

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 461                      Motor Vehicle License Plates  
**SPONSOR(S):** Jordan  
**TIED BILLS:** None                      **IDEN./SIM. BILLS:** None

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Military & Veteran Affairs Committee	7 Y, 0 N	Marino	Cutchins
2) Transportation Committee			
3) Transportation & Economic Development Appropriations Committee			
4) State Administration Council			
5) _____			

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### SUMMARY ANALYSIS

House Bill 461 removes the July 1, 2006 expiration date currently set by statute for the Florida National Guard free motor vehicle license plate program. This would allow approximately 11,810 Florida National Guard members to continue to be eligible for this benefit.

In 2006-2007, this bill would have an estimated \$561,802 impact on state revenues and an estimated \$35,430 impact on local tax collectors for a total of \$597,232.

This bill does not appear to impact license tag sale funds distributed to the Grants and Donations Trust Fund, managed by the Florida Department of Veterans Affairs.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

Ensure lower taxes: This bill would remove the license taxes and fees for one standard license plate for each active member of the Florida National Guard.

#### B. EFFECT OF PROPOSED CHANGES:

##### **Present Situation:**

The 2005-2006 General Appropriations Implementing Act created s. 320.0846, F.S., which allows any owner or lessee of a motor vehicle, who resides in Florida and is an active member of the Florida National Guard (FNG), to be issued one standard license plate without charge. The 2005-2006 General Appropriations Act (GAA) appropriated \$10,632,936 to the Highway Safety Operating Trust Fund for the Florida Department of Highway Safety and Motor Vehicle's (DHSMV) purchase of license plates. The department indicates that the FNG fee waiver program was covered by this appropriation in FY 2005-2006. Section 320.0846, F.S., is set to expire on July 1, 2006.

Under this section, FNG members may only receive one plate without charge, and any additional plates must be paid for in full. Also, this section does not waive any additional applicable fees required to purchase a specialty plate. The FNG member must provide proof of eligibility upon application for the free license plate.

In addition to this free plate program, under ss. 320.084 and 320.0842, F.S., certain low-income permanently and totally disabled veterans and wheelchair bound veterans are provided free license plates by the state. These sections and their subsequent free plate programs have no expiration.

Section 320.089, F.S., allows certain militarily affiliated persons, including members of the Florida National Guard, to stamp special plates with words such as "National Guard," "Pearl Harbor Survivor," "Combat-wounded veteran," or "U.S. Reserve," as appropriate, in order to indicate their affiliation upon payment of the license tax. The first \$100,000 in proceeds from these plates goes into the Grants and Donations Trust Fund, managed by the Florida Department of Veterans Affairs (FDVA), for the purpose of providing common benefits to the residents of the state run veterans' nursing homes, such as recreational equipment, improved facilities, and recreational supplies.

The DHSMV reports that 46,977<sup>1</sup> plates are stamped under s. 320.089, F.S., and of those, 1,884 license plates are stamped with "National Guard."

Other states allow for similar free license plates for certain veterans, such as Ex-POWs, Pearl Harbor survivors, etc. However, Florida appears to be the only state to offer free license plates to active National Guard members<sup>2</sup>.

The Department of Military Affairs (DMA) reports there are presently 11,810<sup>3</sup> active FNG members.

##### **Effect of Proposed Changes:**

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<sup>1</sup> Email from Steven Fielder. Department of Highway Safety and Motor Vehicles. January 13, 2006.

<sup>2</sup> Florida House of Representatives Committee on Military & Veteran Affairs. Veterans Benefits by State DRAFT. January 2005.

<sup>3</sup> Conversation with Glenn Sutphin, Legislative Director Florida Department of Military Affairs. January 12, 2006.

This bill removes the expiration date in s. 320.0846, F.S. This would allow the FNG free motor vehicle license plate program to continue beyond July 1, 2006. This bill does not remove the yearly requirement for FNG motor vehicle owners or lessees to keep their vehicle registrations up-to-date.

The Grants and Donations Trust Fund under the FDVA does not appear to be impacted, since the other plates offered under s. 320.089, F.S., would offset the proceeds from the loss of revenue from the "National Guard" stamped plates.

Proviso language in line 2575 of the 2005-2006 GAA provided funding for the one-year FNG free license plate program. The department has indicated that its FY 2006-2007 budget request will be for the same amount appropriated in FY 2005-2006.

This bill would take effect upon becoming law.

