

# 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: CS/SB 588

SPONSOR: Transportation Committee and Senators Bullard and Lawson

SUBJECT: Specialty license plates

DATE: March 10, 2004      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Davis	Meyer	TR	Favorable/CS
2.	_____	_____	HC	_____
3.	_____	_____	CP	_____
4.	_____	_____	JU	_____
5.	_____	_____	FT	_____
6.	_____	_____	ATD	_____
.	_____	_____	AP	_____

**I. Summary:**

The CS directs the Department of Highway Safety and Motor Vehicles (DHSMV) to issue a Live the Dream 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 for the Live the Dream specialty license plate will be distributed to the Dream Foundation, Inc., to be used as follows:

- The Dream Foundation, Inc., shall retain the first \$60,000 in proceeds as reimbursement for administrative costs, startup costs, and costs incurred in the approval process; thereafter
- Up to 25 percent of the proceeds to market the organizations concept and the license plate; and
- The remaining funds shall be distributed in order to:
  - Twenty-five percent as grants for programs providing research, care and treatment for sickle-cell disease;
  - Twenty-five percent to the March of Dimes Florida Chapter for programs and services that improve the health of babies through the prevention of birth defects and infant mortality;
  - Ten percent to the Florida Association of Healthy Start Coalitions to decrease racial disparity in infant mortality and to increase healthy birth outcomes. In addition, funding will be used to provides services and increase screening rates for high-risk pregnant women, children under 4 years of age and women of childbearing age;

- Ten percent to the Community Partnership for Homeless, Inc., for programs providing relief for poverty, hunger and homelessness; and
- Five percent for administrative costs directly associated with the foundation's operations.

According to the DHSMV, the Dream Foundation, Inc., has completed all statutory requirements for eligibility to seek Legislative approval of their specialty license plate.

This CS 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 CS directs DHSMV to issue a Live the Dream 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 for the Live the Dream specialty license plate will be distributed to the Dream Foundation, Inc., to be used as follows:

- The Dream Foundation, Inc., shall retain the first \$60,000 in proceeds as reimbursement for administrative costs, startup costs, and costs incurred in the approval process; thereafter
- Up to 25 percent of the proceeds to market the organizations concept and the license plate; and
- The remaining funds shall be distributed in order to:
  - Twenty-five percent as grants for programs providing research, care and treatment for sickle-cell disease;
  - Twenty-five percent to the March of Dimes Florida Chapter for programs and services that improve the health of babies through the prevention of birth defects and infant mortality;
  - Ten percent to the Florida Association of Healthy Start Coalitions to decrease racial disparity in infant mortality and to increase healthy birth outcomes. In addition, funding will be used to provides services and increase screening rates for high-risk pregnant women, children under 4 years of age and women of childbearing age;
  - Ten percent to the Community Partnership for Homeless, Inc., for programs providing relief for poverty, hunger and homelessness; and
  - Five percent for administrative costs directly associated with the foundation's operations.

According to the DHSMV, the Dream Foundation, Inc., has completed all statutory requirements for eligibility to seek Legislative approval of their specialty license plate.

#### **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 Live the Dream 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. 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.

---

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

---