



## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

Provide Limited Government- The bill gives registrants the option of an extended registration period for motor vehicles, mobile homes, and vessels. The bill also allows payment for such registrations every two years.

#### B. EFFECT OF PROPOSED CHANGES:

##### **Extended Registration Period**

Currently the valid registration period for motor vehicles and mobile homes is 12 months. HB 275 defines an "extended registration period" as a period of 24 months during which a motor vehicle or motor home registration is valid. The bill also adds this 24-month period to the definition of "registration period."

##### **Biennial Registration and Renewals**

Currently the law provides for a 12-month annual registration of vehicles and mobile homes. The registration period is tied to either the owner's birth month, the calendar year, or in some cases, to a 12-month period set by the Department of Highway Safety and Motor Vehicles (DHSMV).

HB 275 amends the registration and renewal periods to provide that the registration of vehicles described below are eligible for the extended 24-month registration period and may be renewed biennially:

- Motorcycles
- Mopeds
- Automobiles for private use
- Trucks with a net weight of less than 5,000 pounds
- Heavy trucks with a gross vehicle weight of 5,001 pounds or more, but less than 8,000 pounds
- Motor vehicles for hire
- Trailers for private use
- Trailers for hire
- Park trailers
- Travel trailers
- 35 to 40 foot fifth wheel trailers
- Mobile homes

The bill requires payment of the cumulative sum of license taxes, service charges, surcharges, and additional fees on registrations that would normally be paid for two 12-month registrations. The optional registration period would reduce the citizens' burden of renewing registrations annually and reduce vehicle registration renewal workload.

##### **License Plates and Validation Stickers**

Under current law, license plates are issued for a five-year period, and replaced upon renewal of the registration at the end of the five-year period. Upon payment of the proper license tax and fees, the registration is issued for 12 months with expiration based on the applicant's appropriate registration period, and a validation decal is attached to the license plate which is valid for not more than 12 months.

HB 275 provides a six-year license plate issuance period, with the current \$2 per year fee paid each year to be credited towards the next \$12 replacement fee. The expiration of the license plate is based on the applicant's appropriate registration period. The bill also provides that license plates equipped with validation stickers are subject to the extended 24-month registration period. Further, the bill provides that for each extended registration period until the license plate is replaced, a validation sticker showing the year of expiration is to be issued and is valid for not more than 24 months.

### **Advanced Registration**

Current law provides for advance registration renewals at any time during the three months preceding the date of expiration of the registration period, but a registration period may not exceed 15 months. HB 275 provides that an advance registration renewal period may not exceed 27 months.

### **Vessel Registration Renewal**

Current law provides that a vessel's annual registration renewal period is 30 days from the first day of the birth month of the owner and ends the last day of the month immediately preceding the owner's birth month in the succeeding year. The bill provides that any vessel owner subject to registration under s. 328.72(12), F.S., is eligible for an extended registration period of 24 months.

#### **B. SECTION DIRECTORY:**

Section 1. Amends s. 320.01, F.S., to define extended registration period and redefine registration period.

Section 2. Amends s. 320.055, F.S., to establish extended registration and renewal periods for motor vehicles and mobile homes and clarifies vehicles eligible for the extended registration period.

Section 3. Amends s. 320.06, F.S., to extend the time period and increase the fee for replacement of registration license plates, and to extend the period of validity for license plates and validation stickers to provide for extended registration..

Section 4. Amends s. 320.07, F.S., to authorize the biennial renewal of motor vehicle and mobile home registrations and to require payment of double the amount of license tax, service charge and surcharge on annual registrations and clarifies semiannual registrations.

Section 5. Amends s. 320.071, F.S., to clarify that the registration period for a motor vehicle or mobile home may not exceed 27 months.

Section 6. Amends s. 328.72, F.S., to provide an extended registration period for vessel owners.

Section 7. Provides an effective date of January 1, 2008.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

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

##### **1. Revenues:**

The fiscal impact of the bill is indeterminate. Assuming that 50 percent of all vehicle, mobile home and vessel registrants elect to use a biennial registration, the positive revenue impact for the first year (2<sup>nd</sup> six months of the fiscal year) would be a non-recurring revenue increase to the State Transportation Trust Fund (STTF), the General Revenue Fund (GR) and other state trust funds totaling \$99,812,132. There would be a corresponding decrease in revenues the second year. This

50 percent assumption is not based on empirical data, but is used to show the potential fiscal impacts of the bill.

Assuming an estimated 3,149,991 new vehicles register for the first time in fiscal year 2007-2008, the initial license plate fee increase from \$10 to \$12 will generate an annual revenue increase of \$6,229,982. Based on the implementation date of January 1, 2008, the 6 month revenue is estimated to be \$3,149,991.

In addition, temporary recurring increases in revenue would occur as a result of modifying the current license replacement cycle from five years to a six years. Registrants currently on the five year replacement cycle would be required to pay an additional \$2 fee at the time of license replacement. For the first and sixth year, revenues would increase by only \$3,524,609, due to mid-year implementation. For the second through the fifth fiscal year, advanced replacement revenues would increase \$7,049,218 per year. Beginning in fiscal year 2013-2014 no additional advanced replacement revenue will be generated, as all registrants will be converted to the six year replacement cycle at this time.

2. Expenditures:

According to the DHSMV, this bill will require contracted programming modifications to the Motor Vehicle License Software System. The cost of these modifications will be absorbed within existing resources.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The fiscal impact to local governments is indeterminate. Assuming that 50 percent of all vehicle, mobile home and vessel registrants elect to use a biennial registration, the positive revenue impact for the first year (2<sup>nd</sup> six months of the fiscal year) would be a non-recurring revenue increase to Local Governments of \$9,599,706 from tax collector's fees and service charges. There would be a corresponding decrease in revenues the second year. This 50 percent assumption is not based on empirical data, but is used to show the potential fiscal impacts of the bill.

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Persons opting to use an extended registration period would have to pay double the current license tax, service charges and add-on fees for an annual registration. Also, registrants conducting an initial registration transaction would pay \$12 instead of \$10 for a license plate that is replaced every six years rather than every five years.

This bill does not provide for a refund of license taxes paid for an extended registration period. Under current law, refunds are not given when a person moves out of Florida prior to the expiration of their registration. Therefore, a person who pays for a 24-month registration and moves out of Florida prior to the expiration of that registration would not receive a refund for any portion of the taxes and fees paid.

D. FISCAL COMMENTS:

Since the number of persons choosing a two-year registration period is unknown, the bill's impact to state revenue is indeterminate. However, the fiscal impact of HB 275 is expected to be revenue neutral in long range effects.

### III. COMMENTS

#### A. CONSTITUTIONAL ISSUES:

##### 1. Applicability of Municipality/County Mandates Provision:

Not applicable because this bill does not appear to: require cities or counties to spend funds or take actions 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:

The DHSMV appears to have sufficient rulemaking authority pursuant to s 120.536(1) F.S. and s 120.54 F.S., to implement the provisions of this bill.

#### C. DRAFTING ISSUES OR OTHER COMMENTS:

##### 1. Drafting:

HB 275 does not include specialty license plates, discussed in s. 320.08056(4), F.S., and personalized license plates, described in s. 320.0805, F.S., for extended registration. The bill's sponsor has indicated this was a drafting oversight, and plans to offer an amendment in committee to correct it.

##### 2. Other:

DHSMV estimated a fiscal impact which differs from the Economic Demographic Research (EDR) analysis. According to DHSMV's estimate, implementation of this bill will result in a non-recurring revenue increase of \$218,823,676, which assumes 50% of all registrants electing the biennial registration option and a January 1<sup>st</sup> implementation date. Of this amount, \$199,624,263 will be distributed to the State Transportation Trust Fund, General Revenue Fund, and other state trust funds and \$19,199,413 to local government. All other fiscal impacts to the state's revenues provided by the department appear to be consistent with the EDR analysis.

The DHSMV has stated that it is not possible to gauge if there are any significant savings related to the department's cost to purchase license plates every six years rather than every five years. Theoretically, there should be a cost reduction of 1/6<sup>th</sup> over the extended replacement period. However, fewer people are actually waiting five years to replace their plate. Many people will decide they want to switch to a different specialty plate or a different personalized plate prior to the end of the required replacement period. Also, due to the fact there are more and more cars on the road, the DHSMV will have to purchase more and more plates. By the fifth year, growth in the number of cars on the road and any price increases that may come from the vendors between now and then will erode any potential savings. The DHSMV currently has a contract for aluminum license plate material for two years, but after that the contracted price for aluminum will have to be renegotiated; the new contract will be negotiated in the middle of this transition period from the five-year cycle to the six-year cycle.

#### D. STATEMENT OF THE SPONSOR

#### IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES