

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: SB 1832 Taxation

SPONSOR(S): Appropriations, Grimsley

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

| REFERENCE | ACTION | ANALYST | STAFF DIRECTOR or BUDGET/POLICY CHIEF |
|-----------------------------|-----------|----------|--|
| 1) Appropriations Committee | 26 Y, 0 N | Langston | Leznoff |

SUMMARY ANALYSIS

In 2009, the Legislature increased the various fees required to register a motor vehicle. Beginning in fiscal year 2014-2015, SB 1832 as amended gradually reduces some of those fees to the amount of the fee prior to September 1, 2009, as follows:

| Vehicle Registration Fees | Current | FY14-15 | FY15-16 | FY16-17 | FY17-18 | FY18-19 |
|-----------------------------------|---------|---------|---------|---------|---------|---------|
| Registration Service Charge | \$5.00 | \$4.50 | \$4.00 | \$3.50 | \$3.00 | \$2.50 |
| Validation Sticker Service Charge | \$3.00 | \$2.60 | \$2.20 | \$1.80 | \$1.40 | \$1.00 |
| Retro-reflective Tag Sticker | \$1.50 | \$1.30 | \$1.10 | \$0.90 | \$0.70 | \$0.50 |
| License Tax Surcharge (STTF) | \$4.00 | \$3.60 | \$3.20 | \$2.80 | \$2.40 | \$2.00 |
| License Tax Surcharge (DJJ) | \$5.50 | \$4.60 | \$3.70 | \$2.80 | \$1.90 | \$1.00 |

The initial reduction in fees results in a \$2.40 decrease in the amount paid to register a motor vehicle. The total amount decreases by an additional \$2.40 each year until a total decrease of \$12 has been achieved.

The Revenue Estimating Conference has not estimated the impact of this bill. Based on analysis of the original bill, staff estimates that there is no cash impact of the bill in fiscal year 2013-2014, and the recurring General Revenue impact is -\$224.1 million, reflecting eventual full implementation. Beginning in fiscal year 2014-2015, staff estimates a cash impact of -\$44.3 million to General Revenue.

The bill takes effect on July 1, 2014.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Motor Vehicle Registration Fees

In 2009, the Legislature increased fees for annual motor vehicle registrations, along with other fees related to the issuance of driver's licenses, identification cards, driver's license reinstatements, motor vehicle titles, and driver's records. The revenues received from the increased fees were deposited into the General Revenue Fund.

Section 320.04(1)(a), F.S., provides for a service charge of \$5.00 for each application of an original issuance, duplicate issuance or transfer of any license plate, mobile home sticker or validation sticker, including the transfer or duplicate issuance of any registration certification. Of the \$5.00 fee, \$2.50 is deposited into the General Revenue Fund, with the remainder retained by the Department of Highway Safety and Motor Vehicles (department) or the tax collector.

Section 320.04(1)(b), F.S., provides for a service charge of \$3.00 for the issuance of each license plate validation sticker, vessel decal, or mobile home sticker issued from an automated vending facility or a printer dispenser machine. The fee is payable to the department, of which \$1.00 is used to provide for the machines and \$2.00 is deposited into the General Revenue Fund.

Section 320.06(3)(b) provides for a \$1.50 fee on each motor vehicle registration or renewal registration issued in order to treat all license plate validation stickers with retroflective material. Of the \$1.50 fee, \$1.00 is deposited into the General Revenue Fund and 50 cents is deposited into the Highway Safety Operating Trust Fund.

Section 320.0804, F.S., provides for a \$4.00 surcharge on each annual license tax imposed under s. 320.08, F.S.,¹ of which \$2.00 is deposited into the General Revenue Fund and \$2.00 is deposited into the State Transportation Trust Fund.

Section 320.08046, F.S., provides for a \$5.50 surcharge on each annual license tax imposed under s. 320.08, F.S., of which \$4.50 is deposited into the General Revenue Fund and \$1.00 is deposited into the Grants and Donations Trust Fund in the Department of Juvenile Justice.

Proposed Changes

The gradual fee decreases described below occur in equal annual amounts beginning on July 1, 2014 and each subsequent July 1 until the final reduction on July 1, 2018. Only the portion of each fee deposited into General Revenue is decreased.

Section 1 amends s. 320.04, F.S., to gradually decrease from \$5.00 to \$2.50 a service charge imposed on each application of an original issuance, duplicate issuance or transfer of any license plate, mobile home sticker or validation sticker, including the transfer or duplicate issuance of any registration certification over a period of five years.

This section also gradually decreases from \$3.00 to \$1.00 a service charge imposed on the issuance of a registration receipt for a vehicle, vessel or mobile home registration and specifies that fee be payable to and retained by the department over a period of five years.

¹ The annual license tax imposed under s. 320.08, F.S. is paid upon the registration or renewal of motor vehicles, mopeds, motorized bikes, tri-vehicles and mobile homes.

Section 2 amends 320.06(3)(b), F.S. to gradually decrease from \$1.50 to 50 cents a fee imposed on each motor vehicle registration issued in order to treat all license plates and validation stickers with retroreflective material over a period of five years.

Section 3 amends 320.0804, F.S., to gradually decrease the surcharge on each license tax imposed under s. 320.08, F.S.,² excluding mobile home registrations. The surcharge is decreased from \$4.00 to \$2.00 over a period of five years.

Section 4 amends 320.08046, F.S., to gradually decrease the surcharge on each license tax imposed under s. 320.08, F.S., excluding mobile home registrations. The surcharge is decreased from \$5.50 to \$1.00 over a period of five years.

Sections 5 reenacts s. 320.0807, F.S. to incorporate changes made to s. 320.06, F.S.

Section 6 provides an effective date of July 1, 2014.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The Revenue Estimating Conference has not estimated the impact of this bill. Based on analysis of the original bill, staff estimates that there is no cash impact of the bill in fiscal year 2013-2014, and the recurring General Revenue impact is -\$224.1 million, reflecting eventual full implementation. Beginning in fiscal year 2014-2015, staff estimates a cash impact of -\$44.3 million to General Revenue.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Private motor vehicle owners will be assessed lower fees when making purchases related to motor vehicle registrations.

D. FISCAL COMMENTS:

None.

² The annual license tax imposed under s. 320.08, F.S. is paid upon the registration or renewal of motor vehicles, mopeds, motorized bikes, tri-vehicles and mobile homes.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

The bill was amended in a meeting of the House Appropriations Committee on April 26, 2013. The strike-all amendment removed the repeal of the insurance premium tax credit for a portion of salary paid by insurance companies to employees in Florida. It also changed the fee decrease for motor vehicle registrations so that it will be phased in over 5 years.

The analysis has been updated to reflect the above changes.