

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 Appropriations Subcommittee on Transportation, Tourism, and Economic Development

BILL: CS/SB 1390

INTRODUCER: Transportation Committee and Senator Brandes

SUBJECT: Issuance of Specialty License Plates

DATE: February 16, 2016

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Jones</u>	<u>Eichin</u>	<u>TR</u>	<u>Fav/CS</u>
2.	<u>Wells</u>	<u>Miller</u>	<u>ATD</u>	<u>Pre-meeting</u>
3.	_____	_____	<u>AP</u>	_____

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 1390 increases the minimum sales requirement for specialty license plates from 1,000 plates to 4,000. New specialty plates will be required to sell 4,000 presale vouchers before the new specialty plates will be manufactured. Effective July 1, 2018, existing specialty plates that fall below 4,000 valid registrations for at least 12 consecutive months will be discontinued.

The bill also exempts established specialty plates that have statutory eligibility limitations for who may purchase the specific plate, from being discontinued by the Department of Highway Safety and Motor Vehicles (DHSMV) for not meeting the minimum sales requirement.

Depending on the number of plates that will be discontinued starting in July 1, 2019, the DHSMV may incur minimal programming costs associated with discontinuing specialty license plates.

The bill will have a negative impact on organizations and programs funded from a specialty plate that does not meet the increased minimum sales requirement and is subsequently discontinued.

The bill takes effect July 1, 2016.

II. Present Situation:

Presently, there are over 120 specialty license plates available for purchase, and two in the pre-sale phase. Specialty license plates are available to an owner or lessee of a motor vehicle who is willing to pay an annual use fee, ranging from \$15 to \$25, paid in addition to required license taxes and service fees.¹ The annual use 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.²

In order to establish a specialty license plate, the plate must first be adopted into statute by the Legislature. Upon becoming law:

- Within 60 days, the organization must submit an art design for the plate, in a medium prescribed by the DHSMV;
- Within 120 days, the DHSMV must establish a method to issue pre-sale vouchers for the approved specialty license plate; and
- Within 24 months after the pre-sale vouchers are established, the plate must obtain a minimum of 1,000 voucher sales before manufacturing may begin.

If, at the end of the 24-month pre-sale period, the minimum sales requirement has not been met, the department will de-authorize the specialty plate, discontinue development, and discontinue issuance of the presale voucher. Upon discontinuation of the plate, a purchaser of a presale voucher may use the annual use fee as a credit towards any other specialty license plate or apply for a refund with the DHSMV.³

DHSMV Costs Defrayed

The DHSMV retains sufficient annual use fees, from the sale of the specialty license plates, to defray its costs for inventory, distribution, and other direct costs associated with the specialty plate program. The remainder of the proceeds collected are distributed as provided by law.⁴

Minimum Sales Requirement for Existing Specialty Plates

The DHSMV must discontinue the issuance of an approved specialty license plate if the number of valid specialty plate registrations falls below 1,000 plates for at least 12 consecutive months. A warning letter is mailed to the sponsoring organization following the first month in which the total number of valid specialty plate registrations is below 1,000 plates. Collegiate plates established under s. 320.08058(3), F.S., are exempt from the minimum sales requirement.⁵

¹ Section 320.08056, F.S.

² Section 320.08058, F.S.

³ Section 320.08053(2)(b), F.S.

⁴ Section 320.08056(7), F.S.

⁵ Section 320.08056(8)(a), F.S.

As of January 1, 2016, 28 specialty plates required to maintain minimum sales were below 4,000 valid registrations.⁶ Those plates are:

Specialty License Plates Below 4,000 Valid Registrations and Current Registrations			
A State Of Vision	2,194	Lauren's Kids	3,128
Agriculture Education	1,398	Miami Marlins	2,476
American Legion	791	Moffitt Cancer Center	674
American Red Cross	973	NASCAR	3,211
Big Brother Big Sister	554	Orlando Magic	3,372
Donate Organs	2,318	Parents Make a Difference	1,652
Fallen Law Enforcement	1,360	Play Tennis	3,144
Family Values	2,057	Protect Our Oceans	3,829
Florida Panthers	2,052	Scouting Teaches Values	2,509
Florida Sheriff's Association	1,003	Special Olympics	3,346
Florida Sheriff's Youth Ranches	3,944	St. John's River	617
Fraternal Order of Police	2,895	Support Homeownership for All	3,827
Hispanic Achievers	375	Trees are Cool	3,830
Kids Deserve Justice	1,436	Visit our Lights	3,830

According to the DHSMV, of the plates below 4,000 registrations, the *American Legion*, *Big Brother Big Sister*, *Fallen Law Enforcement*, *Florida Sheriff's Association*, *Lauren's Kids*, and *Moffitt Cancer Center* specialty plates were recently created and continue to show good public interest and growth.⁷ Additionally, the *Hispanic Achievers* and *St. John's River* plate are still in presale and have not been manufactured.

III. Effect of Proposed Changes:

The bill increases the minimum sales requirement for specialty license plates from 1,000 to 4,000 plates. Specialty license plates that enter the presale period after July 1, 2016, are required to sell at least 4,000 presale vouchers in order to be manufactured. Effective July 1, 2018, any existing specialty plate that falls below 4,000 valid registrations for at least 12 consecutive months will be discontinued.

There are currently 28 specialty license plates that are below 4,000 valid registrations. If the plates remain under 4,000 valid registrations for the 12 consecutive months preceding July 1, 2019, they will be discontinued. Collegiate plates representing state and independent universities domiciled in Florida are exempt from minimum sale requirements.

The bill also provides an exemption for established specialty plates from being discontinued by the DHSMV for not meeting the minimum sales requirement if the plate has statutory limitations on who may purchase the specialty plate. For example, a registrant must be a good-standing member or related to a member of the Fraternal Order of Police in order to purchase the FOP specialty license plate.⁸ This appears to be the only plate that is exempted by this change.

⁶ Email from the DHSMV, *Draft SB 1390 Agency Legislative Bill Analysis* (Jan. 15, 2016) (on file with the Senate Committee on Transportation)

⁷ *Id.*

⁸ Section 320.08058(72), F.S.

The bill takes effect July 1, 2016

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:

None.

B. Private Sector Impact:

CS/SB 1390 will have a negative impact on organizations and programs funded from a specialty plate that does not meet the increased minimum sales requirement and is subsequently discontinued.

However, increasing the minimum sales requirement could reduce the number of different specialty plates, which could increase sales of the remaining specialty plates, thereby benefiting the organizations and programs supported by the remaining specialty plates.

C. Government Sector Impact:

Depending on the number of plates that will be discontinued starting in July 1, 2019, the DHSMV may incur minimal programming costs associated with discontinuing specialty license plates.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 320.08053 and 320.08056.

IX. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Transportation on January 20, 2016:

The CS exempts established specialty license plates that have statutory limitations on who may purchase the plate from being discontinued by the DHSMV for not meeting the minimum sales requirement.

- B. **Amendments:**

None.