

STORAGE NAME: h3509.tr
DATE: February 10, 1998

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

BILL #: HB 3509
RELATING TO: Specialty License Plate Requirements
SPONSOR(S): Representative Constantine
COMPANION BILL(S): SB 1250 (i)

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

- (1) TRANSPORTATION
 - (2)
 - (3)
 - (4)
 - (5)
-

I. 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. 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.
- 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. This will allow DHS&MV to fully recoup its costs, which are approximately \$43,000, for issuing a new specialty license plate.
- 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. The sales requirements for discontinuing a specialty license plate do not apply to collegiate specialty plates.
- Requires DHS&MV to discontinue distributing specialty plate proceeds to an organization if an audit or expenditure report is not submitted or if the funds are not properly spent. If the organization fails to comply within 12 months, proceeds from that specialty plate are deposited into the Highway Safety Operating Trust Fund and used to offset DHS&MV's costs related to specialty license plates.

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 tag costs DHS&MV approximately \$43,000, DHS&MV will recoup \$13,000 for each new tag authorized.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

As of January 1998, 39 different specialty license plates were available to the motoring public and approximately \$121 million has been collected 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 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, 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; and,
- 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 it has determined that proceeds have not been properly 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.

B. EFFECT OF PROPOSED CHANGES:

The bill amends several provisions of law related to motor vehicle specialty license plates and includes 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 will allow DHS&MV to fully recoup its current costs, which are 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.

Deauthorization Requirements

- 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 if the receiving organization no longer exists, if the organization has stopped providing the services that are authorized by law to be funded, or pursuant to an organizational recipient's request.

Monitoring Use of Specialty License Plate Proceeds

- Repeals authorization for organizations to submit biennial audits that document an organization's use of specialty license plate proceeds. Instead, a provision is

retained which requires an annual audit be submitted to document such use. The audit requirement would continue to apply to organizations that are not subject to an annual audit by the Auditor General.

- 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.

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?

N/A

(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?

N/A

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?

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

4. Individual Freedom:

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

N/A

- 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?

N/A

- 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. 320.08053, 320.08056, 320.08062, F.S.

E. SECTION-BY-SECTION RESEARCH:

N/A

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

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 tag costs DHS&MV approximately \$43,000, DHS&MV will recoup \$13,000 for each new tag authorized.

3. Long Run Effects Other Than Normal Growth:

N/A

4. Total Revenues and Expenditures:

N/A

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:

Requesting organizations will no longer be required to bear the cost of obtaining 10,000 signatures, but must pay for the required sample survey. Also, requesting organizations will have to pay an increased application fee in order to defray DHS&MV's costs related to reviewing applications and developing new specialty license plates.

2. Direct Private Sector Benefits:

N/A

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

N/A

D. FISCAL COMMENTS:

N/A

IV. 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

STORAGE NAME: h3509.tr

DATE: February 10, 1998

PAGE 9

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

N/A

V. COMMENTS:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON TRANSPORTATION:

Prepared by:

Legislative Research Director:

Thomas E. Duncan

John R. Johnston