

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 7081 **PCB HWSS 16-03** **Issuance of Specialty License Plates**

SPONSOR(S): Economic Affairs Committee; Highway & Waterway Safety Subcommittee, Steube

TIED BILLS: **IDEN./SIM. BILLS:** CS/SB 1390

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Highway & Waterway Safety Subcommittee	11 Y, 0 N	Whittaker	Smith
1) Transportation & Economic Development Appropriations Subcommittee	11 Y, 2 N	Cobb	Davis
2) Economic Affairs Committee	11 Y, 0 N, As CS	Whittaker	Pitts

SUMMARY ANALYSIS

Presently, there are over 120 specialty license plates available to any owner or lessee of a motor vehicle who is willing to pay the additional use fee, typically \$25 annually. Only the Legislature may create new specialty license plates and certain requirements must be met and adhered to by the organizations that receive funds from the specialty license plates.

The bill revises certain requirements and provisions relating to the issuance of specialty license plates, specifically the bill:

- Revises the minimum pre-sale voucher requirement for a specialty license plate from 1,000 to 4,000 before manufacturing of that specialty plate may begin.
- Restricts the department from issuing any new specialty license plates until the number of currently authorized specialty license plates is reduced to fewer than 100, thereafter no more than 100 specialty plates may be issued by the department at any given time.
- Provides that any new specialty license plates approved by law but awaiting issuance under the new 100 specialty plate restriction, shall be issued in the order they appear in statute.
- Provides direction to the Department of Highway Safety and Motor Vehicles (DHSMV) on the discontinuance of specialty license plates and establishes a timeframe of 180 days to distribute the remaining annual use fees held or collected by the department.
- Revises the minimum active specialty license plate requirement from 1,000 to 4,000. Effective July 1, 2019, if the number of valid specialty plate registrations falls below 4,000 for at least 12 consecutive months the department must discontinue the issuance of that specialty plate.
- Maintains the exemption for Collegiate specialty plates established under s. 320.08058(3), F.S., from the active specialty plate minimum and adds license plates of institutions in the State University System, and Florida Professional Sports Team license plates established under s. 320.08058(9), F.S., to this exemption.
- Directs DHSMV to audit, every two years, all organizations that receive funds from the specialty license plate program which are not already subject to the Florida Single Audit Act.

The bill could have an indeterminate, but likely insignificant negative fiscal impact to the state, local governments, and various private organizations. See fiscal section.

The bill provides that unless otherwise expressly provided, the effective date is July 1, 2016.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Specialty License Plates in General

The first Florida specialty license plates were enacted in 1986, and included the creation of the Challenger plate and ten Florida collegiate plates.¹ Today, there are over 120 specialty license plates available to any owner or lessee of a motor vehicle who is willing to pay the additional use fee, typically \$25 annually.² The collected fees are distributed by the Department of Highway Safety and Motor Vehicles (DHSMV) to statutorily designated organizations in support of a particular cause or charity. Vehicles registered under the International Registration Plan, a commercial truck required to display two license plates, or truck tractors are not eligible for specialty license plates.³

Only the Legislature may create new specialty license plates. If a specialty license plate is created by law, the following requirements must then be met:

- Within 60 days, the organization must submit an art design, in a medium prescribed by DHSMV.
- Within 120 days, DHSMV must establish a method to issue a specialty license plate voucher to allow for the pre-sale of the specialty plate.
- Within 24 months after the voucher is established, the organization must obtain a minimum of 1,000 voucher sales before manufacturing may begin. If this requirement is not met, the plate is deauthorized and DHSMV must discontinue development of the plate and issuance of the vouchers.

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 falls below 1,000 plates (does not apply to collegiate license plates).⁴

Organizations in receipt of specialty license plate revenue must adhere to certain accountability requirements found in statute. These requirements include an annual attestation document affirming, under penalty of perjury, that funds received have been spent in accordance with applicable statutes.⁵ Each non-state entity that expends a total amount of state financial assistance equal to or in excess of \$500,000 in any fiscal year is required to have a state single audit, or a project-specific audit, for such fiscal year.⁶

A moratorium on the issuance of specialty license plates was imposed by lawmakers in 2008, originally set to expire in 2011; it has been extended to July 1, 2016.⁷

Proposed Changes

Specialty License Plate Pre-Sale Voucher Requirement (Section 1)

The bill amends s. 320.08053, F.S., raising the minimum pre-sale voucher requirement for a specialty plate from 1,000 to 4,000 before manufacturing of that specialty plate may begin. Within 24 months after the voucher is established, the organization must obtain a minimum of 4,000 voucher sales before

¹ Ch. 86-88, Laws of Florida

² Florida Department of Highway Safety and Motor Vehicles, *Specialty License Plates Index*, <http://www.flhsmv.gov/dmv/specialtytags/> (last visited November 10, 2015)

³ s. 320.08056(2), F.S.

⁴ s. 320.08056 (8)(a), F.S.

⁵ s. 320.08062, F. S.

⁶ s. 215.97(2)(a), F.S.

⁷ Ch. 2008-176, Laws of Fla., as amended by Ch. 2010-223 and Ch. 2014-216, Laws of Fla.

manufacturing may begin. If this requirement is not met, the plate is deauthorized and DHSMV must discontinue development of the plate and issuance of the vouchers.

