

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/CS/HB 695 Digital License Plate Pilot Program

**SPONSOR(S):** Commerce Committee, Tourism, Infrastructure & Energy Subcommittee, Duran

**TIED BILLS:** **IDEN./SIM. BILLS:** SB 862

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Tourism, Infrastructure & Energy Subcommittee	18 Y, 0 N, As CS	Johnson	Keating
2) Commerce Committee	21 Y, 0 N, As CS	Johnson	Hamon

### SUMMARY ANALYSIS

Current law requires license plates to be made out of metal retroreflective material and meet certain statutory requirements regarding size and number of characters allowed on the plate. However, the Department of Highway Safety and Motor Vehicles (DHSMV) may conduct a pilot program on government vehicles to evaluate alternative license plates.

Digital license plates are dynamic screens, which may be used to replace the current metal license plate. They are able to display information such as a license plate number and annual validation of the current license plate. A digital license plate may also be used for applications such as electronic tolling and broadcasting emergency alerts.

The bill eliminates DHSMV's current authority to evaluate alternative license plates through a pilot program and creates the Digital License Plate Pilot Program. Beginning July 1, 2021, for government vehicles, and July 1, 2022, for all vehicles, DHSMV must implement the program for the purpose of evaluating the design, concepts, and technology available for digital license plates and the feasibility of digital license plates. The bill authorizes DHSMV to contract with one or more digital license plate providers, and DHSMV may authorize the display of a plate number and validation sticker on a digital license plate. DHSMV may authorize the use of digital license plates for toll collection, if approved by the Department of Transportation or other appropriate tolling authority, and parking permits. DHSMV may establish procedures for displaying emergency alerts, static logo displays, and other displays on the license plate.

The bill requires that, before purchasing a digital license plate, the vehicle owner must purchase a metal license plate from DHSMV and pay all applicable motor vehicle fees. The bill also provides requirements for the digital license plate and requires providers to maintain an inventory of digital license plates, make available digital versions of each specialty license plate, and update the vehicle's registration in real time.

Assuming that most of the programming is between the digital license plate provider and the consumer, the bill will have an insignificant impact on DHSMV expenditures. See Fiscal Analysis for details.

The bill is effective upon becoming a law.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### Current Situation

Florida law requires registration license plates to be made of metal specially treated with a retroreflection material. The registration license plate must be designed to increase nighttime visibility and legibility and must be at least 6 inches tall and not less than 12 inches in wide, unless a plate with reduced dimensions is deemed necessary by the Department of Highway Safety and Motor Vehicles (DHSMV) to accommodate motorcycles, mopeds, or similar smaller vehicles. Annual validation stickers must also be treated with a retroreflection material and must adhere to the license plate.<sup>1</sup>

The license plate must be imprinted with a combination of bold letters and numerals, not to exceed seven digits, to identify the registration license plate number. The license plate must be imprinted with the word "Florida" at the top and the name of the county in which it is sold, the state motto, or the words "Sunshine State" at the bottom. Any county may, upon majority vote of the county commission, elect to have the county name removed from the license plates sold in that county. The state motto or the words "Sunshine State" must be printed in lieu of the county name.<sup>2</sup>

Under current law, DHSMV may conduct a pilot program to evaluate the designs, concepts, and technologies for alternative license plates. For purposes of the pilot program, DHSMV must investigate the feasibility and use of alternative license plate technologies and the long-term cost impact to the consumer. A pilot program is limited to license plates that are used on government-owned motor vehicles. Such license plates are exempt from statutory requirements providing the design and material requirement for license plates.<sup>3</sup> DHSMV has had this authority since 2012, but has not conducted a pilot program.

Under current law, PRIDE, Inc.,<sup>4</sup> may manufacture license plates and validation stickers for DHSMV. DHSMV is not required to obtain competitive bids in order to contract with the corporation.<sup>5</sup>

Section 320.07, F.S., provides for the expiration of a motor vehicle registration and the required renewal. The statute provides penalties for operating a motor vehicle without a registration license plate or validation sticker. The penalties are as follows:

- Any person whose motor vehicle or mobile home registration has been expired for a period of six months or less commits a noncriminal traffic infraction, punishable as a nonmoving violation.
- Any person whose motor vehicle or mobile home registration has been expired for more than six months, upon a first offense, is subject to the penalty provided in s. 318.14, F.S.<sup>6</sup>
- Any person whose motor vehicle or mobile home registration has been expired for more than six months, upon a second or subsequent offense, commits a misdemeanor of the second degree.<sup>7</sup>

#### Digital License Plates

Digital license plates are dynamic screens that may replace the current physical license plate. They are able to display information such as a license plate number and validation of the current license plate.

