

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 789 w/CS Stop Heart Disease Specialty License Plate
SPONSOR(S): Barreiro
TIED BILLS: **IDEN./SIM. BILLS:** SB 1840

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Transportation	20 Y, 0 N w/CS	Garner	Miller
2) Finance & Tax		Levin	Diez-Arguelles
3)			
4)			
5)			

SUMMARY ANALYSIS

HB 789 with CS creates a Stop Heart Disease 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 collected by the Department of Highway Safety and Motor Vehicles (“DHSMV”) will be distributed to the Florida Heart Research Foundation, Inc. (“Foundation”).

The first \$80,000 distributed to the Foundation will pay start-up costs, including costs incurred developing and issuing the plates. Thereafter, the Foundation will use the proceeds to provide for a peer review grant process funding:

- Cardiovascular research that will further understanding of heart disease and its causes, treatment, cure, and prevention;
- Prevention programs that provide cardiovascular screenings to Florida residents; and
- Both technical and non-technical education programs.

The Foundation may use up to 25 percent of the proceeds in the first year of plate issuance for administrative costs associated with operation of the Foundation and marketing of the license plate. In subsequent years, the Foundation may use up to 20 percent of the proceeds for these purposes.

The Foundation has completed the statutory pre-approval process authorizing them to seek Legislative action.

The bill takes effect July 1, 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, which memorialized the seven astronauts who died when the space shuttle Challenger exploded after lift-off. Also in 1986, license plates were created 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 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 the Florida Highway Patrol, 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, DHSMV has collected annual use fees totaling more than \$203.3 million.

Effect of Proposed Changes

HB 789 creates a Stop Heart Disease 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 collected by DHSMV will be distributed to the Foundation.

The first \$80,000 distributed to the Foundation will pay start-up costs, including costs incurred developing and issuing the plates. Thereafter, the Foundation will provide for a peer review grant solicitation and award process to distribute proceeds for cardiovascular disease research, education, and prevention within Florida. The funds will be available for:

- Cardiovascular research that will further understanding of heart disease and its causes, treatment, cure, and prevention;
- Prevention programs that provide cardiovascular screenings to Florida residents; and
- Both technical and non-technical education programs.

The Foundation may use up to 25 percent of the proceeds in the first year of plate issuance for administrative costs associated with operation of the Foundation and marketing of the license plate. In subsequent years, the Foundation may use up to 20 percent of the proceeds for these purposes.

The bill takes effect July 1, 2003.

C. SECTION DIRECTORY:

Section 1. Amends s. 320.08056, F.S., to provide an annual use fee of \$25.

Section 2. Amends s. 320.08058, F.S., to create the Stop Heart Disease license plate and provide for distribution of annual use fees.

Section 3. Provides an effective date of 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 Stop Heart Disease license plate are required to pay a \$25 annual use fee in addition to the license taxes and fees that are due annually. In addition, the Florida Heart Research Foundation, Inc. receives annual use fee revenues generated from sales of the plate. It is impossible to estimate the impact because the actual demand for the plate is unknown.

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

C. DRAFTING ISSUES OR OTHER COMMENTS:

According to DHSMV, the effective date of July 1, 2003 provided in the bill may not allow sufficient time to create, manufacture, and distribute the proposed specialty license plate.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On March 12, 2003, the Committee on Transportation adopted an amendment by Rep. Patterson that deleted language included in the bill due to a drafting error.

The bill as written directs funds to the Florida Heart Research Foundation. The name for this not-for-profit corporation filed with the Secretary of State is the Florida Heart Research Foundation, Inc. and the Finance & Tax Committee has prepared an amendment to fix the discrepancy.