

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1049 (PCB TR 04-01) License Plates
SPONSOR(S): Transportation, and Evers
TIED BILLS: none **IDEN./SIM. BILLS:** SB 2214 (i)

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Highway Safety Subcommittee	10 Y, 0 N	Garner	Miller
2) Transportation	20 Y, 0 N	Garner	Miller
3) State Administration		Bond	Everhart
4) Finance & Tax			
5) Transportation & Econ. Dev. Approp. (Sub)			
6) Appropriations			

SUMMARY ANALYSIS

This bill revises Florida's specialty license plate program to:

- Revise the process for approval of a new plate to require 15,000 pre-sales of the new plate within one year, and require a \$60,000 application fee upon attaining 15,000 pre-sales.
- Increase the accounting requirements applicable to recipients of specialty license plate revenues.
- Require adoption of a design elements required of all specialty plate designs.
- Change from a 5 year renewal cycle on specialty license plates to a requirement that, after the first 2 years, a non-exempt specialty plate will be discontinued if it does not meet the statutory minimum number of sales.

In addition, this bill reduces by \$1 the license tax from all motor vehicle registrations that currently is dedicated to road construction and maintenance, and directs it instead to the Highway Safety Operating Trust Fund, earmarked for state law enforcement officer recruitment and retention.

This bill may slightly reduce recurring expenditures of the Department of Highway Safety and Motor Vehicles related to administration of the specialty license plate program, although the department has not provided a specific fiscal estimate. This bill transfers, on a recurring basis, monies from road construction to law enforcement salaries; currently that amount is approximately \$16 million annually. This bill does not appear to have a financial impact on local governments.

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

STORAGE NAME: h1049a.sa.doc
DATE: March 16, 2004

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:

This bill requires the Department of Highway Safety and Motor Vehicles (DHSMV) to promulgate rules providing specifications for the design of specialty license plates. This bill also requires increased oversight by DHSMV of expenditures by organizations receiving proceeds from the sale of specialty license plates. DHSMV is also required to study and report to the Legislature on the possibility of utilizing new manufacturing and distribution processes for specialty license plates.

B. EFFECT OF PROPOSED CHANGES:

Background

Specialty License Plates, In General

Florida’s Department of Highway Safety and Motor Vehicles (DHSMV) administers the state’s specialty license plate program through its Division of Motor Vehicles. Through this program, an owner of a motor vehicle registered in Florida can satisfy tag and registration requirements by placing a specially-themed license plate on his or her motor vehicle instead of the regular Florida license plate. The vehicle owner qualifies for this privilege upon payment of an annual use fee in addition to the required license tax.

Specialty license plates are created by the Legislature, either on its own initiative, or at the request of an organization or group that wishes to sponsor the plate. An organization wishing to sponsor a license plate usually follows a statutory procedure contained in s. 320.08053, F.S. However, specialty plates are sometimes created by the Legislature on behalf of independent organizations without adherence to this qualification procedure.

To date, Florida law has authorized 88 specialty license plates, and another 10 have been approved pursuant to s. 320.08053, F.S., by DHSMV to seek Legislative enactment. Sales of specialty license plates generated more than \$24 million in annual use fees in 2002. Since the program’s inception, DHSMV has collected annual use fees for all specialty license plates totaling more than \$225 million.

Specialty License Plates -- History

The Florida Legislature created the first specialty license plates in 1986 – one memorializing 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. The Legislature continued to approve new specialty license plates at a fairly slow pace in the years that followed. Only six new plates emerged over the ensuing seven years, though this pace of growth was perceived as rapid by some in the Legislature at the time, and it prompted the development of a House policy guiding specialty plate creation. However, with the addition of five new plates in 1994, the pace of new specialty plate introduction increased more dramatically despite the policy, and has continued to do so since.

The House policy developed in 1991 outlined five conditions to be met before the House would consider legislation authorizing plates that raise revenue for special purposes. Those conditions included requirements that:

- the requesting organization or agency collect 8,500 signatures from prospective buyers;
- the requesting organization or agency provide short and long term marketing plans; and
- the proposed bill provide for recovery of administrative costs, for de-authorization, and for proceeds to go to a state agency program.

