

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Policy and Steering Committee on Ways and Means

BILL: CS/CS/SB 1560

INTRODUCER: Agriculture Committee and Transportation Committee and Senator Baker

SUBJECT: Specialty License Plates

DATE: April 18, 2009 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Hansson</u>	<u>Meyer</u>	<u>TR</u>	Fav/CS
2.	<u>Leal</u>	<u>Poole</u>	<u>AG</u>	Fav/CS
3.	<u>Blizzard</u>	<u>Kelly</u>	<u>WPSC</u>	Pre-meeting
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

This bill requires the Department of Highway Safety and Motor Vehicles (DHSMV) to develop a license plate titled “Florida Horse Park.” The plate will be available to drivers wishing to pay an extra \$25 annual use fee, distributed to the Florida Agriculture Center and Horse Park Authority (Florida Horse Park), to support continued development of the park.

This bill also requires DHSMV to develop a license plate titled “Let’s Go Surfing.” The plate will be available to drivers wishing to pay an extra \$25 annual use fee, distributed to the East Coast Surfing Hall of Fame and Museum, Inc. (East Coast Surfing), to fund activities, programs, and projects to promote Florida’s surfing tourism.

This bill changes the manner in which annual use fees from the United We Stand specialty license plate are distributed, changes the annual use fee of the Choose Life specialty plate to \$25, changes the way the annual use fees generated by the sale of the Choose Life specialty plate are distributed, and “defines qualified service provider” as it relates to the expenditure of funds received from the Choose Life license plates.

The Florida Horse Park and Let's Go Surfing license plates have met the statutory application requirements for new specialty license plates and both fall within the exception from the moratorium on new specialty license plates created by the 2008 Legislature, as the Florida Horse Park and East Coast Surfing submitted their materials before May 2, 2008.

This bill substantially amends sections 320.08056 and 320.08058 of the Florida Statutes.

II. Present Situation:

Specialty License Plates

The Florida Legislature created the first specialty license plates in 1986, one commemorating the seven astronauts who died when the space shuttle Challenger exploded after lift-off, and one for each of the nine universities then in the state university system.

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 organization 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.

Section 320.08053, F.S., provides an organization seeking authorization to establish a specialty license plate must submit the following:

- A request for the particular license plate with a description of the proposed plate in specific terms, including a sample plate conforming to the specifications set by DHSMV.
- The results of a scientific sample survey of Florida motor vehicle owners that indicates at least 30,000 motor vehicle owners intend to purchase the proposed specialty license plate at the increased costs. The Auditor General is required to validate the methodology, results, and any evaluation by DHSMV of the scientific sample survey prior to the submission of the specialty license plate for approval by the Legislature.
- An application fee, not to exceed \$60,000, to defray DHSMV's cost for reviewing the application and developing the specialty license plate, if authorized.
- A marketing strategy outlining both the short and long term marketing plans and a financial analysis outlining the anticipated revenue and the planned expenditures of the revenue from the requested specialty license plate.

The required documentation and fees must be submitted at least 90 days before the convening of the next regular session of the Florida Legislature. If a specialty license plate is approved by law, the organization must submit a proposed art design for the specialty plate to DHSMV no later than 60 days after the act becomes a law. If the specialty license plate is not approved by the Legislature, the application fee is refunded to the requesting organization.

In 2008, the Legislature passed SB 1992, which included a moratorium on the issuance of specialty plates by DHSMV. The moratorium is effective from July 1, 2008 to July 1, 2011, but

contains an exception “for [any] specialty license plate proposal which has submitted a letter of intent to the Department of Highway Safety and Motor Vehicles prior to May 2, 2008.”¹

Section 320.08056, F.S., provides that DHSMV is responsible for developing the specialty license plates and must begin production and distribution within one year after approval of the specialty license plate by the Legislature. Specialty license plates must bear the design required by law for the appropriate specialty plate, and the designs and colors must be approved by DHSMV. In addition, the specialty license plate must bear the imprint of numerals from 1 to 999, inclusive, capital letters “A” through “Z”, or a combination thereof.

DHSMV is authorized to annually retain the first proceeds derived from the annual use fees collected in an amount sufficient to defray each specialty plate’s pro rata (proportionate) share of DHSMV’s costs directly related to issuing the specialty license plate. A person wishing to purchase a specialty license plate must pay, in addition to the required license plate fee and license tax, a license plate annual use fee (from \$15 to \$25) and a processing fee of \$2.

DHSMV must discontinue the issuance of an approved specialty plate if the number of valid specialty license plates in use falls below 1,000 plates for at least 12 consecutive months. DHSMV is authorized to discontinue the issuance and distribution of specialty plates if the organization no longer exists, if the organization has stopped providing services authorized to be funded, or if the organization requests it. To date, only four plates have ever been discontinued for lack of sales. These plates are the Girl Scouts plate, the Orlando Predators plate, the Miami Hooters plate, and the Tampa Bay Storm plate.

