

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 975 Specialty License Plates
SPONSOR(S): Hays
TIED BILLS: **IDEN./SIM. BILLS:** SB 1900,SB 2042

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on Infrastructure</u>	<u>7 Y, 1 N</u>	<u>Fox</u>	<u>Miller</u>
2) <u>Economic Expansion & Infrastructure Council</u>	<u></u>	<u></u>	<u></u>
3) <u>Policy & Budget Council</u>	<u></u>	<u></u>	<u></u>
4) <u></u>	<u></u>	<u></u>	<u></u>
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SUMMARY ANALYSIS

HB 975 provides for the creation and issuance of two new specialty license plates. They are as follows:

- The “Support Our Troops” specialty license plate will have an annual use fee of \$25 per tag. The license plate annual use fees shall be distributed to Support Our Troops, Inc. to be used for the benefit of Florida active duty troops and their families in accordance with its articles of incorporation.
- The “Florida NASCAR” specialty license plate will have an annual use fee of \$25 per tag. The license plate annual use fees shall be distributed to the Florida Sports Foundation, NASCAR (National Association for Stock Car Auto Racing), and the NASCAR Foundation.

Specialty license plates must be specifically authorized by the Florida Statutes. Section 320.08053, F.S., establishes requirements that organizations must meet to create a new specialty license plate, including a scientific survey performed by an independent sampling firm indicating that 30,000 motor vehicle owners would purchase the proposed plate at the increased cost, long and short term marketing plans addressing revenues and expenditures, and a \$60,000 application fee, among other requirements. Currently, there are 104 specialty license plates (103 automobile and 1 motorcycle).

Support Our Troops, Inc. and NASCAR have met all of the application and statutory requirements to pursue legislation for the specialty license plates (one specialty license plate each). In addition, the Auditor General has reported in Report No. 2007-109, that these organizations have met the survey requirements as required in the Florida Statutes.

This act shall take effect July 1, 2007.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provides Limited Government – The bill appears to increase government in that it requires DHSMV to develop and provide for the manufacture of a new specialty license plate, and therefore requires county tax collectors offices to maintain an appropriate inventory and administer the new plate.

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 licensed plate by meeting a number of requirements.

An organization is first required to submit to the Department of Highway Safety and Motor Vehicles (DHSMV) the following:

- 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 30,000 vehicle owners intend to purchase the plate at the increased cost.
- An application fee of \$60,000 defraying the DHSMV's cost for reviewing the application, developing the new plate, and providing for the manufacture and distribution of the first run of plates.
- 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.

Effect of Proposed Changes

This bill amends s. 320.08056 and 320.08058, F.S., authorizing the DHSMV to develop and issue a "Support Our Troops" and "Florida NASCAR" specialty license plate. A qualified motor vehicle owner may obtain one of these new specialty license plates upon payment of the appropriate license taxes and a \$25 special use fee.

Support Our Troops, Inc. and NASCAR have met all of the application and statutory requirements to pursue legislation for the specialty license plates. In addition, the Auditor General has reported in Report No. 2007-109, that these organizations have met the survey requirements as required in the Florida Statutes.

Support Our Troops

Support Our Troops, Inc. will use the annual use fees for the benefit of Florida active duty troops and their families in accordance with its articles of incorporation. Support Our Troops, Inc. may retain all revenue from the annual use fees until all startup costs for developing and establishing the plate have

been recovered. Thereafter, up to 25% of the annual use fee revenue may be used for administrative costs, promotion, and marketing of the "Support Our Troops" specialty license plates.

The current bill provides that Support Our Troops, Inc. may also issue a motorcycle size specialty license plate. Issuance of an additional plate type (motorcycle) for "Support Our Troops" could set a precedent for the other 103 automobile specialty license plates to make the same request, without complying with specialty license plate application requirement of s. 320.08053, Florida Statutes.

The current bill provides that Support Our Troops, Inc. be exempt from Section 320.08056 (8) (a), F.S., which requires certain license plate sales requirements in order to continue the sale of the license plate. Currently, only collegiate license plates are exempt.

The bill also provides the specific font to be used for the lettering of the "Support Our Troops" license plate. This contradicts s. 320.08053 (3), F.S., which requires the department to provide uniform lettering specifications. Since implementation of this statute, other organizations have followed these uniform lettering guidelines.

In addition, the bill provides that Support Our Troops, Inc. may alternate the phrase at the bottom of the plate to "Support Our Heroes" or "Salute Our Heroes". This would require the design of two separate license plate designs and would effectively double the design and manufacturing costs of the license plate.

The current bill provides that at the owner's request, on an application form for the license plate, the owner's personal information may be released to Support Our Troops. Current specialty license plate procedures do not require purchases to fill out an application form. This provision may require an extra step on the part of the prospective purchase. Currently, s. 119.0712, F.S., does not allow for the release of personal information to specific groups that do not meet Federal Drivers Privacy Protection Act requirements as specified in Chapter 119, F.S., and the Department's Florida Real Time Vehicle Information System (FRVIS) Computer System prevents the dissemination of all registrant's personal information.