Despite the hope among some legislators that House policy guidelines would slow the pace of new plate creation, 1994 saw legislative authorization of five new specialty license plates. Furthermore, the House policy failed to address the initial fiscal impact felt by DHSMV in developing the specialty plates. Although the law provided for recovery of ongoing costs through plate sales, initial costs incurred developing and purchasing the first run of plates could not be recovered. The policy guidelines also failed to ensure that a sufficient number of willing purchasers existed.

The following year, the legislature enacted Chapter 95-282, L.O.F., which consolidated redundant statutory provisions, and enacted a pre-qualification process similar to that contained in the House policy. Despite the codification of the House policy into law, specialty license plates continued to proliferate at a rapid pace. From 1996 to 2002, the Legislature authorized 26 specialty plates, averaging more than four new plates per year.

As noted above, at the inception of the specialty license plate program, the Legislature provided for specialty license plates for state and independent colleges and universities. Under the original provisions, any newly created colleges or universities need only apply to DHSMV to obtain a specialty plate supporting the particular school. However, in 1997, the Legislature in an effort to slow the proliferation of specialty plates restricted the ability of colleges and universities to obtain a plate. The new law exempted from the pre-qualification requirements only those college or university plates already in process as of January 1, 1997. This measure effectively cut off more than a score of colleges and universities from obtaining a plate without meeting the statutory pre-qualification requirements.

However, in 2002, New College in Sarasota ended its affiliation with the University of South Florida and became a separate entity. To accommodate the new school, the Legislature moved the restriction date from January 1, 1997 to October 1, 2002, opening a window for more than 20 colleges and universities to obtain a new specialty plate. Twenty-three of those colleges and universities immediately started the pre-qualification process upon amendment of the law, resulting in the automatic creation of specialty plates for those schools. With this unintended surge in new collegiate plates, coupled with the addition of 11 others during the 2003 Regular Legislative Session, and the development of several others already authorized by the Legislature, Florida now offers 88 specialty plates. The increase in 2003 from 54 to 88 specialty license plates represents an unprecedented one-year increase.

The 1995 codification of specialty license plate policies included provisions requiring DHSMV to continue to produce plates for as long as revenues generated by plate sales exceeded department costs. In 1998, the Legislature amended the law to provide for discontinuation in the event less than 8,000 plates were issued in the first and subsequent 5-year sales periods. Both the old and new provisions required the discontinuation of plates in the event the related organization ceased to exist. However, despite concerns over the ever-growing number of specialty license plates, in 2001 the Legislature passed a provision that included the number of annual renewals in the tally of plate sales. This provision was designed to help sports teams maintain sufficient sales to avoid discontinuation of their specialty plates without a specific exemption. With this provision in effect, DSHMV is not required to discontinue a plate unless the number issued *and* the number of subsequent renewals falls below 8,000 in a five-year period.

Under these statutory schemes, only three plates have been discontinued for lack of sales. In 2002, pursuant to law, DHSMV discontinued the Girl Scouts, Tampa Bay Storm, and Orlando Predators specialty plates for lack of sales and renewals. A number of other plates have been discontinued, but only because the plate was intended to be issued for a limited time only, or because the organization ceased to exist.

Specialty License Plate Fees

All organizations receiving specialty license plate fees are responsible for ensuring that the proceeds are used in accordance with legislative direction. Some are subject to audit pursuant to the Florida Single Audit Act, which establishes a uniform process to audit non-state entities that receive state money to carry out state projects. Non-state entities (local governments and for-profit or not-for-profit corporations) that receive \$300,000 or more in state financial assistance must comply with the provisions of the Act. Non-state entities that receive less than \$300,000 in state financial assistance need only attest that they are using annual use fee proceeds according to statutory mandate. Some entities receiving annual use fee revenues are state entities, and are therefore audited by the state's Auditor General. Those organizations not subject to audit by the Auditor General or to the auditing provisions of the Florida Single Audit Act attest under penalty of perjury that they are using proceeds in accordance with Legislative direction.

