

STORAGE NAME: h1665a.tr.doc
DATE: April 11, 2001

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
TRANSPORTATION
ANALYSIS**

BILL #: HB 1665
RELATING TO: Motor Vehicles and Driver Licensing
SPONSOR(S): Representative(s) Wishner

TIED BILL(S):

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

- (1) TRANSPORTATION YEAS 11 NAYS 0
 - (2) TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS
 - (3) COUNCIL FOR READY INFRASTRUCTURE
 - (4)
 - (5)
-

I. SUMMARY:

Current law provides for a twelve-month registration period for the renewal of a motor vehicle license. For motorcycles, mopeds, cars and light trucks owned by individuals, the registration period begins on the first day of the owner's birth month in the following year.

This bill allows an individual owner the option of registering a motorcycle, moped, car, or light truck for an extended twenty-four month period, and allows the owner to renew the motor vehicle registration at the end of that extended period. In addition, the bill provides for a refund to a person who chooses to return to the one-year registration period, provided that twelve months or more remain in the twenty-four month extended registration period.

This bill will take effect October 1, 2001.

This bill requires the Department of Highway Safety and Motor Vehicles (DHSMV) to make a non-recurring expenditure of approximately \$27,000 to implement the requirements of this bill. In addition, the new extended registration period created by the bill may alter DHSMV's revenue stream. See Section III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT below for a detailed explanation.

On April 11, 2001, the Committee on Transportation adopted a "strike everything" amendment by Representative Wishner that is traveling with the bill. The bill was then reported favorably as amended. For a description of the amendment, see Section VI. AMENDMENTS AND COMMITTEE SUBSTITUTE CHANGES, below.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Currently, s. 320.055, F.S., provides for a twelve-month period for the registration and renewal of a motor vehicle license. For motorcycles, mopeds, privately owned motor vehicles and trucks weighing under 5,000 pounds owned by a natural person (not a corporation), the registration period begins on the first day of the owner's birth month in the following year.

The Department of Highway Safety and Motor Vehicles (DHSMV) does not currently give a refund to customers for unused portions of the paid license tax amount. However, refunds are issued, as authorized in s. 215.26, F.S., in cases where the tax was overpaid or paid in error. Certain refunds are also authorized in s. 320.072, F.S., relating to the \$100 initial registration fee that is imposed upon an initial registration. A credit is also allowed under s. 320.15, F.S., toward the purchase of a new plate, if the amount is \$3 or more for the un-expired license period. This credit is applied in cases where the original vehicle is being destroyed or removed from the state.

Prior to 1990, DHSMV processed refunds for the unused portion of the license tax amount as previously authorized in s. 320.15, F.S. This provision, which was repealed in the early 1990's, allowed for a refund in situations where the vehicle was disposed of or where the vehicle owner moved out of the state.

According to DHSMV, in Fiscal Year 1998-99, there were 9.9 million transactions processed generating \$397 million in revenues for the initial and renewal registration of passenger cars, light trucks, motorcycles, and mopeds. The majority of these revenues were distributed to the State Transportation Trust Fund, General Revenue Fund, and other state trust funds.

According to data provided by DHSMV, at least sixteen states and the District of Columbia currently provide a registration period other than the one-year registration period, and at least six of those jurisdictions provide for a customer registration option of one, two, or more years.

C. EFFECT OF PROPOSED CHANGES:

This bill amends ss. 320.01, 320.055, 320.06, and 320.07, F.S., to allow certain vehicle owners the option of registering their vehicles for an extended twenty-four month period, and permitting those owners who select the extended registration option to renew their motor vehicle registration at the end of the extended period. This option is limited to owners of motorcycles, mopeds, private use

automobiles, and trucks weighing less than 5,000 pounds. Validation stickers will be issued for the extended period for display on the license plate. The fee for a twenty-four month registration will be two times the license fee, service charges and any additional fees for annual registration.

