

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1581 Live the Dream License Plate
SPONSOR(S): Bullard
TIED BILLS: **IDEN./SIM. BILLS:** SB 624

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Highway Safety (Sub)	9 Y, 0 N	Garner	Miller
2) Transportation		Garner	Miller
3) Finance & Tax			
4) Transportation & Econ. Dev. Apps. (Sub)			
5) Appropriations			

SUMMARY ANALYSIS

HB 1581 creates a Live the Dream specialty license plate, and establishes an annual use fee of \$25, to be paid by purchasers in addition to license taxes and fees. Annual use fees are distributed to the Dream Foundation, Inc., which may use up to 25 percent of the proceeds to market the organization's concept and the license plate. The remaining funds shall be used to provide:

- Education and awareness programs for dental health awareness;
- Procurement and distribution of inexpensive or free access to medical and dental products and services for underprivileged persons;
- Improved access to affordable dental and medical treatment for underprivileged persons;
- Need-based scholarships for Florida students to attend a Florida dental school; and
- Grants to develop dental clinics that provide affordable or free dental services to underprivileged persons in areas where adequate dental treatment is available.

According to DHSMV, The Dream Foundation, Inc., has met all statutory pre-approval requirements, and is eligible to seek Legislative approval of the plate.

[Note: On April 2, 2003, the Highway Safety Subcommittee recommended one amendment that provides for more detailed distribution of annual use fee proceeds, and reported the bill favorably as amended.]

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

STORAGE NAME: h1581a.tr.doc
DATE: April 3, 2003

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|------------------------------|--|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

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

Reduce Government?

The bill appears to increase government in that it requires DHSMV to develop and provide for the manufacture of a new license plate, and requires county tax collectors offices to maintain an appropriate inventory and administer the new plate.

B. EFFECT OF PROPOSED CHANGES:

Present Situation

The Florida Legislature created the first specialty license plates in 1986, one commemorating the seven astronauts who died when the space shuttle Challenger exploded after lift-off, and one for each of the nine universities then in the State University System. Since then, the Legislature has enacted forty-six more specialty license plates.

Specialty license plates are available to any owner or lessee of a motor vehicle who is willing to pay an annual use fee for the privilege. Annual use fees ranging from \$15 to \$25, paid in addition to required license taxes and service fees, are distributed to an organization or organizations in support of a particular cause or charity signified in the plate's design and designated in statute. The Legislature may create a specialty license plate under its own initiative or it can do so at the request of an organization. Under s. 320.08053, F.S., an organization may seek Legislative authorization for a new specialty license plate by meeting a number of requirements.

An organization is first required to submit to the Department of Highway Safety and Motor Vehicles (DHSMV):

- A request for the plate describing it in general terms;
- The results of a professional, independent, and scientific sample survey of Florida residents indicating that 15,000 vehicle owners intend to purchase the plate at the increased cost;
- An application fee of up to \$60,000 defraying DHSMV's cost for reviewing the application, developing the new plate, and providing for the manufacture and distribution of the first run of plates; and
- A marketing strategy for the plate and a financial analysis of anticipated revenues and planned expenditures.

These requirements must be satisfied at least 90 days prior to the convening of the regular session of the Legislature. Once the requirements are met, DHSMV notifies the committees of the House of Representatives and Senate with jurisdiction over the issue, and the organization is free to find sponsors and pursue Legislative action.

If a proposed specialty plate fails to be enacted by the Legislature, DHSMV returns the application fee and other required documents to the organization. If it passes and becomes law, DHSMV notifies the organization, modifies its computer programming to accommodate the new plate, and requests the laminate manufacturer, 3M Company, to produce a prototype roll-coat. PRIDE, the contracted manufacturer of license plates, embosses and roll-coats sample plates that must be submitted to FHP, the Governor, and the Cabinet for approval. Once approval is given, PRIDE begins full production of the plates and distributes them to the Tax Collectors' Offices for sale to the public.

A particular specialty license plate must be discontinued if less than 8,000 plates, including annual renewals, are issued by the end of the fifth year of sales, or during any subsequent five-year period. To date, only three plates have ever been discontinued for lack of sales. These plates are the Girl Scouts plate, the Orlando Predators plate, and the Tampa Bay Storm plate.