Specialty License Plate Restriction

The bill restricts DHSMV from issuing any new specialty license plates until the number of currently authorized specialty license plates is reduced to fewer than 100, thereafter no more than 100 specialty plates may be issued by DHSMV at any given time. Any new specialty license plates approved by law but awaiting issuance under the new 100 specialty plate restriction, shall be issued in the order they appear in statute.

Presently, Florida has 126 specialty plates in circulation or in pre-sale. These plates will remain in circulation and as plates are discontinued, new plates may then be authorized but only if the count drops below 100.

Discontinuance of Specialty License Plates (Section 2)

The bill amends s. 320.08056, F.S., providing that any person issued a specialty license plate that has been discontinued by DHSMV may keep the discontinued plate for the remainder of the 10 year license plate replacement period and must pay all other applicable registration fees but will be exempt from paying the annual use fees for the remainder of the 10 year license plate replacement period.

If DHSMV discontinues the issuance of a specialty license plate, all annual use fees currently held or collected by DHSMV shall be distributed within 180 days after the date the specialty license plate was discontinued. DHSMV shall retain an amount sufficient to defray the applicable administrative and inventory closeout costs associated with the discontinued specialty plate. The remaining funds shall be distributed to the specified organization or organizations provided by s. 320.08058, F.S., and if that organization no longer exists, DHSMV shall deposit any undisbursed funds into the Highway Safety Operating Trust Fund.

Specialty License Plate Registration Requirement (Section 3)

The bill amends s. 320.08056(8), revising the minimum active specialty license plate requirement from 1,000 to 4,000. Should the number of valid specialty plate registrations fall below 4,000 for at least 12 consecutive months the department must discontinue the issuance of that specialty plate.

The current exemption from the active plate minimum remains for Collegiate specialty plates established under s. 320.08058(3), F.S., and, under the bill, also includes specialty license plates of institutions in the State University System, and Florida Professional Sports Team license plates established under s. 320.08058(9), F.S..

This section has an effective date of July 1, 2019.

Audit Requirement (Section 4)

The bill amends s. 320.08062(1)(b), F.S., directing DHSMV to audit, every two years, all organizations that receive funds from the specialty license plate program which are not already subject to the Florida Single Audit Act.

B. SECTION DIRECTORY:

- Section 1** Amends s. 320.08053, F.S., revising presale requirements for issuance of a specialty plate.
- Section 2** Amends s. 320.08056, F.S., revising provisions for discontinuing issuance of a specialty plate; providing applicability.
- Section 3** Amends s. 320.08056, F.S., revising provisions for discontinuing issuance of a specialty plate; providing applicability.

Section 4 Amends s. 320.08062, F.S., directing DHSMV to audit certain organizations that receive funds from the sale of specialty license plates.

Section 5 Provides that unless otherwise expressly provided, the effective date is July 1, 2016.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

While the bill will not have a direct fiscal impact to state revenues, some of the existing specialty plates' annual use fees are distributed to various state entities for specific purposes. To the extent that these plates are deauthorized in the future as a result of this bill, there could be an indeterminate, but likely insignificant negative fiscal impact to various state entities.

2. Expenditures:

DHSMV states that there may additional programming required for each plate that is deauthorized in the future as a result of the bill, but this effort can be absorbed within existing resources.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

While the bill will not have a direct fiscal impact to local governments' revenues, some of the existing specialty plates' annual use fees are distributed to various local governments for specific purposes. To the extent that these plates are deauthorized in the future as a result of this bill, there could be an indeterminate, but likely insignificant negative fiscal impact to various local governments.

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Currently, there are various organizations that receive distributions from specialty plates' annual use fees. To the extent that these plates are deauthorized in the future as a result of this bill, those organizations would no longer receive the annual use fee distributions.

D. FISCAL COMMENTS:

None

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require a municipality or county to expend funds or to take any action requiring the expenditure of funds. The bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate. The bill does not require a reduction of the percentage of state tax shared with municipalities or counties.

2. Other:

None

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On February 18, 2016, the Economic Affairs Committee adopted a strike all amendment to HB 7081 and reported the bill favorably as a committee substitute. The strike all amendment:

- Restricts DHSMV from issuing any new specialty license plates until the number of currently authorized specialty license plates is reduced to fewer than 100, thereafter no more than 100 specialty plates may be issued by DHSMV at any given time. Any new specialty license plates approved by law but awaiting issuance under the new 100 specialty plate restriction, shall be issued in the order they appear in statute.
- Changes the effective date from July 1, 2018 to July 1, 2019 for when DHSMV must discontinue the issuance of a specialty license plate if the number of valid specialty plate registrations falls below 4,000 for at least 12 consecutive months.
- Maintains the exemption for Collegiate specialty plates established under s. 320.08058(3), F.S., from the active specialty plate minimum and adds license plates of institutions in the State University System, and Florida Professional Sports Team license plates established under s. 320.08058(9), F.S., to this exemption.
- Provides that any person issued a specialty license plate that has been discontinued by DHSMV may keep the discontinued plate for the remainder of the 10 year license plate replacement period and must pay all other applicable registration fees but will be exempt from paying the annual use fees for the remainder of the 10 year license plate replacement period.
- Provides direction to DHSMV on the discontinuance of specialty license plates and establishes a timeframe of 180 days to distribute the remaining annual use fees held or collected by the department.
- Directs DHSMV to audit, every two years, all organizations that receive funds from the specialty license plate program which are not already subject to the Florida Single Audit Act.

The analysis is drafted to the bill as amended and reported favorably by the Economic Affairs Committee.