

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 699 Florida Salutes Veterans License Plate

SPONSOR(S): Smith

TIED BILLS: **IDEN./SIM. BILLS:** SB 884

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Transportation & Highway Safety Subcommittee	13 Y, 0 N	Thompson	Miller
2) Transportation & Economic Development Appropriations Subcommittee	12 Y, 0 N	Rayman	Davis
3) Economic Affairs Committee			

SUMMARY ANALYSIS

The Florida Salutes Veterans specialty license plate (plate) was created by the Legislature in 1989. Persons wishing to register a vehicle with the plate must pay a \$15 annual use fee in addition to the normal fees required when registering a vehicle. Originally, all of the revenues from the annual use fee were deposited in the State Homes for Veterans Trust Fund (Trust Fund). Trust Fund moneys are administered by the Department of Veterans' Affairs (DVA) and used solely for the purposes of constructing, operating, and maintaining domiciliary and nursing homes for veterans, and promotion and marketing of the plate.

Effective July 1, 2008, the Legislature established a direct support organization (the Florida Veterans Foundation, Inc.) for the DVA and revised the distribution of the annual use fee from the plate. 20 percent of the annual use fee was directed to the Florida Veterans Foundation, Inc., for a period not to exceed 24 months from the date the organization was incorporated. In 2010, the distribution of the annual use fee was again revised directing 10 percent to the Florida Veterans Foundation, Inc., for a period not to exceed 48 months after the date the Florida Veterans Foundation, Inc., was incorporated. All remaining fees are deposited in the State Homes for Veterans Trust Fund, in the State Treasury. The distribution to the Florida Veterans Foundation, Inc., expired June 30, 2012.

HB 699 changes the distribution of revenues coming from this specialty plate. It reinstates and increases to 20 percent, the amount of the annual use fee distributed from sales of the Florida Salutes Veterans license plate to the Florida Veterans' Foundation, Inc. The bill also eliminates the expiration period of the annual distribution to the Florida Veterans Foundation, Inc., thereby continuing the 20 percent distribution indefinitely.

The bill will have a negative fiscal impact on the State Homes for Veterans Trust Fund and a corresponding positive fiscal impact on the Florida Veterans' Foundation, Inc. The Department of Veterans' Affairs estimates a recurring negative impact will be approximately \$68,000, but this is a minimal impact on the total trust fund balance.

The bill provides an effective date of July 1, 2013.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background

Specialty License Plates

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 121 specialty license plates. Sales of specialty license plates generated over \$31 million in total net revenues during the Fiscal Year 2011-2012.¹

An organization may seek Legislative authorization for a new specialty license plate by meeting a number of requirements. An organization is first required to submit the following to DHSMV:

- A request for the plate describing it in specific terms;
- An application fee of \$60,000 defraying DHSMV's cost for reviewing the application, developing the new plate, and providing for the manufacture and distribution of the first run of plates; and
- A marketing strategy for the plate and a financial analysis of anticipated revenues and planned expenditures.²

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.³

Currently, the Department of Highway Safety and Motor Vehicles is prohibited by law from issuing any new specialty license plates until after July 1, 2014.⁴

Florida Salutes Veterans License Plates

The Florida Salutes Veterans specialty license plate (plate) was created by the Legislature in 1989.⁵ Persons wishing to register a vehicle with the plate must pay a \$15 annual use fee in addition to the normal fees required when registering a vehicle. Originally, all of the revenues from the use fee were deposited in the State Homes for Veterans Trust Fund (Trust Fund). Trust Fund moneys are administered by the Department of Veterans' Affairs (DVA) and used solely for the purposes of constructing, operating, and maintaining domiciliary and nursing homes for veterans, and promotion and marketing of the plate.

¹ Florida Department of Highway Safety and Motor Vehicles, *Specialty License Plate Administrative Fees*, available at <http://www.flhsmv.gov/specialtytags/slp.html#3> (last visited March 14, 2013).

² Section 320.08053, F.S.

³ *Id.*

⁴ *Id.*, Note., A., provides that "[e]xcept for a 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, and which has submitted a valid survey, marketing strategy, and application fee as required by s. 320.08053, Florida Statutes, prior to October 1, 2008, or which was included in a bill filed during the 2008 Legislative Session, the Department of Highway Safety and Motor Vehicles may not issue any new specialty license plates pursuant to ss. 320.08056 and 320.08058, Florida Statutes, between July 1, 2008, and July 1, 2014."

⁵ Chapter 89-168, L.O.F.; codified in s. 320.08058(4), F.S.

