



## 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 211 w/CS creates the "Animal Friend" 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. After DHSMV recovers its initial costs to develop and issue the new specialty plate (up to \$60,000), annual use fees are distributed to Florida Animal Friends, Inc. which is created by the bill. Florida Animal Friends, Inc. is authorized to spend up to 25 percent of the annual use fees in the first year of issuance for administrative costs directly associated with operations, marketing and promotion. Thereafter, administrative costs are limited to 20 percent of annual use fees collected.

The bill also creates Florida Animal Friends, Inc. as a direct-support organization ("DSO") of the Department of Agriculture and Consumer Services. The board of directors of the DSO, consisting of representatives of the Humane Society, the Florida Veterinary Medical Association, the Florida Animal Control Association and at-large members appointed by the council and the Commissioner of Agriculture, will meet at least twice a year to determine the distribution of annual use fee proceeds.

Florida Animal Friends, Inc. is required to develop and administer a grant solicitation and award process supporting Florida spay and neuter programs, or if unanimously agreed upon by the direct support organization, other emergency animal welfare protection programs or projects.

All members of the board of directors of the DSO serve for four years, except the at-large member appointed by the council from an independent non-profit organization. Such members serve a two-year term. All members may serve consecutive terms.

The organization, Florida Animal Friends, Inc., which is seeking authorization of the Animal Friend specialty license plate has submitted all of the materials required under s. 320.08053, F.S., except the \$60,000 application fee used by DHSMV to offset the initial costs of processing the application and developing the new specialty license plate. However, the bill provides for DHSMV's recovery of these costs from the initial annual use fee proceeds collected from plate sales.

#### C. SECTION DIRECTORY:

**Section 1:** Creates s. 570.93, F.S., providing for the creation of Florida Animal Friends, Inc. as a direct-support organization of the Florida Department of Agriculture and Consumer Services that will direct the expenditure of annual use fees collected from the sale of the Animal Friend specialty license plate.

**Section 2:** Amends s. 320.08056, F.S., providing an annual use fee of \$25 for the Animal Friend specialty license plate.

**Section 3:** Amends s. 320.08058, F.S., creating an Animal Friend specialty license plate and providing for the distribution of annual use fees collected from its sale.

**Section 4:** 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):	\$ <u>-0-</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/Benefits):	\$ <u>15,000</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
(Purchase Plates):	\$ <u>36,900</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
<b>TOTAL:</b>	<b>\$ <u>59,460</u></b>	<b>\$ <u>-0-</u></b>	<b>\$ <u>-0-</u></b>

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

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

Those persons electing to purchase an Animal Friend 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:

HB 211 w/CS contains language exempting the Animal Friend specialty license plate from the requirements of section 320.08053, F.S., relating to the \$60,000 application fee paid to DHSMV department to defray costs. The applicant-organization has not paid this fee, and DHSMV would incur the initial estimated cost of \$59,460 for the issuance of the Animal Friend license plate. However, DHSMV is authorized by the bill to recover these costs from initial annual use fee proceeds.

### **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:**

None.

### **IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES**

The Finance and Tax Committee on March 23, 2004 adopted one amendment. The amendment changed the Florida Animal Friends Council to the Florida Animals Friends, Inc. and increased the specifics concerning this Direct Support Organization of the Department and its powers and duties as a not-for-profit corporation.