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<sup>1</sup> S. 320.06(3)(a), F.S.

<sup>2</sup> *Id.*

<sup>3</sup> S. 320.06(5), F.S.

<sup>4</sup> PRIDE, Inc. is the corporation organized under ch. 947, F.S., relating to inmate work programs.

<sup>5</sup> S. 320.06(4), F.S.

<sup>6</sup> Section 318.14, F.S., provides certain exceptions to noncriminal traffic infractions and provides for court appearances, payment plans, and authorizes proof of compliance with motor vehicle registration requirements.

<sup>7</sup> S. 320.07(3), F.S.

The license plate may also be used for applications such as electronic tolling and broadcasting emergency alerts.<sup>8</sup>

Digital license plates are currently available in California and Arizona, and 11 other states are in various stages of adoption.<sup>9</sup> Depending on the type of digital license plate, prices start at \$499 plus \$55 per year or \$17.95 per month with a 36-month agreement.<sup>10</sup>

### **Effect of the Bill**

The bill repeals DHSMV's current unused authority to conduct a pilot program to evaluate the designs, concepts, and technologies of alternative license plates. The bill creates s. 320.08069, F.S., to establish the Digital License Plate Pilot Program within DHSMV to evaluate the design, concept, and technologies available for digital license plates and to determine the feasibility of digital license plates.

The bill defines the term "digital license plate" as an electronic display that is designed to display the information required to be included on a physical license plate and be placed on a motor vehicle registered under Ch. 320, F.S., in lieu of a physical license plate.

The bill provides that except as otherwise specified in the bill, or a DHSMV rule adopted to implement the pilot program, a digital license plate is subject to Florida's laws applicable to a physical license plate; however, digital license plates are exempt from the statutory design requirements.

Beginning July 1, 2021, DHSMV must administer the pilot program, which is limited to the installation of digital license plates on government-owned motor vehicles. By July 1, 2022, DHSMV must allow any motor vehicle registered in Florida to be equipped with a digital license plate in lieu of a physical license plate.

The bill authorizes DHSMV to contract with one or more digital license plate providers<sup>11</sup> for the issuance of digital license plates, including any services related to the issuance of digital license plates. The contract must include provisions governing the protection of personal and motor vehicle registration data obtained by a digital license plate provider in the performance of its services.

Under the bill, DHSMV may authorize the display of the motor vehicle's validation on each digital license plate in lieu of the validation sticker. The validation must display the owner's birth month, the license plate number, and the year of expiration or appropriate renewal period if the owner is not a natural person. The validation must be displayed in the upper right corner of the digital license plate.

The bill also provides that DHSMV may authorize the use of a digital license plate for electronic toll collection, if such use has been approved by the Department of Transportation or other appropriate tolling authority or to display a parking permit.

Further, DHSMV may establish procedures for displaying the following information on a digital license plate:

- An emergency alert, including an alert regarding a missing child or missing adult.
- Static logo displays, including displays for fleet license plates, digital versions of specialty license plates, special license plates for military service, and special license plates for the Governor and federal and state legislators.
- Other displays that DHSMV, in consultation with law enforcement agencies, determines are in the interest of public safety.

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<sup>8</sup> <https://reviver.com/shop/> (last visited February 26, 2021).

<sup>9</sup> *Reviver Announces Florida has Filed Legislation Authorizing its Digital License Plates.* <https://www.prnewswire.com/news-releases/reviverannounces-florida-has-filed-legislation-authorizing-its-digital-license-plates-301224838.html>, February 9, 2021. (last visited February 26, 2021).

<sup>10</sup> <https://reviver.com/shop/> (last visited February 26, 2021).

<sup>11</sup> The bill defines the term "digital license plate provider" as a person or an entity engaged in the business of providing digital license plate hardware and services to motor vehicles.