Effective July 1, 2008, the Legislature established a direct support organization⁶ (known as the Florida Veterans Foundation, Inc.⁷) for the DVA and revised the distribution of the annual use fee from the plate.⁸ Consequently, 20 percent of the annual use fee was directed to the Florida Veterans Foundation, Inc., for a period not to exceed 24 months from the date the organization was incorporated.⁹

In 2010, the distribution of the annual use fee was further revised directing 10 percent to the Florida Veterans Foundation, Inc., for a period not to exceed 48 months after the date the organization was incorporated. All remaining fees are to be deposited in the Trust Fund, in the State Treasury. As a result, distribution of the annual use fee to the Florida Veterans Foundation, Inc., expired June 30, 2012.¹⁰

State Homes for Veterans Trust Fund

The State Homes for Veterans Trust Fund is authorized under section 20.375(4), F.S. Revenues from the sale of various specialty tags are credited to the trust fund and administered in accordance within the provisions of ss. 320.08058 and 320.0891, F.S. All such moneys are to be administered by the Department of Veterans' Affairs and must be used solely for the purpose of constructing, operating, and maintaining domiciliary and nursing homes for veterans and for continuing promotion and marketing of the license plate, subject to the requirements of chapter 216. According to Annual Trust Fund Report for Fiscal Year-End 06/30/2012, provided by the Chief Financial Officer, the balance of the fund was \$1,286,490.

Effect of Proposed Changes

The bill reinstates and increases to 20 percent, the amount of the annual use fee distributed from sales of the Florida Salutes Veterans license plate to the Florida Veterans' Foundation, Inc. The bill also eliminates the expiration period of the annual distribution of the fee to the Florida Veterans Foundation, Inc., thereby continuing the distribution indefinitely.

B. SECTION DIRECTORY:

Section 1: Amends s. 320.08058, F.S., relating to specialty license plates.

Section 2: Provides an effective date of July 1, 2013.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See Fiscal Comments.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

⁶ Chapter 2008-84; codified in s. 292.055, F.S.

⁷ As a Direct Support Organization, the Foundation is incorporated as a not for profit corporation under chapter 617, Florida Statutes, to provide assistance, funding and support for the FDVA in carrying out its mission of veterans' advocacy. The Foundation operates for the direct and indirect benefit of the veterans of Florida, the FDVA, and veteran service organizations.

<http://floridaveteransfoundation.org/WeAre/WeAre.html>

⁸ Chapter 2008-84, L.O.F.

⁹ Section 292.055, F.S., authorizes the Department of Veterans' Affairs to establish a direct-support organization to provide assistance, funding, and support for the department in carrying out its mission.

¹⁰ Chapter 2008-84, L.O.F.; codified in s. 320.08058(4)(b), F.S.

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

See Fiscal Comments

D. FISCAL COMMENTS:

Changing the revenue distribution by reinstating the Florida Veterans Foundation as a recipient of funds will have a minimal negative fiscal impact on the State Homes for Veterans Trust Fund and a corresponding positive fiscal impact on the Florida Veterans' Foundation, Inc., DVA's direct support organization. Reinstating and increasing the amount of the annual use fee distributed to the Florida Veterans' Foundation, Inc., to 20 percent would effectively reduce the amount of annual use fees distributed to the State Homes for Veterans Trust Fund in Fiscal Year 2013-14 by 20 percent. Based on Fiscal Year 2011-12 license plate sales data, the reduction is estimated at \$68,000. However, the amounts of the distributions vary based on the number of license plates sold or renewed each year. In Fiscal Year 2011-12, DHSMV reports that 22,660¹¹ of the plates were sold or renewed, from which the Florida Veterans Foundation, Inc., received 10 percent or approximately \$34,000 in annual use fees.¹² For Fiscal Year 2012-13 the DVA State Veterans Homes Program has a budget of over \$79 million.¹³

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not Applicable. This bill does not appear to affect county or municipal governments.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

¹¹ Florida Department of Highway Safety and Motor Vehicles, *Specialty License Plate Administrative Fees*, available at <http://www.flhsmv.gov/specialtytags/slp.html#3> (last visited March 14, 2013).

¹² Florida Veterans Foundation, Inc. Audited Financial Statements for the Year Ended June 30, 2012, available at http://www.floridaveteransfoundation.org/DOCs/FVF_Audited_Financial_Statements_for_2012.pdf, page 5 (last visited March 14, 2013).

¹³ Government Program Summary entitled *Veterans' Homes*, which was last updated on October 18, 2012, Florida Office of Program Policy Analysis and Government Accountability, available at <http://www.oppaga.state.fl.us/profiles/5037/>, (last visited March 17, 2013).