

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 2580

SPONSOR: Senator Diaz de la Portilla

SUBJECT: License Plates

DATE: March 22, 2004 03/30/04: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Davis	Meyer	TR	Fav/2 amendments
2.			MS	
3.			FT	
4.			ATD	
5.			AP	
6.				

I. Summary:

The bill directs the Department of Highway Safety and Motor Vehicles (DHSMV) to issue a Florida National Guard specialty license plate. In addition to applicable motor vehicle registration taxes and fees, a \$25 annual use fee will be charged for this new specialty license plate. The annual use fees will be distributed to the For Giving Foundation, Inc., to fund the Florida National Guard Foundation and faith-based tax-exempt organizations located in the state.

According to the DHSMV, the For Giving Foundation, Inc., has not completed the statutory requirements for eligibility to seek Legislative approval of its specialty license plate concept.

This bill substantially amends ss. 320.08056 and 320.08058 of the Florida Statutes.

II. 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 78 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 organization 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.

Section 320.08053, F.S., provides an organization seeking authorization to establish a specialty license plate must submit the following:

- A request for the particular license plate with a description of the proposed plate in general terms.
- The results of a scientific sample survey of Florida motor vehicle owners that indicates at least 15,000 motor vehicle owners intend to purchase the proposed specialty license plate at the increased costs.
- An application fee, not to exceed \$60,000, to defray DHSMV's cost for reviewing the application and developing the specialty license plate, if authorized.
- A marketing strategy outlining both the short and long term marketing plans and a financial analysis outlining the anticipated revenue and the planned expenditures of the requested specialty license plate.

The required documentation and fees must be submitted at least 90 days before the convening of the next regular session of the Florida Legislature. If a specialty license plate is approved by law, the organization must submit a proposed art design for the specialty plate to DHSMV no later than 60 days after the act becomes a law. If the specialty license plate is not approved by the Legislature, then the application fee will be refunded to the requesting organization.

Section 320.08056, F.S., provides DHSMV is responsible for developing the specialty license plates and must begin production and distribution within one year after approval of the specialty license plate by the Legislature. Specialty license plates must bear the design required by law for the appropriate specialty plate, and the designs and colors must be approved by DHSMV. In addition, the specialty license plate must bear the imprint of numerals from 1 to 999, inclusive, capital letters "A" through "Z", or a combination thereof. The word "Florida" must appear at either the top or the bottom of the plate, depending upon the design and may bear an appropriate slogan.

The DHSMV is authorized to annually retain the first proceeds derived from the annual use fees collected in an amount sufficient to defray each specialty plates pro rata share of DHSMV's costs directly related to issuing the specialty license plate.

The DHSMV must discontinue the issuance of an approved specialty plate if less than eight thousands plates (including annual renewals) are issued by the end of the fifth year or during any subsequent 5-year period. The DHSMV is authorized to discontinue the issuance and distribution of specialty plates if the organization no longer exists or if the organization has stopped providing services authorized to be funded.

Annual use fees or any interest earned from those fees may not be used for commercial or for-profit activities, or for general administrative expenses (except as specifically authorized or to pay the cost of the audit or report required to ensure the proceeds are used as authorized).

Section 320.08058, F.S., lists the approved specialty license plates and specifies funding requirements.

Section 320.08062, F.S., requires all organizations receiving annual use fee proceeds from DHSMV to be responsible for ensuring proceeds are used in accordance with ss. 320.08056 and 320.08058, F.S. Each organization is either subject to an audit or is required to annually attest, under penalties of perjury, that such proceeds were used correctly.

The Legislature has authorized 88 specialty license plates to date. 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.

Section 320.08056(4)(d), F.S., creates the Florida Salutes Veterans license plate and provides for a \$15 annual use fee. The proceeds from the use fee are deposited into the State Homes for Veterans Trust Fund and used solely for the purpose of constructing, operating, and maintaining domiciliary and nursing homes for veterans and for limited promoting and marketing of the plate.

