

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1259 Kids Deserve Justice Specialty License Plate
SPONSOR(S): Mahon
TIED BILLS: **IDEN./SIM. BILLS:** SB 2730

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Highway Safety (Sub)	10 Y, 0 N	Garner	Miller
2) Transportation			
3) Finance & Tax			
4) Trans. & Econ. Dev. Apps. (Sub)			
5) Appropriations			

SUMMARY ANALYSIS

HB 1259 creates the Kids Deserve Justice specialty license plate, and establishes an annual use fee of \$25 to be paid by purchasers of the plate in addition to license taxes and fees. The Florida Bar Foundation, Inc. is authorized to retain the first annual use fee proceeds to offset its costs in developing the plate. All remaining proceeds will be used to fund a grant solicitation process to distribute funds to children's legal services programs, which shall include legal services advocacy for: disabled children seeking federal benefits; learning-disabled children requiring testing and services required by law; or for abused and neglected children needing legal representation to promptly achieve a permanent placement. Grants will be awarded locally and for state-wide programs.

The Foundation has not been approved by DHSMV to seek Legislative authorization for its specialty license plate concept because it has not completed all statutory requirements for eligibility. The organization has not yet paid the \$60,000 application fee, however, the description of the plate, the scientific sample survey results, and the marketing strategy have been submitted to DHSMV.

On March 11, 2004, the Highway Safety Subcommittee recommended one amendment and reported the bill favorably as amended. For details, see the AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES section of the analysis.

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

STORAGE NAME: h1259a.tr.doc
DATE: March 11, 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:

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 authorized seventy-eight 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. PRIDE at Union Correctional Facility, the contracted manufacturer of license plates, laminates, 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 authorized 88 specialty license plates to date. Approximately 100 specialty license plates may be available for sale within the next year. Sales of specialty license plates generated more than \$24 million in annual use fee revenues in 2002, and more than \$24.5 million in 2003. Since the program's inception in 1986, the DHSMV has collected annual use fees totaling more than \$225 million.

Effect of Proposed Changes

HB 1259 creates the Kids Deserve Justice specialty license plate, and establishes an annual use fee of \$25 to be paid by purchasers of the plate in addition to license taxes and fees. The Florida Bar Foundation, Inc. is authorized to retain the first annual use fee proceeds to offset its costs in developing the plate which include the \$60,000 application fee required by s. 320.08053, F.S., and the costs of conducting a scientific sample survey, also required by s. 320.08053, F.S. All remaining proceeds will be used to fund a grant solicitation process to distribute funds to children's legal services programs, which shall include legal services advocacy for: disabled children seeking federal benefits; learning-disabled children requiring testing and services required by law; or for abused and neglected children needing legal representation to promptly achieve a permanent placement. Grants will be awarded locally and for state-wide programs.

The Foundation has not been approved by DHSMV to seek Legislative authorization for its specialty license plate concept because it has not completed all statutory requirements for eligibility. The organization has not yet paid the \$60,000 application fee, however, the description of the plate, the scientific sample survey results, and the marketing strategy have been submitted to DHSMV.

C. SECTION DIRECTORY:

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

Section 2. Amends s. 320.08058, F.S., creating a Kids Deserve Justice specialty license plate and providing for the distribution of annual use fees collected from its sale.

Section 3. Provides an effective date of July 1, 2004.

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):	\$ -0-	\$ -0-	\$ -0-

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:

See FISCAL COMMENTS section, below.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Those persons electing to purchase a Kids Deserve Justice license plate would be required to pay a \$25 annual use fee in addition to the license taxes and fees that are due annually.

D. FISCAL COMMENTS:

To the extent that state and local government programs providing legal services to children may be enhanced by securing the grants provided for in this bill, there is an indeterminate positive fiscal impact to state and local government.

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:

No exercise of rulemaking authority is required to implement the provisions of this bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

HB 1259 requires the Florida Bar Foundation, Inc., to retain all revenues from the sale of the plate until start-up costs for developing and establishing the plate have been recovered. While the Florida Bar and the Florida Bar Foundation, Inc., have met most of the application criteria, they have not yet paid the \$60,000 application fee to cover DHSMV's startup costs. The bill does not provide for the recovery of these costs by DHSMV. Typically, a bill creating a new specialty plate notwithstanding the requesting organization's failure to meet the requirements of s. 320.08053, F.S., will contain language providing for recovery of these costs by DHSMV or providing that the plate will not be issued until all

requirements have been met. HB 1259 contains no such language, however, the sponsor of the bill has indicated that he will offer an amendment to address this issue.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On March 11, 2004, the Highway Safety Subcommittee recommended one amendment providing that DHSMV shall not issue the Kids Deserve Justice specialty license plate until the requesting organization has complied with the requirements of s. 320.08053, F.S. The subcommittee then reported the bill favorably as amended.