The bill provides that the "Support Our Troops" license plate must begin production and distribution of the Support Our Troops specialty license plate within 90 days after its approval by the Legislature. Due to the time required for the ordering and manufacturing of plate sheeting, and the time required for design approval by the Cabinet, 90 days may not be sufficient time for distribution to begin. Section 320.08056 (1), F.S., currently allows the Department one year to implement a new legislatively authorized specialty license plate.

NASCAR

NASCAR (National Association for Stock Car Auto Racing) shall receive up to \$80,000 in proceeds from the annual use fees of the "Florida NASCAR" specialty license plate to be used to pay startup costs, including costs incurred in developing and issuing the plates. Thereafter, the annual use fees shall be used for the following benefits:

- 5% to be used by the Florida Sports Foundation for the administration of the NASCAR specialty license plate program.
- 10% provided to NASCAR for the royalty rights for the use of their marks.
- 15% to the Florida Sports Foundation to support their regional grant program, attracting sporting events to Florida.
- 20% to support the marketing of motorsports-related tourism in the state of Florida.
- 50% to be paid to NASCAR Foundation, an s. 501(c)(3) charitable organization, to support Florida-based charitable organizations.

C. SECTION DIRECTORY:

Section 1. Amends s. 320.08056 F.S. providing for a \$25 annual use fee for the "Support Our Troops" specialty license plate and a \$25 annual use fee for the "Florida NASCAR" specialty license plate.

Section 2. Amends s. 320.08058 F.S. creating "Support Our Troops" and "Florida NASCAR" specialty license plate; providing for plate design, providing for annual use fees, and providing for distribution and uses of the annual use fees.

Section 3. Provides an effective date of July 1, 2007.

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. It is impossible to determine how many people will purchase the plates because the sale of these license plates will be based on public interest. Therefore, the aggregate impact of the private sector cannot be determined.

D. FISCAL COMMENTS:

Implementation of HB 975 will cost the DHSMV approximately \$363,300 in contract programming, development labor, and product purchasing costs for creation of the four "Support Our Troops" specialty license plates and the one "Florida NASCAR" specialty license plate. The expenditure of \$363,300 is as follows:

Salaries and Benefits	\$ 75,000
Programming Costs	\$ 37,800
Purchase of License Plates	\$184,500
Additional Programming	<u>\$ 68,000</u>
Total Expenditures	\$363,300

The additional expenditure of \$68,000 is to develop an application to provide for release of personal information to the Support Our Troops sponsoring organization.

The revenue that has been received to offset the expenditure is \$120,000. This represents \$60,000 for one "Florida NASCAR" specialty license plate and \$60,000 for one "Support Our Troops" specialty license plate. The "net" expenditure after the application fees (revenue) is \$243,300.

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:

Drafting Issues

In Section 1, 320.08056, the current bill states that the sponsoring organization's internet domain name may appear on the license plate. Internet domain names are subject to registration requirements and may be sold or transferred between private parties. With the potential for future changes in ownership of internet domain names and due to the normal 5-year lifecycle of a license plate, the placement of internet domain names on a license plate could result in a person being directed to an internet site other than the one originally intended.

The DHSMV has several recommendations for this bill. Sections 1 & 2 are in regard to the "Support Our Troops" specialty license plate and Section 3 is in regard to both plates. They are as follows:

Section 1. 320.08056 – Delete language regarding releasing applicant personal information to the sponsoring organization.

Section 2. 320.08058 – Delete language regarding the type of font that may be used on the plate and delete language regarding alternating the 3 suggested phrases at the bottom of the plate and using only "Support Our Troops". Delete the production and distribution timeframe of 90 days after approval by the Legislature.

Section 3. 320.08058 – Change the effective date of July 1, 2007 to October 1, 2007. This modification is recommended to give the DHSMV time for implementation.

The bill sponsor has indicated that he will offer an amendment to implement the above recommendations.

Other Comments

In the DHSMV bill analysis, it was noted that the current bill does not provide a cap for the startup expenses to be recovered for the "Support Our Troops" license plate. Typically, only the \$60,000 initial application fee is recovered. NASCAR has requested that they receive \$80,000 in annual use fees to be used for their startup costs.

D. STATEMENT OF THE SPONSOR

This legislation is an excellent opportunity for the Florida Legislature and to express gratitude and support for the men and women on active military duty, as well as to offer assistance to charitable organizations created for the purpose of benefiting children with chronic and medical conditions or serious illness

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

On March 20, 2007, this bill was considered by the Committee on Infrastructure.

An amendment was adopted which makes a number of changes regarding the "Support Our Troops" specialty license plate. Specifically it:

- Provides for the plate design and reimbursement of startup costs;
- Deletes language regarding personal information being provided to the sponsoring organization;
- Allows a percentage of proceeds to be distributed to the Florida Department of Veteran's Affairs for the State Homes for Veterans Trust Fund; and
- Allows the DHSMV to be reimbursed for costs related to the motorcycle specialty plate.

The amendment also:

- Increases the annual use fee for the Sea Turtle license plate from \$17.50 to \$23.00;
- Deletes language regarding the Girl Scout plate, which has been discontinued;
- Provides for the creation and issuance of the "Corrections Foundation" specialty license plate; and
- Allows 30 percent of the annual use fee from the Florida Agricultural license plate to be used for promotion, marketing and administration.

The bill was reported favorably with one amendment.