Section 320.08056(4)(cc), F.S., creates the United States Marine Corp license plate and provides for a \$15 annual use fee. The first \$50,000 collected annually from the use fee are deposited into the State Homes for Veterans Trust Fund and used solely for the purpose of constructing, operating, and maintaining domiciliary and nursing homes for veterans. Any additional funds collected annually are deposited into the Marine Corps Scholarship Foundation, Inc., and used to fund scholarships and assist Marine Corps Junior ROTC and Young Marine programs in Florida.

Section 320.08056(4)(mm), F.S., creates the Military Services licenses plates for the United States Army, Navy, Air Force and Coast Guard and provides for a \$15 annual use fee. The proceeds from the use fee are deposited into the State Homes for Veterans Trust Fund and must be used solely to construct, operate, and maintain domiciliary and nursing homes for veterans, subject to planning and budgeting requirements of chapter 216, F.S.

Specialty license plates are distinguished from other types of specialized license plates by the fact that anyone may obtain one by simply paying an additional annual use fee, and by the fact that annual use fees are dedicated to supporting a particular cause or organization. The Legislature has also created a number of specialized license plates that are not specialty plates (s. 320.089, F.S.). These plates differ because the purchaser must be eligible by his or her status to obtain the plate, and because ownership of these plates does not require payment of an annual use fee that is distributed for charitable purposes. These types of "status plates" are referred to in the statutes as special plates.

Currently, Florida has the Florida Salutes Veterans, U.S. Marine Corps and Military Services license plates to acknowledge military personnel, all available to the general public. In addition, there are 9 special license plates available to qualified recipients. They are listed below:

Disabled Veterans, EX-POW, Medal of Honor (Air Force, Army, Navy, and Marines), National Guard, Paralyzed Veterans, Pearl Harbor Survivor, Purple Heart, U.S. Reserve and U.S. Paratroopers.

III. Effect of Proposed Changes:

The bill directs DHSMV to issue a Florida National Guard specialty license plate. In addition to applicable motor vehicle registration taxes and fees, a \$25 annual use fee will be charged for this new specialty license plate. The annual use fees will be distributed to the For Giving Foundation, Inc., to fund the Florida National Guard Foundation and faith-based tax-exempt organizations located in the state. The proceeds will be redistributed in the following manner:

- Initial proceeds will be retained by the For Giving Foundation, Inc., until all startup costs for developing the plate are recovered;
- Up to 5 percent of the funds may be expended for administrative costs directly associated with operations of the For Giving Foundation, Inc.;
- Up to 20 percent of the funds may be expended for promotion and marketing costs directly associated with operations of the For Giving Foundation, Inc.;
- 50 percent of the funds to the Florida National Guard Foundation; and
- 25 percent of the funds to faith-based tax-exempt organization located in the state.

According to the DHSMV, the For Giving Foundation, Inc., has not completed the statutory requirements for eligibility to seek Legislative approval of its specialty license plate concept.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Persons who apply for the Florida National Guard license plate would have to pay \$25 for the annual use fees in addition to applicable motor vehicle registration taxes and fees.

C. Government Sector Impact:

Current law provides an application fee, not to exceed \$60,000, be paid to DHSMV to defray the administrative costs of reviewing and developing the new specialty license plate. The DHSMV has indicated \$60,000 has not been collected from the applicant to defray these costs and the required documentation has not been submitted.

The DHSMV estimates it will incur \$59,460 in costs associated with the development and issuance of these specialty license plates. More specifically, these costs include \$15,000 in personnel costs, \$7560 in computer programming costs and \$36,900 in license plate costs. Specialty license plates cost DHSMV \$2.46 each under the current contract. The DHSMV provides a standard order of 15,000 plates is generally used.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

#1 by Transportation:

Provides the Florida National Guard license plate is not subject to the requirements of s. 320.08053, F.S., which requires a \$60,000 fee to defray the DHSMV's expenses, a survey showing 15,000 people would purchase the plate and a marketing plan.

#2 by Transportation:

Authorizes DHSMV to retain all revenues from the sale of the Florida National Guard license plate until all of the department's costs for developing and issuing the plate have been recovered, not to exceed \$60,000.