

The Florida Senate
PROFESSIONAL STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Transportation Committee

BILL: SB 442

INTRODUCER: Senator Bennett

SUBJECT: Vehicles/Mobile Homes/Vessels Reg.

DATE: February 19, 2007 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Davis	Meyer	TR	Fav/2 amendments
2.			FT	
3.			TA	
4.				
5.				
6.				

Please see last section for Summary of Amendments

- Technical amendments were recommended
- Amendments were recommended
- Significant amendments were recommended

I. Summary:

SB 442 contains a number of changes in the law related to motor vehicle, mobile home, and vessel registration. The bill:

- Redefines the term “registration period” to include a 24-month period and defines “extended registration periods” as a period of 24 months during which a motor vehicle or mobile home registration is valid;
- Authorizes an optional biennial renewal of motor vehicle, mobile home and vessel registrations upon payment of double the annual amount of license tax and add-on charges;
- Clarifies that vehicles registered to persons in violation of s. 316.193, F.S., or s. 322.26(2), F.S., are not eligible for the extended registration period;
- Extends the time period from five to six years and increases the fee from \$10 to \$12 for replacement of registration license plates;
- Extends the period of validity for license plates and validation stickers to provide for the 24-month extended registration period;
- Clarifies advance registration renewals on extended registrations may occur up to three months prior to the date of expiration of the registration;

- Clarifies the registration period for a motor vehicle or a mobile home may not exceed 27 months; and
- Provides a refund for vessel registrations when the remaining period of registration is more than 12 months.

Succinctly, the bill provides for an optional extended (biennial) motor vehicle registration period for motorcycles, passenger cars, trucks, mobile homes, and vessels. The bill restructures the five-year license plate replacement cycle to six years, and increases the license plate replacement fee to \$12.

Implementation of this bill will result in a non-recurring revenue increase, since the number of persons choosing a two year registration period is unknown; the bill's impact to state and local revenues is indeterminate. However, the fiscal impact of SB 442 is expected to be revenue neutral in long range effects.

The bill is effective January 1, 2008.

This bill substantially amends the following sections of the Florida Statutes: 320.01, 320.055, 320.06, 320.07, 320.071, and 328.72.

II. Present Situation:

Currently, the Florida Statutes provide a 12-month period for the registration and renewal of motor vehicles, mobile homes and vessels. Specifically:

Section 320.01, F.S., defines "registration period" to mean a period of 12 months during which a motor vehicle or mobile home registration is valid.

Section 320.055, F.S., establishes registration and renewal periods. For motor vehicles required to be registered under s. 320.08, F.S., 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).

Section 320.06, F.S., provides 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 the 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.

Section 320.07, F.S., requires registration of a motor vehicle or mobile home must be renewed annually during the applicable renewal period, upon payment of the applicable license tax, service charges, and any additional fees required by law.

Section 320.071, F.S., 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.

Section 328.72, F.S., provides 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.

III. Effect of Proposed Changes:

Section 1 amends s. 320.01, F.S., to define an "extended registration period" as a period of 24 months during which a motor vehicle or mobile home registration is valid. Also, the definition of "registration period" is redefined to include the option of a 24-month period.

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

Section 3 amends s. 320.06, F.S., to extend the current five-year replacement cycle for license plates to six-years and increases the current \$10 license replacement fee to \$12. More specifically, the bill 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 license plates equipped with validation stickers are subject to the extended 24-month registration period. Further, this bill provides 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.

According to DHSMV, the increase in the initial license plate fee will generate an estimated \$6,299,982 annually, for the Highway Safety Operating Trust Fund based on 3,149,991 original license plate transactions per year. For fiscal year 07-08, it is estimated only \$3,149,991 will be collected based on the January 1st implementation date.

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 which equates to the amount that would normally be paid

for two 12-month registrations and clarifies semiannual registrations. The optional registration period would reduce the citizens' burden of renewing registrations annually and reduce vehicle registration renewal workload.

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

Section 6 amends s. 328.72, F.S., to allow vessel owners the option of an extended registration period of 24 months. Also, this section is amended to provide for a refund if the remaining period of the vessel registration is more than 12 months. The owner may, upon application, receive a refund of the 12-month fee for registration. The DHSMV is authorized to adopt rules governing the processing of applications for and payments of the vessel registration refunds.

However the DHSMV noted, when a refund is processed, only the unused portion (base tax) of the registration period is refunded. This equates to a portion of the total registration cost being refunded not the total amount. Likewise, service fees are never refunded as they are retained by the Tax Collectors office for conducting the registration transactions.

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

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:

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 replaced every six years rather than every five years.

B. Private Sector Impact:

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 replaced every six years rather than every five years.

Under current law, refunds are not given when a person moves out of Florida prior to the expiration of their registration. Consistent with the current registration process, the bill does not provide for a refund of motor vehicle and mobile home license taxes paid for an extended registration period. 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. However, this bill does provide for a refund of vessel biennial registration fees.

C. Government Sector Impact:

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 SB 442 is expected to be revenue neutral in long range effects.

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 vehicle, mobile home and vessel registrants electing the biennial registration option and a January 1st 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. Thereafter, biennial registration renewal would have a neutral revenue impact beyond the initial fiscal year of implementation.

Assuming an estimated 3,149,991 new vehicles registered for the first time in FY 07-08, 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 six 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 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 midyear implementation. For the second through the fifth fiscal year, advanced replacement revenues would increase \$7,049,218 per year. Beginning in FY 13-14 no additional advanced replacement revenue will be generated, as all registrants will be converted to the six year replacement cycle at this time.

The advanced replacement fee is projected to impact revenue for six fiscal years and then completely dissolves. This is due to the transition phase of switching from the five-year replacement process to a 6-year replacement process.

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.

Also, this bill provides for a refund of vessel biennial registration fees, however it does not allow for a refund of license taxes paid for motor vehicles or mobile homes. Adding a refund provision would have an indeterminate operational impact to the Division of Motor Vehicles (DMV). Currently, the DMV processes approximately 39,000 refund applications annually with 7 full-time employees.

Local Government Impact:

According to DHSMV, Tax Collector offices would likewise experience revenue acceleration in the first year of implementation of \$19,199,413. They would also experience a reduction in renewal transactions as renewal transactions would cover a two-year period.

VI. Technical Deficiencies:

SB 442 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 an amendment will be offered to specifically allow for biennial registration for personalized and specialty license plates.

Also, this bill provides for a refund of vessel biennial registration fees, however it does not allow for a refund of license taxes paid for motor vehicles or mobile homes.

VII. Related Issues:

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 1st 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.

The DHSMV has stated it is not possible to gauge if there are any significant savings related to DHSMV's cost to purchase license plates every six years rather than every five years. Theoretically, there should be a cost reduction of 1/6th 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.

VIII. Summary of Amendments:

Barcode 954492 by Transportation:

Provides for a refund if the remaining period of a motor vehicle or mobile home registration is more than 12 months. The owner may, upon application, receive a refund of the 12-month fee for registration. The DHSMV is authorized to adopt rules governing the processing of applications for and payments of the motor vehicle or mobile home registration refunds.

Subsequent to the enactment of the amendment, the DHSMV has provided new fiscal information relating to the provision allowing for refunds of motor vehicle and mobile home registrations as well as for vessel registrations. Adding a refund provision for motor vehicles and mobile homes would have a significant operational impact to the DMV. Based on the assumption 25% of all registrants will elect to register biennial (approximately 4 million), if one percent of all biennial registrants requested a refund, 40,000 refunds would be processed. If these assumptions hold true, an additional 3 new positions would be required to handle the increased volume of biennial refunds.

Barcode 081220 by Transportation:

Clarifies holders of specialty license plates and personalized license plates are eligible for extended registration.