Legislative Authorization Process

As discussed above, the Legislature set up a statutory pre-qualification procedure for new specialty license plates in s. 320.08053, F.S. Usually, a sponsoring group or organization proposing a new specialty license plate must meet statutory requirements before the Legislature will consider enacting the plate. The group or organization must submit:

- a request for the particular plate being sought describing it in general terms;
- an independent scientific sample survey of Florida motor vehicle owners conducted by a department-approved surveyor, indicating that at least 15,000 owners intend to purchase the proposed plate at the increased cost;
- an application fee of no more than \$60,000 in non-state funds to defray DHSMV's cost for reviewing the application and manufacturing the first run of plates; and
- a marketing strategy outlining the short and long-term marketing plans for the plate, and a financial analysis outlining the anticipated revenues and the planned expenditures of the plate revenues.

Once these requirements have been met, DHSMV notifies legislative staff, and the organization proposing the plate.

On occasion, the Legislature has departed from the statutory requirements and approved proposed specialty plates despite the fact that they have not satisfied the pre-approval requirements. During the 2001 Special Session B, in response to the events of September 11, 2001, the Legislature created the American Red Cross and the United We Stand specialty plates in this manner.

Still other plates were created without meeting pre-approval criteria, and without subsequent legislative action, through a time-limited statutory exemption. This exemption applies to collegiate license plates, and it has been amended over the years to apply the exemption to more and more colleges and universities.

Design Approval and Production

Once the Legislature authorizes a new specialty plate, DHSMV initiates new programming at their data center expanding and programming the necessary identifiers in their database to accommodate the

new license plate. During programming, the requesting organization or entity submits the art design to DHSMV to be reviewed for compliance with license plate specifications. Once the department completes this review, it delivers the art work to the House and Senate bill sponsors for their initial approval.

Once the art work is approved by the legislative sponsors, DHSMV delivers it to 3-M Corporation where sample plates are prepared and sent back. 3M Corporation is the vendor that supplies the retro-reflective laminate applied to Florida's license plates. After 3-M delivers sample plates to DHSMV, they are approved and submitted to PRIDE at Union Correctional Institution in Starke, Florida, for embossing and painting. When the samples are ready, DHSMV sends copies to the sponsoring organization and the primary bill sponsors for final approval. If anyone objects, the process starts over.

PRIDE is the nonprofit corporation that leases and manages the correctional work programs of the Department of Corrections (DOC). The corporation is not an agency and leases all of DOC's work programs exclusively.

Once the department, the organization and the bill sponsors give their approval, the plate design must next be approved by the Governor and Cabinet acting in its capacity as the head of DHSMV. After final approval, a copy of the plate is submitted to 3-M who manufactures the sheeting for delivery to PRIDE. PRIDE uses the sheeting to manufacture the specialty plates and delivers them directly to the county tag agencies.

PRIDE manufactures both standard and specialty license plates using an embossing process. This is the process by which the alpha-numeric field is raised in the metal substrate, and each plate receives its unique identifier. Processes utilizing embossing require separate steps for preparing the graphic background, pairing each plate with an alpha-numeric identifier, applying that identifier to the blank, and roll-coating the plates to paint the raised numbers and letters. In Florida, computer technology is used to manage this process by assigning a specific license plate number to a particular blank.

In some states, license plates are not embossed, but are made with a digital printing system that results in a flat plate. These digital methods can be used to quickly produce almost any conceivable graphic background. Digitally printed flat plates may be a simple monochromatic printing of the alpha-numeric identifier on a pre-printed or plain background, or they may have the entire background image and identification number printed with a multicolor graphics printing system. The digital printing process may eliminate the need for different long-run, short-run, and screen printing systems for different plates, and it allows for the separate steps of graphic background design, and alpha-numeric identification and assignment to be combined.

DHSMV pays PRIDE \$1.38 for each standard plate, and \$2.46 for each specialty license plate. A plate authorized by the Legislature may not be ready for sale for up to six months after approval by the Cabinet. During the interim from enactment to sales, considerable agency staff time is spent in the development process. DHSMV estimates that its cost alone for programming and designing specialty plates is approximately \$22,560 per new specialty plate. It costs an additional \$36,900 to purchase the first order of 15,000 plates. These cost estimates form the basis for the \$60,000 application fee paid by organizations seeking a new specialty license plate.

