

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 249 w/CS Live the Dream Specialty License Plate
SPONSOR(S): Carroll
TIED BILLS: **IDEN./SIM. BILLS:** SB 588

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Highway Safety (Sub)	8 Y, 0 N	Garner	Miller
2) Transportation	22 Y, 0 N w/CS	Garner	Miller
3) Finance & Tax	22 Y, 1 N	Levin	Diez-Arguelles
4) Transportation & Econ. Dev. Apps. (Sub)		McAuliffe	Hawkins
5) Appropriations			

SUMMARY ANALYSIS

HB 249 w/CS creates the Live the Dream 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 Dream Foundation, Inc., retains the first \$60,000 in annual use fee proceeds to offset its costs in developing the plate. The foundation is also authorized to spend up to 25 percent of the annual use fees for continuing promotion and marketing of the plate and its concept, as well as to cover administrative costs directly associated with the management and distribution of annual use fee proceeds. The foundation distributes the remaining funds to the March of Dimes to help reduce infant mortality in Florida, the Florida Association of Healthy Start Coalitions to decrease racial disparity in infant mortality, the Community Partnership for Homeless, Inc., and as grants to fight sickle-cell disease.

The Dream Foundation, Inc., has completed all statutory requirements for eligibility to seek Legislative approval of its specialty license plate concept.

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

STORAGE NAME: h0249f.ap.doc
DATE: March 25, 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 the Department of Highway Safety and Motor Vehicles (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 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 249 w/CS creates the Live the Dream 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 Dream Foundation, Inc., retains the first \$60,000 in annual use fee proceeds to offset its costs in developing the plate. These costs to organizations seeking a specialty license plate typically 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. The foundation is also authorized to spend up to 25 percent of the annual use fees for continuing promotion and marketing of the plate and concept, and to cover administrative costs directly associated with the management and distribution of annual use fee proceeds.

The 75 percent of annual use fee proceeds remaining will be distributed as follows:

- 30 percent as grants for programs that provide research, care, and treatment for sickle cell disease;
- 25 percent to the March of Dimes for programs and services in Florida that improve the health of babies through the prevention of birth defects and infant mortality;
- 10 percent to the Florida Association of Healthy Start Coalitions to decrease racial disparity in infant mortality and to increase healthy birth outcomes by funding screening for high-risk pregnant women, children under 4 years of age, and women of childbearing age; and
- 10 percent to the Community Partnership for Homeless, Inc., for programs providing relief from poverty, hunger, and homelessness.

The Dream Foundation, Inc., has met all statutory requirements authorizing it to seek Legislative approval of its specialty license plate concept.

C. SECTION DIRECTORY:

Section 1. Amends s. 320.08056, F.S., providing for an annual use fee of \$25 to be collected for a Live the Dream license plate.

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 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>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 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:

None.

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

On March 3, 2004, the Highway Safety Subcommittee recommended five amendments. The amendments:

- Restrict the expenditure of annual use fees generated by sales of the plate to programs in Florida;
- Limit the amount of annual use fees that may be retained by the Dream Foundation, Inc., for start-up costs of developing and establishing the license plate to \$60,000. Originally, the bill authorized the organization to retain up to \$80,000, and authorized the funds to be used for administrative and start-up costs; and
- Provide that any annual use fees used to cover the organization's administrative costs will be taken from the 25 percent of fees dedicated to promotion and marketing of the license plate and concept.

On March 9, 2004, the Committee on Transportation adopted the five amendments recommended by the Highway Safety Subcommittee. The Committee also adopted one additional amendment addressing a glitch created by the Subcommittee amendments. The subcommittee amendments removed a provision that authorized the Dream Foundation, Inc., to retain 5 percent of annual use fee proceeds for administrative costs in addition to the 25 percent it was authorized to retain for marketing and promotional costs. The effect was to provide for the distribution of only 95 percent of the annual use fee proceeds. Amendment number 6 by Rep. Carroll increased the distribution for sickle cell programs from 25 percent to 30 percent so that the bill provides for distribution of 100 percent of annual use fee proceeds. The bill was then reported favorably with a committee substitute.