Annual use fees or any interest earned from those fees may not be used for commercial or for-profit activities, or for general administrative expenses (except as specifically authorized or to pay the cost of the audit or report required to ensure the proceeds are used as authorized).

Section 320.08058, F.S., lists the approved specialty license plates and specifies funding requirements.

Section 320.08062, F.S., requires all organizations receiving annual use fee proceeds from DHSMV to be responsible for ensuring proceeds are used in accordance with ss. 320.08056 and 320.08058, F.S. Each organization is either subject to an audit or is required to annually attest, under penalties of perjury, that such proceeds were used correctly. DHSMV can examine all records pertaining to the use of specialty license plate revenues.

The Legislature has authorized 111 specialty license plates to date. Sales of specialty license plates generated over \$35 million in annual use fee revenues during the 2008 Fiscal Year (July 2007-June 2008).

Florida Agriculture Center and Horse Park Authority

The Florida Agriculture Center and Horse Park (Florida Horse Park) was created by the Florida Legislature in 1996. The Florida Horse Park is a year-round, world class equestrian facility that offers international caliber competition courses and is a popular destination for family tourism.

¹ S. 45, 2008-176, Laws of Florida

The Florida Horse Park hosts local, national, and international competitions in virtually every equine discipline, including; dressage, polo, and versatility challenges. It has also been named an official training site for the United States Equestrian Team.

DHSMV has found that the Florida Horse Park license plate has met the application requirements and falls within the exception from the moratorium on new specialty license plates created by the 2008 Legislature, as the Foundation submitted its materials before May 2, 2008.

East Coast Surfing Hall of Fame and Museum

The East Coast Surfing Hall of Fame and Museum is dedicated to the preservation of the history and heritage of east coast surfing and to recognizing individuals who have been influential in surfing's development and growth. Through its museum and exhibits, East Coast Surfing seeks to preserve, protect, and display artifacts and historically valuable lore of east coast surfing.

DHSMV has found that the Let's Go Surfing license plate has met the application requirements and falls within the exception from the moratorium on new specialty license plates created by the 2008 Legislature, as the Foundation submitted its materials before May 2, 2008.

United We Stand License Plates

In 2003 the Florida Legislature enacted the Secure Airports for Florida's Economy Act and created the SAFE Council. In 2005, the Legislature dedicated 100 percent of the proceeds from the United We Stand license plate to the SAFE Council to fund a grant program to enhance security at airports throughout the state. From 2002 to 2007, over 66,000 *United We Stand* license plates (including renewals) were issued generating revenue in excess of over \$3 million.

Choose Life, Inc.

Choose Life, Inc., is a nonprofit organization, which raises funds to support adoption efforts of crisis pregnancy centers, maternity homes, and nonprofit adoption agencies. Section 320.08058, F.S., provides the Choose Life specialty license plate is currently available upon payment of appropriate license taxes, a \$2 processing fee, and an annual use fee of \$20.

The annual use fees collected are distributed annually to each county in the ratio of that county's collection to the state total. Each county would be responsible for the revenue distribution to nongovernmental agencies within the county that provide services limited to counseling and meeting the physical needs of pregnant women who are committed to placing their children for adoption or the needs of an infant awaiting placement. Funds may not be distributed to any agency that is involved or associated with abortion activities, including counseling for or referrals to abortion clinics, providing medical abortion-related procedures, or pro-abortion advertising, and funds may not be distributed to any agency that charges women for services rendered.

Agencies receiving the funds must use 70 percent to provide for the material needs of the pregnant women assisted by the agency and the infants awaiting placement with adoptive parents. Material needs include such items as clothing, housing, food, medical care, utilities and transportation. The remaining 30 percent may be used for adoption, counseling, training or advertising. Funds may not be used for administrative expenses, legal expenses, or capital expenditures.

Each agency receiving funds must submit an annual audit, prepared by a certified public accountant, to the county from which the funds are distributed. If over 10 percent of the funds distributed to an agency are unused in the fiscal year they were received, they are to be returned to the county for distribution to other qualified agencies.

III. Effect of Proposed Changes:

The bill authorizes DHSMV to develop and issue a Florida Agriculture Center and Horse Park Authority license plate titled "Florida Horse Park" and an East Coast Surfing Hall of Fame and Museum, Inc., license plate titled "Let's Go Surfing." Drivers can purchase either specialty plate upon payment of the appropriate license taxes and fees and a \$25 annual use fee.

Florida Agriculture Center and Horse Park License Plates

Florida Horse Park may retain all of the revenue from the annual use fees until all startup costs for developing and establishing the plate have been recovered. Thereafter, annual fees shall be distributed to Florida Horse Park, which may use up to 5 percent of the proceeds to administer the license plate and up to 5 percent of the proceeds to promote and market the plate. The remaining fees shall be used to support continued development of the park, including the construction of additional educational facilities, barns, and other structures; to provide improvements to the existing infrastructure at the park; and to provide for operational expenses of the park.