Recurring Issues

As it is currently operated, Florida's specialty license plate program faces a number of issues, including those related to the rising number of specialty license plates and the adequacy of the process for manufacturing and distributing them. First, the rapid increase in the numbers of specialty license plates presents challenges to DHSMV and local tax collectors in maintaining appropriate inventory levels. Also, the inability of law enforcement to quickly identify vehicles and where they are from, owing to the variety of plates in Florida and other states, raises safety and security concerns. Auditing of organizations receiving revenue collected from plate sales also becomes increasingly problematic

under current auditing requirements as the number of organizations to be audited rises. Second, it is unclear whether the license plate manufacturing processes in Florida would benefit from changes in production and distribution technologies, or whether it is in the state's best interest to update the manufacturing process, as PRIDE and DHSMV may have efficiency interests that are at odds.

Issues Associated With Proliferation

In Florida, local tax collectors collect motor vehicle license taxes and distribute registration license plates to vehicle owners. The state's constitution provides for an elected tax collector in each of the 67 counties, and each of these tax collectors, acting as DHSMV's agent, is tasked with the same duty of collecting license taxes for the motor vehicles registered within his or her county. In order to carry out this task, and to provide acceptable customer service, each tax collector must have each kind of license plate available to the public. Until recently, all tax collectors were required by DHSMV to maintain at least some inventory of every kind of specialty license plate. Without any record of prior sales performance for newer specialty plates, tax collectors and DHSMV officials have difficulty in setting appropriate inventory levels to be maintained. In addition, with the creation of each new specialty license plate, each tax collector is confronted with the new burden of finding space for additional inventory, and of adjusting computer codes and other procedures to accommodate sales and renewals of the new plate. However, it is unclear exactly how pressing this inventory storage problem is for many agencies. According to DHSMV, depending on perceived demand, agencies have requested as few as 5 of a particular type of specialty plate, or as many as 400. While this differential can create difficulties for PRIDE, which packages plates at the agency level after receiving plate number assignments from DHSMV, the manufacturer maintains that it has solved these issues through a computerized inventory and packaging system that utilizes in-house programming.

In addition, as the number of specialty plates grows and new and more varied designs are developed, ready identification of a plate's jurisdiction of origin becomes more difficult, particularly for law enforcement personnel. This difficulty is pronounced by the fact that every state has at least some special license plate designs, and much like Florida, many of those states have programs that develop plates with substantially different graphic designs from the standard plate design. It is difficult for a Florida law enforcement officer to recognize all of the different license plates issued in this state, but it is practically impossible for that officer to recognize by jurisdiction all of the different plates issued throughout the United States. This recognition problem is exacerbated by the widespread use of license tag brackets or frames that can cover identifying information on license plates. These brackets typically cover all or a portion of the state name appearing at the top-center or bottom-center of the license plate. A law enforcement officer's inability to identify the state of origin for a vehicle increases the difficulty of obtaining vital information without stopping the driver to get it. Members of law enforcement raise this concern for safety reasons, as increased numbers of roadside stops increase the exposure of officers to potentially dangerous situations. As plates proliferate, and graphic designs become more varied and diverse, design and color schemes can make readability an additional concern for law enforcement. Some states, including Pennsylvania, Virginia, and Arizona have already had designs recalled for this reason.

Those organizations not subject to audit by the Auditor General or to the auditing provisions of the Florida Single Audit Act attest under penalty of perjury that they are using proceeds in accordance with Legislative direction. The attestation form collected by DHSMV (RS-39) requires a detailed declaration of revenues and a categorical list of expenditures with a notation as to whether the expenditure complies with Florida Statutes. In many, if not all cases, attestations are more detailed expressions of an organization's financial activity than a CPA-conducted audit under the Florida Single Audit Act. This lack of detail in Single Audit Act audits is due to the fact that the Act does not require a specific breakout of specialty plate expenditures, as does the DHSMV attestation form. The result is that organizations receiving more state financial assistance are required to submit to less, rather than more, stringent audits.

For example, while attestation forms indicate a detailed list of expenditures on a variety of youth-related athletic programs and other expenses associated with the Police Athletic League specialty plate, and Auditor General audits indicate how much Florida State University specialty plate money is dedicated to scholarships and fundraising, Single Audit Act audits for the Challenger/Columbia specialty plate do not break out specialty license plate expenditures.

