

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

Date: April 2, 1998 Revised: 04/07/98 \_\_\_\_\_

Subject: Motor Vehicle Specialty License Plates

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	<u>Caridi</u>	<u>Johnson</u>	<u>TR</u>	<u>Fav/3 amendments</u>
2.	_____	_____	<u>WM</u>	_____
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 (DHSMV) may charge for the application fee, from \$30,000 to \$60,000.
- Revises requirements for discontinuing low selling specialty plates. Instead of discontinuing specialty plates whose sales are insufficient to cover DHSMV'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 DHSMV 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 DHSMV's costs related to specialty license plates.

This bill substantially amends the following sections of the Florida Statutes: 320.08053, 320.08056, and 320.08062.

## II. 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 DHSMV 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 DHSMV'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 DHSMV'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 DHSMV. 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.

## III. 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 DHSMV 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 DHSMV may charge for the application fee, from \$30,000 to \$60,000. This will allow DHSMV 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 DHSMV'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), F.S.

- Authorizes DHSMV 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. DHSMV indicated that the expense of an audit was a burden for organizations that receive less than \$25,000.
- Requires DHSMV 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 DHSMV's trust fund instead of being distributed to the organization.
- Authorizes DHSMV to examine the organization's records relating to the use of funds from the sale of specialty license plates.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**V. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Organizations requesting a new specialty plate will have to pay \$60,000 as an application fee and pay the costs for a sample survey of potential purchasers.

C. Government Sector Impact:

The DHSMV will receive \$60,000 as an application fee for each plate. This money will cover the estimated \$43,000 costs to create a new tag and allow DHSMV to recoup \$13,000 for each newly authorized tag.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

#1 by Transportation

The title is changed to read “An act relating to motor vehicles.”

#2 by Transportation

The initial application fee is not to exceed \$30,000 dollars. The department may retain a portion of the annual use fee to cover its costs above the application fee.

#3 by Transportation

Conforming to the provisions governing specialty license plates, this amendment provides accountability guidelines for organizations seeking to establish a voluntary contribution or “check off” on a motor vehicle registration application. Audits are required for all organizations receiving funds through voluntary organizations. The amendment also establishes guidelines for the discontinuance of certain voluntary contributions.