

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 289 Specialty License Plates

SPONSOR(S): Brandenburg and others

TIED BILLS: **IDEN./SIM. BILLS:**

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1)	Roads, Bridges & Ports Policy Committee		Brown	Miller
2)	Economic Development & Community Affairs Policy Council			
3)				
4)				
5)				

SUMMARY ANALYSIS

HB 289 provides for the creation of a "Fraternal Order of Police" license plate. The annual use fee of \$25 per tag shall be distributed to the Florida State Lodge Fraternal Order of Police Memorial Foundation. Up to 25 percent of the annual use fee revenue may be used for promotion and marketing of the plate and administrative costs directly associated with memorial programs and the specialty license plate. The remaining revenues may be used to fund the Florida State Fraternal Order of Police Law Enforcement Memorial Foundation and other law enforcement related projects.

In order to purchase the Fraternal Order of Police license plate, a person must submit a notarized letter from the Florida State Lodge of the Fraternal Order of Police showing that he or she qualifies for the use of the Fraternal Order of Police law enforcement emblem by being a member in good standing.

Specialty license plates must be specifically authorized pursuant to 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.

The Florida State Lodge Fraternal Order of Police Memorial Foundation has been approved by DHSMV and the Auditor General to pursue legislation for the "Fraternal Order of Police" specialty license plate, and is not affected by the 2008 legislation limiting future specialty plates.

The bill has an effective date of July 1, 2010.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. 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 has authorized 114 specialty license plates. Sales of specialty license plates generated over \$37 million in annual use fee revenues during the 2009 Fiscal Year (July 2008-June 2009). Since the program's inception, the DHSMV has collected annual use fees for the plates totaling more than \$435.8 million. As of September 15, 2009, there were 1,472,826 of the state's 16.5 million registered vehicles displaying a valid specialty plate. This represents approximately 8.9% of all vehicle plates.

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 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 next 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.

In 2008 the Legislature passed SB 1992, which included a moratorium on the issuance of specialty plates by DHSMV.¹ The moratorium is effective from October 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.”²

Effect of Proposed Changes

This bill amends ss. 320.08056 and 320.08058, F.S.; authorizing the DHSMV to develop and issue a “Fraternal Order of Police” license plate upon payment of the appropriate license taxes and a \$25 special use fee.

To purchase the Fraternal Order of Police license plate, a person must submit a notarized letter from the Florida State Lodge of the Fraternal Order of Police showing that he or she qualifies for the use of the Fraternal Order of Police law enforcement emblem by being a member in good standing.

Annual use fees collected from the sale of this license plate shall be distributed to the Florida State Lodge Fraternal Order of Police Memorial Foundation. They will administer the fees and will use the proceeds as follows:

- up to 25 percent of the annual use fee revenue may be used for promotion and marketing of the plate and administrative costs directly associated with the memorial program.
- all remaining proceeds shall be distributed to the Florida State Lodge Fraternal Order of Police Memorial Foundation to fund activities, programs, and projects aimed at improvement, maintenance, or other support of the Florida Fraternal Order of Police Law Enforcement Memorial

The impact incurred by DHSMV as a result of this bill is approximately \$60,000. This impact is offset by the \$60,000 application fee the organization is required to pay. Revenue generated from the sale of this license plate is based on public interest and cannot be predicted.

The DHSMV has notified the Legislature that the Florida State Lodge Fraternal Order of Police Memorial Foundation has met the initial application and statutory requirements to pursue legislation for the “Fraternal Order of Police” specialty license plate. In conformity with s. 320.08053(1)(b), F.S., the Auditor General has issued a report validating the Foundation’s survey.³ This report also found that the “Fraternal Order of Police” plate falls within exception from the moratorium on new specialty license plates created by the 2008 Legislature, as the Foundation submitted their materials before May 2, 2008.⁴

B. SECTION DIRECTORY:

- Section 1** Amends s. 320.08056(4), F.S., providing for a \$25 annual use for the “Fraternal Order of Police” specialty license plate.
- Section 2** Amends s. 320.08058(69), F.S., creating the “Fraternal Order of Police” specialty license plate: providing for plate design and providing for the distribution and uses of the annual use fees.
- Section 3** Provides an effective date of July 1, 2010.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

¹ S. 45, 2008-176, Laws of Florida

² *Id.*

³ Report No. 2009-129, Auditor General, February 2009.

⁴ *Id.*

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See fiscal comments below

2. Expenditures:

See fiscal comments below

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Individuals who apply for a "Fraternal Order of Police" license plate will be required to pay a \$25 annual use fee. It is impossible to determine how many people will purchase the plates because the sale of this license plate will be based on public interest. Therefore, the aggregate impact to the private sector cannot be determined.

D. FISCAL COMMENTS:

The impact incurred by DHSMV as a result of this bill is approximately \$60,000 in contract programming, labor, product purchasing costs for the creation of the "Fraternal Order of Police" license plate. This impact is offset by the \$60,000 application fee the organization is required to pay. Revenue generated from the sale of this license plate is based on public interest and cannot be predicted. If the specialty license plate is not approved by the Legislature, the application fee may be refunded.

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:

N/A

C. DRAFTING ISSUES OR OTHER COMMENTS:

In 2009, a substantially similar bill was debated in the Roads, Bridges and Ports Policy Committee. That bill originally limited administrative and marketing expenses to 25 percent of funds collected. The committee adopted an amendment lowering the cap to 10 percent. The current bill contains a 25 percent cap. The bill sponsor has indicated that an amendment will be offered in the Roads, Bridges and Ports Policy Committee to cap the administrative and marketing fees at 10 percent.

The Department of Highway Safety and Motor Vehicles has requested that the effective date be changed to October 1, 2010, in order to program the necessary changes into Department computer applications.

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES