

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/HB 29 Specialty License Plates

**SPONSOR(S):** McGhee

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

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Transportation & Infrastructure Subcommittee	15 Y, 0 N, As CS	Johnson	Vickers
2) Transportation & Tourism Appropriations Subcommittee			
3) Government Accountability Committee			

### SUMMARY ANALYSIS

The bill directs the Department of Highway Safety and Motor Vehicles (DHSMV) to create the following eight National Pan-Hellenic Council Sorority and Fraternity specialty license plates, with an annual use fee of \$25 for each plate:

- Alpha Phi Alpha Fraternity
- Omega Psi Phi Fraternity
- Kappa Alpha Psi Fraternity
- Phi Beta Sigma Fraternity
- Zeta Phi Beta Sorority
- Delta Sigma Theta Sorority
- Alpha Kappa Alpha Sorority
- Sigma Gamma Rho Sorority

The annual use fees from the sale of each plate will be distributed as follows:

- Ten percent to the respective Fraternity or Sorority organization, solely for marketing of the plate.
- Eighty-five percent to promote community awareness and action through educational, economic, and cultural service activities within Florida.
- Five percent to the United Negro College Fund, Inc., to be used for college scholarships for Florida residents attending Historically Black Colleges and Universities.

The new plates will display the word "Florida" at the top of the plate and the name of the respective sorority or fraternity must appear at the bottom of the plate.

According to DHSMV, the bill will have a negative, but insignificant fiscal impact to state expenditures.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### Current 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. 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 for the privilege, typically \$25 annually.<sup>1</sup> 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.<sup>2</sup>

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.<sup>3</sup>
- 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.<sup>4</sup>
- 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.<sup>5</sup>

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).<sup>6</sup>

Organizations receiving 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.<sup>7</sup>

##### National Pan-Hellenic Council

The National Pan-Hellenic Council, Incorporated (NPHC) is currently composed of nine International Greek letter Sororities and Fraternities: Alpha Kappa Alpha Sorority, Inc. Alpha Phi Alpha Fraternity, Inc., Delta Sigma Theta Sorority, Inc., Zeta Phi Beta Sorority, Inc., Iota Phi Theta Fraternity, Inc., Kappa Alpha Psi Fraternity, Inc., Sigma Gamma Rho Sorority, Inc. Phi Beta Sigma Fraternity, Inc. and Omega Psi Phi Fraternity, Inc. NPHC promotes interaction through forums, meetings and other mediums for the exchange of information and engages in cooperative programming and initiatives through various activities and functions.<sup>8</sup>

#### Proposed Changes

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<sup>1</sup> Florida Department of Highway Safety and Motor Vehicles, *Specialty License Plates Index*, <http://www.flhsmv.gov/dmv/specialtytags/> (last visited December 21, 2016)

<sup>2</sup> s. 320.08056(2), F.S.

<sup>3</sup> s. 320.08053(1), F.S.

<sup>4</sup> s. 320.08053(2)(a), F.S.

<sup>5</sup> s. 320.08053(2)(b), F.S.

<sup>6</sup> s. 320.08056 (8)(a), F.S.

<sup>7</sup> s. 320.08062, F. S.

<sup>8</sup> National Pan-Hellenic Council, Incorporated, *History*, <http://www.nphcq.org/quantum/our-history/> (last visited December 21, 2016)

### National Pan-Hellenic Council Sororities and Fraternities

The bill directs the DHSMV to create the below eight National Pan-Hellenic Council Sorority and Fraternity specialty license plates, with an annual use fee of \$25 for each plate:

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- Omega Psi Phi Fraternity
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- Phi Beta Sigma Fraternity
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- Delta Sigma Theta Sorority
- Alpha Kappa Alpha Sorority
- Sigma Gamma Rho Sorority

The annual use fees from the sale of each respective plate will be distributed as follows:

#### Alpha Phi Alpha Fraternity, Inc.

- Ten percent is distributed to the Florida Federation of Alpha Chapters, Inc., solely for marketing of the plate.
- Eighty-five percent is distributed to the Florida Federation of Alpha Chapters to promote community awareness and action through educational, economic, and cultural service activities within Florida.
- Five percent is distributed to the United Negro College Fund, Inc., to be used for college scholarships for Florida residents attending Florida's Historically Black Colleges and Universities.

Alpha Phi Alpha Fraternity was founded on December 4, 1906 at Cornell University and was the first intercollegiate Greek-letter fraternity established for African-Americans.<sup>9</sup> The mission for Alpha Phi Alpha Fraternity, Inc. is to develop leaders, promote brotherhood and academic excellence, while providing service and advocacy for communities.<sup>10</sup>

#### Omega Psi Phi Fraternity, Inc.

- Ten percent is distributed to the State of Florida Omega Friendship Foundation, Inc., solely for marketing of the plate.
- Eighty-five percent is distributed to the State of Florida Omega Friendship Foundation, Inc., to promote community awareness and action through educational, economic, and cultural service activities within Florida.
- Five percent is distributed to the United Negro College Fund, Inc., to be used for college scholarships for Florida residents attending Florida's Historically Black Colleges and Universities.

