

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 281 CS Specialty License Plates
SPONSOR(S): Baxley and others
TIED BILLS: **IDEN./SIM. BILLS:** SB 548

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Transportation Committee</u>	<u>12 Y, 1 N, w/CS</u>	<u>Thompson</u>	<u>Miller</u>
2) <u>Transportation & Economic Development Appropriations Committee</u>	<u>15 Y, 1 N</u>	<u>McAuliffe</u>	<u>Gordon</u>
3) <u>State Infrastructure Council</u>	<u></u>	<u></u>	<u></u>
4) <u></u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

SUMMARY ANALYSIS

HB 281 w/CS creates two new specialty license plates:

- The “A State of Vision” license plate, and establishes an annual use fee of \$25 to be paid by purchasers in addition to license taxes and fees. The annual use fee will be distributed to The Florida Association of Agencies Serving the Blind, Inc., to fund its activities, programs, and projects within the state through its local nonprofit organizations’ direct-support services to blind and visually impaired people.
- The “Future Farmers of America” specialty license plate, and establishes an annual use fee of \$25 to be paid by purchasers in addition to license taxes and fees. The annual use fee will be distributed to The Florida Future Farmers of America Foundation, Inc., to fund activities and services of the Future Farmers of America.

Both organizations seeking authority for these plates have submitted the information and application fee required by current law.

In addition, the bill increases the annual use fee of the “Florida Sheriffs Youth Ranches” license plate from \$20 to \$25.

The fiscal impact of the bill of approximately \$120,000 on the Department of Highway Safety and Motor Vehicles (DHSMV) for implementation of the new specialty license plates will be offset by the application fees paid to DHSMV by the sponsoring organizations.

The bill will take effect July 1, 2006.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide Limited Government - The bill requires DHSMV to develop and provide for the manufacture of new license plates, and therefore requires county tax collectors offices to maintain an appropriate inventory and administer the new plates.

B. EFFECT OF PROPOSED CHANGES:

Present Situation

Currently, 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 roll-coat. PRIDE, the contracted manufacturer of license plates, 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.

Discontinuance of an approved specialty license plate occurs only when the number of valid registrations falls below 1,000 plates for at least 12 consecutive months. A warning letter is to be mailed to the sponsoring organization following the first month in which the total number of valid specialty plate registrations is below 1,000 plates. According to DHSMV there are currently twenty-two plates that are not meeting the minimum sales requirement and could be discontinued in 2006 if their sales do not increase. If none of these plates meet the minimum sales requirement by next summer, the number of plates offered for sale could be reduced to seventy-eight.

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. 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, and include: the Governor and Legislator plates; the amateur radio operators plate; the disabled veterans plate; the street rods plate; the National Guard, Pearl Harbor Survivor, Combat-wounded veteran and U.S. Reserve plates; and the Medal of Honor plate.

The statutes provide for all specialty plates within ss. 320.08056 and 320.08058, F.S., and provide for a uniform procedure for approval and authorization in s. 320.08053, F.S. By comparison, other specialized plates (the status or special plates) are created on an ad hoc basis by the Legislature, and the statutes provide for them independently of one another in separate sections. It is unnecessary for a proponent of a special plate to obtain prior approval before seeking Legislative action.

The Legislature has enacted 106 specialty license plates to date, though only 100 are currently available for purchase. Annual use fees for sales of specialty license plates for 2003-2004 totaled \$26,168,581 and for fiscal year 2004-2005 the total was \$29,049,472.90. Since the program's inception in 1986, the DHSMV has collected annual use fees totaling more than \$280 million.

Effect of Proposed Changes

HB 281 directs DHSMV to develop the "A State of Vision" license plate. A qualified motor vehicle owner may obtain the "A State of Vision" license plate upon payment of a \$25 annual use fee in addition to the appropriate license taxes and service fees.

The Florida Association of Agencies Serving the Blind, Inc., will retain all revenue from the annual use fee to offset costs of developing and establishing the plates. Thereafter, up to 5 percent of the annual use fee proceeds must be distributed to The Florida Association of Agencies Serving the Blind, Inc., for administrative costs and up to 20 percent is to be used for promotion and marketing of the specialty license plate. All remaining annual use fee revenue shall be used by Florida Association of Agencies Serving the Blind, Inc., to fund its activities, programs, and projects within the state through its local nonprofit organizations' direct-support services to blind and visually impaired people.