The Legislature has enacted 56 specialty license plates to date, though only 54 are currently available for purchase. More than 90 specialty license plates may be available for sale within the next year. Sales of specialty license plates generated more than \$22 million in annual use fee revenues in 2001, and nearly \$24 million in 2002. Since the program's inception in 1986, the DHSMV has collected annual use fees totaling more than \$203.3 million.

Effect of Proposed Changes

HB 1581 creates a Live the Dream specialty license plate, and establishes an annual use fee of \$25, to be paid by purchasers in addition to license taxes and fees. Annual use fees are distributed to the Dream Foundation, Inc., which may use up to 25 percent of the proceeds to market the organization's concept and the license plate. The remaining funds shall be used to provide:

- Education and awareness programs for dental health awareness;
- Procurement and distribution of inexpensive or free access to medical and dental products and services for underprivileged persons;
- Improved access to affordable dental and medical treatment for underprivileged persons;
- Need-based scholarships for Florida students to attend a Florida dental school; and
- Grants to develop dental clinics that provide affordable or free dental services to underprivileged persons in areas where adequate dental treatment is available.

According to literature supplied by the organization, The Dream Foundation, Inc., is a Florida non-profit organization "formed to address the increasing problems with respect to underprivileged individuals' access to affordable dental and medical treatment, with its main focus on dental preventive treatment and education.

According to DHSMV, The Dream Foundation, Inc., has met all statutory pre-approval requirements, and is eligible to seek Legislative approval of the plate.

C. SECTION DIRECTORY:

Section 1. Amends s. 320.08056, F.S., providing an annual use fee.

Section 2. Amends s. 320.08058, F.S., creating a Live the Dream license plate and providing for distribution of annual use fees.

Section 3. Provides that the act shall take effect July 1, 2003.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>
1. Revenues:			
HS Op. TF (App. Fee):	<u>\$ 60,000</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
2. Expenditures:			
GR (Data Proc.):	<u>\$ 7,560</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
HS Op. TF (Salaries/Bene.):	<u>\$ 15,000</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
(Purch. Plates):	<u>\$ 36,900</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
TOTAL:	<u>\$ 59,460</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:
None.
2. Expenditures:
None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Those persons electing to purchase a Live the Dream license plate will be required to pay \$25 in addition to required license taxes and fees. In addition, annual use fee revenues are distributed to the Dream Foundation, Inc., a private nonprofit organization.

D. FISCAL COMMENTS:

Section 320.08053, F.S., provides that an organization seeking a new plate must pay an application fee not to exceed \$60,000. This fee is paid to DHSMV to defray the costs of reviewing the application and developing the specialty license plate.

In the first year, DHSMV must modify the Motor Vehicle License Software Systems to accommodate the new license plate. This requires 56 hours of contracted programming at \$135 per hour, or a non-recurring expenditure of \$7,560. According to DHSMV, the department incurs annualized costs of \$15,000 for personnel and \$36,900 for license plates. Specialty license plates cost DHSMV \$2.46 each under the current contract, and it generally places a standard order of 15,000 plates.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because this bill does not appear to: require cities or counties to spend funds or take actions requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

HB 1581 does not require any grant or exercise of rule-making authority to implement its provisions.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On April 2, 2003, the Highway Safety Subcommittee recommended one amendment and reported the bill favorably as amended. The amendment provided more detail in how annual use fee proceeds are to be distributed. The amendment provided that after the Dream Foundation, Inc. uses up to 25 percent of the proceeds to market the organization's concept and the license plate, the remaining funds will be distributed as follows:

- Thirty percent will be distributed as grants to dental clinics that provide affordable or free dental services to underprivileged persons in areas where adequate dental treatment is unavailable;
- Twenty percent will be distributed to pay the cost of obtaining and distributing dental and medical products to the underprivileged;
- Fifteen percent will be distributed to for dental and health educational and awareness programs;
- Five percent will be distributed as scholarships to needy young adults to attend a Florida dental school; and
- Five percent will be used by the Dream Foundation, Inc., for administrative costs directly associated with the Foundation's operations as they relate to the above-described programs.