#### C. SECTION DIRECTORY:

Section1: Amends s. 320.0846, F.S., by removing the section expiration date of July 1, 2006.

Section 2: Provides for act to take effect upon becoming law.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

#### A. FISCAL IMPACT ON STATE GOVERNMENT:

##### 1. Revenues:

The Department of Highway Safety and Motor Vehicles (DHSMV) conducted a 2005-2006 fiscal impact study<sup>4</sup> of this program in 2005 and estimated a recurring cost of \$632,154 based on 12,500 FNG members using this benefit during 2005-2006.

Using calculations based on the fees in the 2005 DHSMV fiscal study and the current 11,810 FNG membership strength, this bill would have an estimated revenue impact to the state for a loss of **\$561,802 for 2006-2007.**

	STATUE REF.	FEE	REVENUE LOSS	Fee Distribution - Trust Fund
<b>AVERAGE LICENSE TAX FEE:</b>	320.08	\$36.97	\$462,154	State Transportation TF
<b>TRUST FUND FEES:</b>				
Air Pollution Control Fee	320.03(6)	\$1.00	\$12,500	Air Pollution Control Trust Fund
FRVIS FEE	320.03(5)	\$0.50	\$6,250	Highway Safety Operating TF
Law Enf. Radio Sys Fee	320.0802	\$1.00	\$12,500	Law Enforcement Radio System TF
Surcharge St. Trans. Fee	320.0804	\$2.00	\$25,000	State Transportation TF
Trans. Disadvantage Fee	320.03(9)	\$1.50	\$18,750	Transportation Disadvantage TF
Advanced Replacement Fee	320.06(b)	\$2.00	\$25,000	Highway Safety Operating TF
EMS Fee	320.0801	\$0.10	\$1,250	Emergency Medical Service Trust Fund
Juvenile Justice Fee	320.08046	\$1.00	\$12,500	58% General Revenue – 42% Grants & Donation TF – Dept. Juvenile Justice
Retroreflectorization Fee	320.06(3)(b)	\$0.50	\$6,250	Highway Safety Operating TF
Service Fee	320.04	\$4.00	\$12,500	\$1 Hwy Safety Oper. TF (\$3 goes to tax collectors)

<sup>4</sup> Florida Department of Highway Safety and Motor Vehicles. Exempting Registration and Applicable Fees for Florida National Guard Fiscal Impact Study. On file with Committee on Military & Veteran Affairs.

	<u>\$13.60</u>	<u>\$170,000</u>	
<b>Total loss</b>			For 11,810 FNG
<b>to state:</b>	<u>\$561,802</u>		members

The Grants and Donations Trust Fund under the FDVA does not appear to be impacted. There would be no loss of revenue for the Trust Fund from the 1,884 "National Guard" plates, under s. 320.089, F.S., since the other stamped plates offered under s. 320.089, F.S., would make up the difference to cover the first \$100,000 in proceeds that are to go to the Trust Fund.

2. Expenditures:

There are no known or expected fiscal impacts on state government expenditures.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

Since \$3 of each license plate sold goes toward a service fee for tax collectors at the local level, they would lose an estimated \$35,430 collectively.

2. Expenditures:

There are no known or expected fiscal impacts on state government revenues.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

FNG members who use this benefit would typically each save \$50.57<sup>5</sup>, the estimated average registration fee calculated by the FDHSMV. FNG members would still be required to pay applicable fees for additional standard plates and specialty or personalized license plates.

D. FISCAL COMMENTS:

This DHSMV 2005-2006 fiscal impact study<sup>6</sup> is based on exempting 12,500 FNG registrants annually from paying the annual license tax and applicable required Trust Fund fees. This study uses \$50.57 as the average registration fee. Of the \$50.57, \$13.60 is distributed to various trust funds as fees.

For this analysis, the committee staff used the current FNG strength of 11,810 to calculate the 2006-2007 fiscal impact.

### III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds. This bill does not reduce the percentage of a state tax shared with counties or municipalities. This bill does not reduce the authority that municipalities have to raise revenues.

2. Other:

There do not appear to be any constitutional issues with this bill.

<sup>5</sup> Florida Department of Highway Safety and Motor Vehicles. Exempting Registration and Applicable Fees for Florida National Guard Fiscal Impact Study. On file with Committee on Military & Veteran Affairs.

<sup>6</sup> ib id.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

**IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES**

None.