According to DHSMV, the Florida Association of Agencies Serving the Blind, Inc., has met all the requirements set fourth in s. 320.08058, F.S. with regard to the "A State of Vision" specialty license plate.

The bill also directs DHSMV to develop the "Future Farmers of America" license plate. A qualified motor vehicle owner may obtain the "Future Farmers of America" license plate upon payment of a \$25 annual use fee in addition to the appropriate license taxes and service fees.

The Florida Future Farmers of America Foundation, Inc., will retain all revenue from the annual use fee to offset costs of developing and establishing the plates. Thereafter, up to 10 percent of the annual use fee may be used for administrative, handling and disbursement expenses, and up to 5 percent may be used for advertisement and marketing costs. All remaining annual use fee revenue shall be used by the Florida Future Farmers of America Foundation, to fund its activities, programs, and projects including, but not limited to, student and teacher leadership programs, the Foundation for Leadership Training Center, teacher recruitment and retention, and other special projects.

According to DHSMV, the Florida Future Farmers of America Foundation, Inc., has met all the requirements set fourth in s. 320.08058, F.S. with regard to the "Future Farmers of America" specialty license plate.

Also HB 281 w/CS increases the "Florida Sheriffs Youth Ranches" license plate annual use fee from \$20 to \$25. The annual use fees will be distributed to the Florida Sheriffs Youth Ranches, Inc., for its operations.

C. SECTION DIRECTORY:

Section 1. Amends s. 320.08056, F.S., increasing the annual use fee for the "Florida Sheriffs Youth Ranch" license plate from \$20 to \$25; and providing for a \$25 annual use fee for the "A State of Vision" and the "Future Farmers of America" license plates;

Section 2. Amends s. 320.08058, F.S., creating "A State of Vision" and "Future Farmers of America" license plates; providing for plate design; providing for annual use fees and other fees; and providing for distribution of annual use fees;

Section 3. Provides an effective date of July 1, 2006.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See FISCAL COMMENTS section below.

2. Expenditures:

See FISCAL COMMENTS section below.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Persons who elect to purchase these specialty license plates, will be required to pay an annual use fee of \$25 in addition to applicable license taxes and administrative charges. The fee from the "A State of Vision" license plate will be distributed to the Florida Association of Agencies Serving the Blind, Inc. The bill provides for the startup costs for The Florida Association of Agencies Serving the Blind, Inc., to be recovered from the initial plate sale proceeds. Proceeds from the sale of this license plate will fund the association's administrative costs, license plate marketing costs, and direct-support services to blind and visually impaired people in the private sector.

The fee from the "Future Farmers of America" specialty license plate will be distributed to offset costs of developing and establishing the plates. Thereafter, up to 10 percent of the annual use fee may be used for administrative, handling and disbursement expenses, and up to 5 percent may be used for advertisement and marketing costs. All remaining annual use fee revenue shall be used by the Florida

Future Farmers of America Foundation, Inc., to fund its activities, programs, and projects including, but not limited to, student and teacher leadership programs, the Foundation for Leadership Training Center, teacher recruitment and retention, and other special projects.

Fees from the "Florida Sheriffs Youth Ranches" license plate will be distributed to the Florida Sheriffs Youth Ranches, Inc., for its operations.

Since it is impossible to determine how many persons will purchase the plates, it is impossible to determine the aggregate impact on the private sector.

D. FISCAL COMMENTS:

Implementation of HB 281 will cost DHSMV approximately \$120,000 in contract programming, development labor, and product purchasing costs for creation of the "A State of Vision" and the "Future Farmers of America" license plates. This impact is offset by the statutory application fee of \$60,000, which has been submitted to DHSMV by each of the two organizations seeking creation of the specialty license plates.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because the bill does not appear to: require counties or cities to spend funds or take action 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 additional rulemaking authority is required to implement the provisions of this bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

On December 6, 2005 the Committee on Transportation adopted three amendments to HB 281.

- Amendment 1. Removed language "notwithstanding the provisions of s. 320.08058, F.S." related to statutory prerequisites for seeking a specialty license plate from that part of the bill related to creation of the "A State of Vision" license plate. The organization sponsoring this license plate has met the statutory specialty license plate requirements.
- Amendment 2. Created the "Future Farmers of America" specialty license plate. Revenues from the license plate will go to the Florida Future Farmers of America Foundation, Inc., to support FFA programs.
- Amendment 3. Increased the annual use fee for the "Florida Sheriffs Youth Ranches" license plate from \$20 to \$25.

The committee then voted 12-1 to report the bill favorably with committee substitute.