Issues Associated with Manufacturing and Distribution

License plate creation, from beginning to end, can be long and costly, but it is unclear whether the utilization of different technologies might lower costs. Some states that have gone to a digitally printed flat plate manufacturing process have seen their per-plate costs increase dramatically. Indiana is one such state. According to PRIDE Industry Manager, Bob Triner, changing to a flat plate process has increased that state's costs by about 46 percent. Without knowing the specific requirements of the law in Indiana, it is impossible to know exactly what drove costs so high. In Florida, however, the utilization of tax collectors as agents to sell specialty license plates and the high capital cost of converting to the new process are two areas that have made technology changes cost-prohibitive. According to Triner, a recent 3M proposal for transitioning to a digitally produced flat plate process would have resulted in an increase cost of at least 30 percent, or about \$.80 per plate. Under the proposal, lease of the new machinery alone would have cost at least \$1 million per year. In addition, an upgrade to the high-tech equipment would probably require improvements to the manufacturing location, or relocation.

Some states using the new technology, like New York, can justify the capital costs because of savings derived from a direct-to-customer shipping system that the digital process is well suited to accommodate. In Florida, DHSMV requires each tax collector to maintain an appropriate inventory, so PRIDE must package license plates at the agency level, and separately stock 67 counties, most with multiple offices. PRIDE, in cooperation with DHSMV and tax collectors, has developed a number of ways to cut costs within the existing manufacturing process by creating its own software applications to manage and control manufacturing, packaging, and distribution. In addition, PRIDE has an arrangement with 3M Corporation for buying retro-reflective sheeting on consignment.

Because of the array of variables that determine manufacturing costs, identifying more efficient, but cost saving alternatives is difficult. Different technology and systems options in areas that range from production scheduling, to materials selection, to graphics printing technology options, to different blanking machinery and processes, to different embossing machines and techniques, to the various finishing processes, and how all of these tie into unique packaging, distribution and inventory requirements, make specific recommendations for use of a particular technology or method very difficult.

Effect of Bill

This bill amends the existing specialty license plate program. This bill amends the application process to:

- Require an applicant to create the artwork for the sample plate.
- Require 15,000 pre-sales within one year. Individuals who agree to a pre-sale pay the additional tag fee, which will be refunded on a future year's registration if the specialty tag is not issued. The requesting organization may buy some or all of the pre-sale tags. Upon obtaining the required pre-sales level, the applicant is required to pay a \$60,000 application fee.
- Require that DHSMV develop design standards for specialty license plates to assist law enforcement in identification of the state of origin of a plate (as to Florida-issued plates). The rules must provide uniform specifications requiring common placement of the word "Florida" on specialty plates, and requiring the word to be clearly identifiable when the plate is mounted on a

vehicle. The rules must also provide specifications for the size and location of any words or logos appearing on the plates.

- Provide that DHSMV may recover its cost of auditing compliance with the requirements of administering the specialty license program.
- Change the time and criteria for discontinuation of specialty license plates to require a warning for discontinuation if sales fall below 8,000 currently issued plates. The 5 year renewal cycle is eliminated, a warning may be issued any time after the first 2 years. If the number of issued plates remains below the 8,000-plate threshold 12 months after the date of the discontinuation warning, the plate will be discontinued.¹
- Provide that all organizations receiving specialty plate revenue must furnish to the DHSMV detailed information regarding the use of specialty plate revenues.

In addition, this bill requires that \$1 of the license tax from every license registration transaction be deposited into the Highway Safety Operating Trust Fund to be used to support state law enforcement officer recruitment and retention salary programs. This additional funding for state law enforcement will result in a corresponding reduction in funding to the Department of Transportation for transportation project funding.

Also, this bill requires DHSMV, in cooperation with PRIDE and local tax collectors, to study the feasibility of using direct-to-customer distribution of license plates, and to report the findings to the Legislature no later than December 31, 2004.

C. SECTION DIRECTORY:

Section 1. Amends s. 320.08053, F.S., regarding application for a specialty license plate.

Section 2. Amends s. 320.08056, F.S., requiring DHSMV's to develop design specifications; authorizing DHSMV to retain annual use fees sufficient to cover audit and attestation compliance review costs; and providing a new standard for discontinuation of specialty license plates that fail to sell in sufficient numbers.