Omega Psi Phi Fraternity, Inc., founded in 1911, was the first international fraternal organization on the campus of Howard University with "manhood, scholarship, perseverance and uplift" adopted as the cardinal principles.<sup>11</sup>

#### Kappa Alpha Psi Fraternity, Inc.

- Ten percent is distributed to Southern Province of Kappa Alpha Psi Foundation, Inc., solely for marketing of the plate.
- Eighty-five percent is distributed to the Southern Province of Kappa Alpha Psi Foundation, Inc., to promote community awareness and action through educational, economic, and cultural service activities within Florida.

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<sup>9</sup> Florida Federation of Alpha Chapters, *Brief History of Alpha Phi Alpha, Inc.*, <http://flfederation.org/about-us/history/> (last visited December 21, 2016)

<sup>10</sup> Florida Federation of Alpha Chapters, *About Alpha Phi Alpha Fraternity, Inc.*, <http://flfederation.org/about-us/> (last visited December 21, 2016)

<sup>11</sup> Omega Psi Phi Fraternity, Inc., *About Omega*, [http://www.oppf.org/about\\_omega.asp](http://www.oppf.org/about_omega.asp) (last visited December 21, 2016)

- Five percent is distributed to the United Negro College Fund, Inc., to be used for college scholarships for Florida residents attending Florida's Historically Black Colleges and Universities.

Kappa Alpha Psi Fraternity is a college fraternity chartered and incorporated originally under the laws of the State of Indiana as Kappa Alpha Nu on May 15, 1911. Its name changed to Kappa Alpha Psi effective April 15, 1915.<sup>12</sup>

#### Phi Beta Sigma Fraternity, Inc.

- Ten percent is distributed to TMB Charitable Foundation, Inc., solely for marketing of the plate.
- Eighty-five percent is distributed to the TMB Charitable Foundation, Inc., to promote community awareness and action through educational, economic, and cultural service activities within Florida.
- Five percent is distributed to the United Negro College Fund, Inc., to be used for college scholarships for Florida residents attending Florida's Historically Black Colleges and Universities.

Phi Beta Sigma Fraternity was founded at Howard University January 9, 1914. Its mission statement provides that in order to accomplish the Fraternity's objectives, it is essential that systems are instituted that effectively embody "Culture For Service and Service For Humanity" and promote brotherhood, scholarship and service.<sup>13</sup>

#### Zeta Phi Beta Sorority, Inc.

- Ten percent is distributed to Florida Pearls, Inc., solely for marketing of the plate.
- Eighty-five percent is distributed to the Florida Pearls, Inc., to promote community awareness and action through educational, economic, and cultural service activities within Florida.
- Five percent is distributed to the United Negro College Fund, Inc., to be used for college scholarships for Florida residents attending Florida's Historically Black Colleges and Universities.

Zeta Phi Beta Sorority was founded January 16, 1920, at Howard University. Zeta Phi Beta Sorority's national and local programs include the endowment of its National Educational Foundation community outreach services and support of multiple affiliate organizations. Zeta Phi Beta Sorority chapters and auxiliaries give hours of voluntary service to educate the public, assist youth, provide scholarships, support organized charities, and promote legislation for social and civic change.<sup>14</sup>

#### Delta Sigma Theta Sorority, Inc.

- Ten percent is distributed to the Delta Research and Educational Foundation, Inc., solely for marketing of the plate.
- Eighty-five percent is distributed to the Delta Research and Educational Foundation, Inc., to promote community awareness and action through educational, economic, and cultural service activities within Florida.
- Five percent is distributed to the United Negro College Fund, Inc., to be used for college scholarships for Florida residents attending Florida's Historically Black Colleges and Universities.

