

# 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 2730

SPONSOR: Senator Smith

SUBJECT: License Plates

DATE: March 22, 2004 REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Davis</u>	<u>Meyer</u>	<u>TR</u>	<u>Favorable</u>
2.	_____	_____	<u>CF</u>	_____
3.	_____	_____	<u>FT</u>	_____
4.	_____	_____	<u>ATD</u>	_____
5.	_____	_____	<u>AP</u>	_____
6.	_____	_____	_____	_____

## I. Summary:

The bill directs the Department of Highway Safety and Motor Vehicles (DHSMV) to issue a Kids Deserve Justice 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 Florida Bar Foundation, Inc., to operate a grant award process to fund children's legal services programs, which shall include legal services programs, and programs to obtain: federal benefits for disabled children; testing and services required by law for learning disabled children; and permanent placement for abused and neglected children. In addition, the Florida Bar Foundation, Inc., is authorized to retain the first annual use fee proceeds to offset its costs in developing the plate.

According to the DHSMV, the Florida Bar Foundation, Inc., has completed all statutory requirements for eligibility to seek Legislative approval of its specialty license plate concept. The organization timely submitted the description of the plate, the scientific sample survey results, and the marketing strategy to DHSMV; however, the \$60,000 application fee was paid late.

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.

### **III. Effect of Proposed Changes:**

The bill directs the DHSMV to issue a Kids Deserve Justice 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 Florida Bar Foundation, Inc., to operate a grant award process to fund children's legal services programs, which shall include legal services programs, and programs to obtain: federal benefits for disabled children; testing and services required by law for learning disabled children; and permanent placement for abused and neglected children. In addition, the Florida Bar Foundation, Inc., is authorized to retain the first annual use fee proceeds to offset its costs in developing the plate.

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### **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 Kids Deserve Justice 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 been collected from the applicant to defray these costs; however the fee was received late. This fee will be refunded if the license plate is not approved by the Legislature.

The DHSMV estimates administrative and design costs to be approximately \$60,000 per specialty license plate authorized. Any additional cost of issuing the license plate will be retained from the first proceeds derived from the annual use fees as provided in s. 320.08056(7), F.S.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.