contribution in general terms.
- An application fee, not to exceed \$10,000 to defray the Department's cost for reviewing the application and developing the voluntary contribution checkoff. State funds cannot be used to pay the application fee.
- A marketing strategy outlining short-term and long-term marketing plans for the requested voluntary contribution, and a financial analysis outlining the anticipated revenues and planned expenditures from the voluntary contribution.

Requirements for the Continuation of a Voluntary Contribution Checkoff

The bill provides that DHS&MV must discontinue the voluntary contribution if less than \$25,000 has been contributed by the end of the 5th year, or less than \$25,000 is contributed during any subsequent 5 year period. In addition, the Department is authorized to discontinue the voluntary contribution and distribution of associated proceeds if the organization ceases to exist, if the organization stops providing services that are authorized to be funded from the voluntary contributions, or if the organization requests that the voluntary contribution be discontinued.

Monitoring Use of Voluntary Contributions

The bill prohibits the use of voluntary contribution proceeds for commercial or for-profit activities. Similarly, voluntary contributions may not be used to fund general or administrative expenses of the recipient organization, except as authorized by law or to pay the cost of the required audit or report.

The bill requires that organizational recipients of any voluntary contribution in excess of \$15,000, not otherwise subject to annual audit by the Auditor General, must submit an audit of expenditures. In lieu of an annual audit, any organization receiving less than \$15,000 in voluntary contributions may annually report, under penalties of perjury, that proceeds were used in compliance with law. The bill stipulates that voluntary contributions authorized by law must be distributed to an organization under an appropriation by the Legislature.

The bill provides that by February 1, of each year, DHS&MV must determine which recipients have not complied with the audit and accountability requirements. If an organization has not complied with the requirements, the Department must discontinue the distribution of funds until the organization complies. If the organization fails to comply within 12 months, the proceeds are to be deposited into the Highway Safety Operating Trust Fund to offset Department costs. Finally, the Auditor General and the Department are authorized to examine all records pertaining to the use of funds from the voluntary contributions.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

DHSM&V is required to more closely monitor organizations that receive specialty plate proceeds and voluntary contributions from motor vehicle and driver's license transactions.

2. Lower Taxes:

N/A

3. Personal Responsibility:

Requesting organizations must pay for the sample survey and DHS&MV's startup costs for implementing a new tag.

4. Individual Freedom:

N/A

5. Family Empowerment:

N/A

D. STATUTE(S) AFFECTED:

ss. 215.22, 320.08053, 320.08056, 320.08058, 320.08062, 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:

<u>EXPENDITURES</u>	<u>1998-99</u>	<u>1999-00</u>
Highway Safety Operating Trust Fund	\$2,000	-0-

DHSM&V estimates that implementing the bill's provisions relating to the manatee license plate will require 16 hours of programming modifications to the Department's computer system.

2. Recurring Effects:

<u>REVENUES</u>	<u>1998-99</u>	<u>1999-2000</u>
General Revenue Fund:		
Seven percent service charge	(\$164,887)	(\$164,887)
Save the Manatee TF:		
Use Fees	\$950,062	\$950,062

Manatee programs should benefit from the additional revenue that will result from increasing the manatee license plate use fee from \$15 to \$20 and exempting the Save the Manatee Trust Fund from the 7 percent service charge for the General Revenue Fund.

3. Long Run Effects Other Than Normal Growth:

N/A

4. Total Revenues and Expenditures:

<u>REVENUES</u>	<u>1998-99</u>	<u>1999-00</u>
General Revenue Fund	<u>(\$164,887)</u>	<u>(\$164,887)</u>
Save the Manatee Trust Fund	<u>\$950,062</u>	<u>\$950,062</u>
<u>EXPENDITURES</u>		
Highway Safety Operating Trust Fund	<u>\$2,000</u>	<u>-0-</u>

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:

N/A

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

N/A

D. FISCAL COMMENTS:

Increasing the maximum amount that may be charged for the application fee from \$30,000 to \$60,000 will allow DHS&MV to recoup more of its startup costs for a new tag. Since creating a new type of specialty tag costs DHS&MV approximately \$43,000, DHS&MV will recoup \$13,000 for each new type of tag authorized.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

N/A

B. REDUCTION OF REVENUE RAISING AUTHORITY:

N/A

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

N/A

VI. COMMENTS:

N/A

VII. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VIII. SIGNATURES:

COMMITTEE ON TRANSPORTATION:

Prepared by:

Legislative Research Director:

Thomas E. Duncan

John R. Johnston

FINAL RESEARCH PREPARED BY COMMITTEE ON TRANSPORTATION:

Prepared by:

Legislative Research Director:

Thomas E. Duncan

John R. Johnston