Under the bill, a digital license plate must:

- Meet the requirements and specifications required above.
- Include the same information required to be included on a physical license plate and legibly display that information at all times and in all light conditions.
- Have wireless connectivity capability.

A digital license plate provider with whom DHSMV contracts must:

- Maintain an inventory of digital license plates in this state.
- Make available a digital version of each specialty license plate authorized by DHSMV.
- If a digital license plate displays a validation to reflect the current registration period for the motor vehicle, and upon DHSMV request, suspend the display of the validation or indicate in the digital license plate that the motor vehicle's registration has expired.

The bill provides that a consumer who chooses to purchase a digital license plate must purchase it directly from the digital license plate provider. In addition to any fees associated with the purchase of the digital license plate, the consumer is also responsible for paying to DHSMV all applicable motor vehicle fees, including the annual use fee associated with any specialty license plate the consumer wishes to display on the digital license plate.

The bill authorizes DHSMV to adopt rules to implement the digital license plate pilot program.

The bill creates s. 320.07(7), F.S., to provide that the owner of a digital license plate is not subject to the penalties in s. 320.07, F.S., for failure to display a validation if the vehicle was operated in compliance with ch. 320, F.S., and any DHSMV rules governing the placement of digital license plates and registration renewal.

The bill is effective upon becoming a law.

#### B. SECTION DIRECTORY:

**Section 1** Amends s. 320.06, F.S., relating to registration certificates, license plates, and validation stickers.

**Section 2** Amends s. 320.07, F.S., relating to registration, renewal required.

**Section 3** Creates s. 320.08069, F.S., relating to the Digital License Plate Pilot Program.

**Section 4** Provides that the bill is effective upon becoming a law.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

#### A. FISCAL IMPACT ON STATE GOVERNMENT:

##### 1. Revenues:

None. Since purchasers of digital license plates are also required to pay the statutorily required motor vehicle fees, the bill does not appear to impact state government revenues.

##### 2. Expenditures:

According to DHSMV, the bill should have an insignificant impact on it, since the purchase of the digital license plate will be conducted solely between the digital license plate provider and the consumer. Therefore, DHSMV does not plan on programming connectivity between the proposed digital license plates and DHSMV systems and will continue with its current procedures for original and renewal license plate transactions.<sup>12</sup>

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<sup>12</sup> Email from Kevin Jacobs, Legislative Affairs Director, Department of Highway Safety and Motor Vehicles, HB 695. (February 25, 2021).

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

None.

2. Expenditures:

None.

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

Digital license plate providers may see additional revenues associated with the program.

**D. FISCAL COMMENTS:**

None.

**III. COMMENTS**

**A. CONSTITUTIONAL ISSUES:**

1. Applicability of Municipality/County Mandates Provision:

Not applicable. The bill does not appear to impact county or municipal governments.

2. Other:

None.

**B. RULE-MAKING AUTHORITY:**

The bill authorizes DHSMV to adopt rules to implement the Digital License Plate Pilot Program.

**C. DRAFTING ISSUES OR OTHER COMMENTS:**

None.

**IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES**

On March 3, 2021, the Tourism, Infrastructure & Energy Subcommittee adopted one amendment and reported the bill favorably as a committee substitute. In summary, the committee substitute:

- Clarifies that a customer must first obtain a physical license plate from DHSMV prior to obtaining a digital license plate.
- Clarifies that a purchaser of a digital license plate is required to pay all statutorily required motor vehicle fees applicable to his or her registration and accordingly removes the requirement that DHSMV send \$4 to PRIDE for every digital license plate sold.
- Requires the digital license plate provider's contract with DHSMV to contain provisions governing the protection of personal and motor vehicle registration data obtained by the provider in the performance of its services.
- Clarifies that the use of a digital license plate for toll collection may be authorized only if such use has been approved by the Department of Transportation or appropriate toll authority.
- Clarifies provisions regarding the use of specialty and special license plates as digital license plates.

On March 24, 2021, the Commerce Committee adopted one amendment and reported the bill favorably as a committee substitute. The amendment removes language authorizing a digital license plate to display information in a smaller type size when the vehicle is parked.

This analysis is drafted to the committee substitute as approved by the Commerce Committee.