Section 3. Amends s. 320.08062, F.S., requiring all organizations and state agencies receiving annual use fee proceeds to submit an attestation form approved by DHSMV.

Section 4. Amends s. 320.20, F.S., providing that \$1 of each license tax registration, or renewal of registration, shall be deposited into the Highway Safety Operating Trust Fund to support state law enforcement officer recruitment and retention salary programs.

Section 5. Provides for a study by DHSMV, in cooperation with representatives of tax collectors and PRIDE at Union Correctional Facility, to determine the operational and economic feasibility of utilizing a direct-to-customer method of distribution for specialty license plates, and requires DHSMV to report findings to the Legislature.

Section 6. Provides that this bill shall take effect upon becoming law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

¹ The current exemption to the 8,000 minimum for collegiate specialty license plates remains.

2. Expenditures:

This bill may result in a positive recurring reduction in state government expenditures. In the past, though authorized by s. 320.08056 (7), F.S., to do so, DHSMV has not recovered the full costs of administering the specialty license plate program from annual use fee proceeds. Through a recent internal audit (DHSMV Internal Audit Report No, 2002/03-9), DHSMV discovered that it was only recovering the difference between the cost of purchasing standard license plates and the cost of purchasing specialty license plates, and it was only recovering those costs from select counties. DHSMV has reported that it will now recover all costs of administering the program, as allowed by current law. This bill also clarifies that DHSMV may also use these withheld amounts to offset the costs associated with reviewing compliance with auditing and attestation requirements placed on organizations and agencies that receive annual use fees.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

This bill provides that DHSMV will be reimbursed its full cost for administering the specialty license program, which will correspondingly reduce the monies distributed to the organizations entitled to specialty license revenues.

D. FISCAL COMMENTS:

The Florida Department of Transportation (FDOT) estimates that the distribution of \$1 from every license registration and registration renewal transaction to the Highway Safety Operating Trust Fund instead of the State Transportation Trust Fund (STTF) will have a total negative ten year impact to the STTF of \$227.2 million. The STTF will lose \$185.2 million from diverted license plate revenues and \$42 million in interest. The near-term impacts to the STTF are expected to be \$16.5 million in FY 2004, \$17.7 million in FY 2005, and \$19.1 million in FY 2006. The FDOT estimates assume a 3 percent annual increase in the amount of revenues diverted from the STTF. Correspondingly, the diversion of the \$1 into the Highway Safety Operating Trust Fund (HSOTF) will have a positive fiscal impact on that trust fund, and will benefit state law enforcement officer recruitment and retention salary programs. The positive impact to the HSOTF is expected to be \$16.2 million in FY 2004, \$16.6 million in FY 2005, and \$17.1 million in FY 2006.

These comments are provided by DHSMV:

This legislation may have a workload impact, which will be absorbed within existing resources, for refunding prepaid use fees paid by motorists or other applicants for specialty license plates which are not approved. This legislation would also require minimal programming modifications to the Motor Vehicles License Software Systems which would be absorbed within existing resources.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because the bill does not appear to: require counties or cities to spend funds or take action 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:

This bill requires DHSMV to promulgate rules providing specifications for the design of specialty license plates that promote and enhance the readability of all specialty license plates, and that discourage counterfeiting. The rules must provide uniform specifications regarding the size and placement of the word "Florida" on specialty license plates so that the word is clearly identifiable when a plate is mounted on a vehicle. The rules must also provide specifications for the size and locations of any words or logos appearing on a specialty license plate.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On January 21, 2004, the Highway Safety Subcommittee (Trans) recommended one amendment to PCB TR 04-01. The amendment deleted a provision requiring DHSMV to retain 10 percent of annual use fee proceeds collected from the sale of specialty license plates created after October 1, 2004, and to be used for the support of the department's FHP Recruitment and Retention Salary Program, and inserted a provision requiring that \$1 of the license tax collected in each motor vehicle registration and registration renewal transaction be deposited into the Highway Safety Operating Trust Fund to support state law enforcement recruitment and retention salary programs. The Subcommittee then reported the PCB favorably as amended by a vote of 10-0.