In addition, this bill amends s. 320.07, F.S., to provide for a refund of the cumulatively assessed license taxes in the event a person, with twelve months or more remaining in the twenty-four month registration period, elects to return to the regular one-year registration period. This refund applies only to the license taxes paid pursuant to s. 320.08(1), (2), or (3), F.S. Service fees and other fees required by law will not be refunded.

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Defines "extended registration period."

Section 2. Amends s. 320.055, F.S., creating a new subsection (2) which provides that persons owning motorcycles, mopeds, cars and light trucks are eligible for the extended registration period; Renumbers subsequent subsections.

Section 3. Amends s. 320.06, F.S., updating the section by adding references to the new extended registration period.

Section 4. Amends s. 320.07, F.S., allowing owners to renew a vehicle registration biennially and providing for a refund to owners who choose to return to the one-year registration period.

Section 5. Provides an effective date of October 1, 2001.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See FISCAL COMMENTS below for a detailed explanation.

2. Expenditures:

This bill would require the expenditure of an estimated \$27,000 for contractual data processing programming service costs. The amount is based on the assumption that the modifications will consume two hundred hours at an hourly rate of \$135.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

A motor vehicle owner applying for a motor vehicle registration or renewal is charged a service fee to offset the administrative costs incurred by tax collectors. Owners choosing the extended registration period option will transact business with the tax collector only once every two years, however, the administrative and other fees are assessed cumulatively. Thus, in some cases, tax collectors will collect the equivalent of two service fees for one transaction.

2. Expenditures:

None.

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

The bill will not have a direct economic impact on the private sector except that some motor vehicle owners may elect to pay license taxes and fees biennially rather than annually. A few of the benefits associated with implementing a biennial registration renewal concept are convenience and reduced lines at tax collector's offices. However, to benefit from these conveniences, a registrant would have to pay additional license tax in advance. Some registrant's will undoubtedly be unable to take advantage of this feature. In addition, although refunds are available for license tax amounts under the bill, an owner choosing the extended registration period, and then deciding to return to the one-year period will not receive a refund of service fees or other fees that were cumulatively assessed.

D. **FISCAL COMMENTS:**

According to DHSMV:

If enacted, this bill would not impact the amount collected for license taxes and fees over a two-year period, excluding any refunds paid. Annual revenue flows would be accelerated in the year that the biennial registration transaction occurs. Based on historical revenue flows and assuming that 50 percent of the population elects this option the first year, revenues would increase by \$198.5 million in the first year and correspondingly decrease by \$198.5 million during the second year. The provision of the bill that allows a refund of paid license taxes could potentially decrease license tax revenues depending upon the number of individuals opting for an extended registration who subsequently apply for a refund.

This bill would require contracted programming modification at an estimated cost of \$27,000.

IV. 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 an action requiring the expenditure of funds.

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

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

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.

V. COMMENTS:

A. **CONSTITUTIONAL ISSUES:**

None.

B. RULE-MAKING AUTHORITY:

This bill does not grant or restrict the rule making authority of DHSMV.

C. OTHER COMMENTS:

Although the bill has no relation to driver licensing, the title of the bill states that it is an “act relating to motor vehicles and driver licensing.” Therefore, the bill’s title should be amended.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On April 11, 2001, the Committee on Transportation adopted a “strike everything” amendment by Representative Wishner that re-wrote the bill. The amendment:

- Allows a motor vehicle owner to renew a vehicle registration biennially upon payment of the cumulative of any fees imposed by a private tag agency defined by local ordinance or that has a contract with a government entity, in addition to license tax amounts, service charges, and additional fees that must be paid under the provisions of the original bill;
- Eliminates the refund provisions from the bill; and
- Amends the title.

The bill was then reported favorably as amended with the amendment traveling with the bill.

VII. SIGNATURES:

COMMITTEE ON TRANSPORTATION:

Prepared by:

Staff Director:

William C. Garner

Phillip B. Miller