East Coast Surfing Hall of Fame and Museum License Plates

East Coast Surfing Hall of Fame, Inc., may retain all of the revenue from the annual use fees until all startup costs for developing and establishing the plate have been recovered. Thereafter, annual use fees shall be distributed to the East Coast Surfing, which may use up to 10 percent of the of the proceeds to fund the administrative, promotion, and marketing costs of the license plate program, including costs of the annual audit and compliance affidavit. The remaining fees shall be used to fund activities, programs, and projects to promote Florida's surfing-related tourism, preserve Florida's surfing history and heritage, preserve Florida's surf and shores, and honor lifeguards who patrol Florida's surf and shores to protect beach-goers, surfers, and others. Section 320.08058(70), Florida Statutes, may be cited as the "Erik Jersted Memorial Act."

United We Stand License Plates

This bill amends section 320.08058(32)(b), Florida Statutes, by requiring the annual use fees collected from the sale of the United We Stand license plates be distributed to the Department of Transportation SAFE Council for the development and implementation of programs which enhance security at airports throughout the state. The United We Stand license plates annual use fees shall be distributed notwithstanding section 322.14, Florida Statutes. Up to ten percent of the annual use fees collected may be used for the administration or marketing of the United We Stand license plate.

Choose Life License Plates

This bill also amends section 320.08058, Florida Statutes, by changing the annual use fee of the Choose Life specialty plate to \$25 and by changing the way the funds generated by the sale of the plate are distributed. The CS provides that the annual use fees shall be distributed quarterly to

Choose Life, Inc., along with a list of use fees collected by each county. Up to 10 percent of the annual use fees collected may be used for the administrative costs of Choose Life, Inc., directly associated with its operations and its activities to promote adoption and to market the license plate in the state. The remaining funds are to be administered by Choose Life, Inc., to nongovernmental, not-for-profit agencies whose services primarily consist of counseling and meeting the physical needs of pregnant women who are considering placing their children for adoption.

Choose Life license plate funds that are generated in counties that do not have a “qualified service provider” will be distributed by Choose Life, Inc., to qualified service providers in other counties. The bill defines “qualified service provider” as an entity that provides medically accurate materials, with reference sources for any and all statements of a medical nature. Choose Life, Inc. may not remove funds from a county that has active qualified service providers for distribution to service providers in other counties, unless the year-end fund balance of a county exceeds 20 percent of the county’s annual revenues for 3 consecutive years.

Service providers receiving funds must submit an annual attestation to Choose Life, Inc. Copies of the annual attestation, upon request, must be made available to the state agency charged with auditing. Choose Life license plate use fees may only be spent on activities within the state. Within 90 days of the effective date of this act, county commissions that have never distributed Choose Life funds shall forward their fund balances to Choose Life, Inc., for distribution. In addition, county commissions that have been distributing Choose Life funds shall forward their fund balances to Choose Life, Inc., within 180 days.

The bill shall take effect October 1, 2009.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

This bill raises the annual use fee of the Choose Life license plate from \$20 to \$25 and establishes a \$25 annual use fee for the Florida Horse Park and Let’s Go Surfing license plates.

B. Private Sector Impact:

Persons wishing to purchase a Florida Horse Park, Let's Go Surfing, or Choose Life plate can do so for an additional charge of \$25 (plus \$2 processing fee) beyond the normal fees associated with buying a license plate.

The Florida Agriculture Center and Horse Park Authority and East Coast Surfing Hall of Fame and Museum, Inc., have each paid the \$60,000 application fee, which will be refunded if the plates are not approved by the Legislature.

C. Government Sector Impact:

DHSMV is responsible for developing and distributing the "Florida Horse Park" and "Let's Go Surfing" license plates. The cost of this effort is approximately \$120,000. This impact will be offset by the \$60,000 application fee that each organization has already paid.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

The CS by Transportation on March 23, 2009:

- Amends the cost to purchase the Choose Life license plate to \$25 and changes the way the funds generated by the sale of the plate are distributed to Choose Life, Inc.
- Changes the amount of annual use fees East Coast Surfing may retain (after startup costs have been recovered) to 10 percent to fund the administrative, promotion, and marketing costs of the license plate program, including costs of the annual audit and compliance affidavit.
- Changes the effective date.

The CS by Agriculture on April 6, 2009:

- Provides that section 320.08058(70), Florida Statutes, may be cited as the "Erik Jersted Memorial Act."
- Amends section 320.08058(32)(b), Florida Statutes, to allow, notwithstanding section 322.14, Florida Statutes, the annual use fees generated from the United We Stand license plates to be used for the development and implementation of programs to enhance security at airports throughout the state.

- Deletes a provision that allows Choose Life, inc. to establish criteria that determine the appropriate percentage of expenditures on items by agencies receiving funds from the Choose Life license plates.
- Keeps the current statutory language regarding the ratio in which funds received from the Choose Life license plates may be spent.
- Defines “qualified service provider” as it relates to the expenditure of funds received from the Choose Life license plates.

B. Amendments:

None.