Delta Sigma Theta Sorority was founded on January 13, 1913 by 22 collegiate women at Howard University.<sup>15</sup> Its purpose is to provide assistance and support through established programs in local communities throughout the world.<sup>16</sup>

<sup>12</sup> Kappa Alpha Psi, *A Brief History*, <http://www.kappaalphapsi1911.com/?page=history> (last visited December 21, 2016)

<sup>13</sup> Phi Beta Sigma Fraternity, Inc., *About Us*, <http://www.phibetasigma1914.org/our-history/> (last visited December 21, 2016)

<sup>14</sup> Zeta Phi Beta Sorority, Inc., *About Zeta Phi Beta*, <http://www.zphib1920.org/our-history/> (last visited December 21, 2016)

<sup>15</sup> Delta Sigma Theta Sorority, Inc., *Founders*, [http://www.deltasigmatheta.org/about\\_founders.html](http://www.deltasigmatheta.org/about_founders.html) (last visited December 21, 2016)

<sup>16</sup> Delta Sigma Theta Sorority, Inc., *Statement of Purpose*, [http://www.deltasigmatheta.org/about\\_mission.html](http://www.deltasigmatheta.org/about_mission.html) (last visited December 21, 2016)

### Alpha Kappa Alpha Sorority, Inc.

- Ten percent is distributed to Alpha Kappa Alpha Educational Advancement Foundation, Inc., solely for marketing of the plate.
- Eighty-five percent is distributed to the Alpha Kappa Alpha Educational Advancement Foundation, Inc., to promote community awareness and action through educational, economic, and cultural service activities within Florida.
- Five percent is distributed to the United Negro College Fund, Inc., to be used for college scholarships for Florida residents attending Florida's Historically Black Colleges and Universities.

Alpha Kappa Alpha Sorority began as the vision of nine college students on the campus of Howard University in 1908.<sup>17</sup> Alpha Kappa Alpha's mission is to cultivate and encourage high scholastic and ethical standards, to promote unity and friendship among college women, to study and help alleviate problems concerning girls and women in order to improve their social stature, to maintain a progressive interest in college life, and to be of "Service to All Mankind".<sup>18</sup>

### Sigma Gamma Rho Sorority, Inc.

- Ten percent is distributed to the Sigma Gamma Rho Sorority National Education Fund, Inc., solely for marketing of the plate.
- Eighty-five percent is distributed to the Sigma Gamma Rho Sorority National Education Fund, Inc., to promote community awareness and action through educational, economic, and cultural service activities within Florida.
- Five percent is distributed to the United Negro College Fund, Inc., to be used for college scholarships for Florida residents attending Florida's Historically Black Colleges and Universities.

Sigma Gamma Rho Sorority was established November 12, 1922, at Butler University in Indianapolis, Indiana. Its mission of is to enhance the quality of life for women and their families in the U.S. and globally through community service. Its goal is to achieve greater progress in the areas of education, healthcare, and leadership development.<sup>19</sup>

The new license plates will display the word "Florida" at the top of the plate and the name of the respective sorority or fraternity must appear at the bottom of the plate.

## B. SECTION DIRECTORY:

Section 1 amends s. 320.08056, F.S., relating to specialty license plates.

Section 2 amends s. 320.08058, F.S., relating to specialty license plates.

Section 3 provides an effective date of October 1, 2017.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

#### 1. Revenues:

None.

#### 2. Expenditures:

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<sup>17</sup> Alpha Kappa Alpha Sorority, Inc., *About*, <http://www.aka1908.com/about> (last visited December 21, 2016)

<sup>18</sup> Alpha Kappa Alpha Sorority, Inc., *Mission*, <http://www.aka1908.com/about/mission> (last visited December 21, 2016)

<sup>19</sup> Sigma Gamma Rho Sorority, Inc., *History*, <http://www.sgrho1922.org/about-sigma> (last visited December 21, 2016)

DHSMV estimates a negative fiscal impact of \$53,190 for costs associated with programming and implementing these specialty license plates.<sup>20</sup>

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Revenue generated from the sale of the specialty license plates are distributed to various organizations as provided in statute.

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:

**Comments**

Section 320.08056(10)(a), F.S., provides that fees and interest earned from specialty license plates fees may be expended only for use in this state unless the annual use fee is derived from the sale of United States Armed Forces and veterans-related specialty license plates. The following proposed specialty license plates do not indicate that the annual use fee will be used in Florida:

- Kappa Alpha Psi Fraternity, Inc.
- Phi Beta Sigma Fraternity, Inc.
- Delta Sigma Theta Sorority, Inc.
- Alpha Kappa Alpha Sorority, Inc.
- Sigma Gamma Rho Sorority, Inc.

Additionally, DHSMV reviewed the Department of State's SunBiz website, which revealed that the Florida Federation of Alpha Chapters is an inactive corporation and it could not locate the following recipient organizations:

- Florida Pearl, Inc.
- Delta Research and Educational Foundation, Inc.
- Alpha Kappa Alpha Educational Advancement Foundation, Inc.
- Sigma Gamma Rho Sorority, Inc.<sup>21</sup>

#### **IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES**

On February 8, 2017, the Transportation & Infrastructure Subcommittee adopted a strike-all amendment and reported the bill favorably as a committee substitute. The strike-all amendment made technical changes to the bill and clarified that money collected from the sale of these specialty license plates must remain in Florida.

This analysis is drafted to the committee substitute.