

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/CS/HB 817 Authorized Agents of Tax Collectors
SPONSOR(S): Appropriations Committee, Insurance & Banking Subcommittee, Duggan
TIED BILLS: IDEN./SIM. **BILLS:** SB 840

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Insurance & Banking Subcommittee	15 Y, 3 N, As CS	Herrera	Lloyd
2) Appropriations Committee	21 Y, 8 N, As CS	Hicks	Pridgeon
3) Infrastructure Strategies Committee			

SUMMARY ANALYSIS

County tax collectors are the Department of Highway Safety and Motor Vehicles' (DHSMV's) authorized agents for titling and registering motor vehicles, motor homes, and vessels. When processing these transactions, tax collectors charge and collect fees specified in state law, which are remitted to the state. However, chapters 319, 320, and 328, F.S., also require tax collectors to collect and retain certain statutorily prescribed service fees and charges.

Each tax collector is authorized to enter into contracts with private third-party license plate agents (LPAs) for the titling and registration of motor vehicles, mobile homes, and vessels. LPAs are granted online computer access to DHSMV systems and are supplied with title paper, registration decals, and license plates by the tax collector.

The bill authorizes a licensed general lines insurance agency holding an insurer appointment to write motor vehicle insurance in Florida to petition a tax collector for appointment, and requires the tax collector to make such appointment, as an authorized agent of the tax collector for the purpose of issuing titles, registration certificates, registration license plates, validation stickers, and mobile home stickers.

Also, the bill permits these insurance agencies to offer applicants the option to register emergency contact information and the choice to be contacted with information about state and federal benefits available as a result of military service, subject to the requirements of law and in accordance with the rules of DHSMV.

Further, the bill mandates that a general lines insurance agency appointed by a tax collector:

- Must file a performance bond of \$2 million with DHSMV.
- Must provide DHSMV with audited financial statements, prepared by a certified public accountant licensed in Florida, for each of the two previous years, demonstrating that the agency has produced policy premiums in excess of \$500 million in each of the two previous years.
- Is not obligated to provide services to the general public and may choose to offer services only to its customers in the normal course of business.
- Must offer such services at no more than five locations in each county where the agency has a branch office.
- Must be authorized by the tax collector to access DHSMV's electronic filing system.
- Is subject to all provisions of the law, as if the insurance agency were a private tag agency, except where the context indicates otherwise.

The bill appropriates \$939,800 in nonrecurring funds from the Highway Safety Operating Trust Fund to DHSMV to provide equipment and installation to a general lines insurance agency appointed by a tax collector as an authorized agent. The bill may have an indeterminate negative fiscal impact on local government revenues and an indeterminate positive fiscal impact on the private sector. See Fiscal Analysis Section.

The bill has an effective date of July 1, 2024.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

STORAGE NAME: h0817c.APC

DATE: 2/21/2024

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

County tax collectors are the Department of Highway Safety and Motor Vehicles' (DHSMV's) authorized agents for titling and registering motor vehicles, motor homes, and vessels.¹ When processing these transactions, tax collectors charge and collect fees specified in state law,² which are remitted to the state. However, chapters 319, 320, and 328, F.S., also require tax collectors to collect and retain certain statutorily prescribed service fees and charges.³

Currently, 65 counties have elected tax collectors who are constitutional officers, while Broward and Miami-Dade Counties have appointed tax collectors under each county's charter government. However, pursuant to section 1(d), Article VIII of the State Constitution, these counties will have elected tax collectors effective January 7, 2025.⁴

Each tax collector is authorized to enter into contracts with private third-party license plate agents (LPAs) for the titling and registration of motor vehicles, mobile homes, and vessels. LPAs are granted online computer access to DHSMV's systems and are supplied with title paper, registration decals, and license plates by the tax collector.

Seventeen counties have, or until recently had, contracts with privately owned LPAs to operate 57 offices⁵, primarily in Miami Dade and Broward County, to perform title and registration services for motor vehicles, mobile homes, and vessels. In counties with elected tax collectors, LPAs only charge the fees for those services as expressly authorized in statute. In these counties, the LPAs may retain all or a portion of the statutorily authorized service fee that tax collectors are allowed to collect for motor vehicle, mobile home, and vessel title and registration services, as provided in the contracts between the LPA and the tax collector.⁶ The LPAs in Broward and Miami-Dade Counties charge fees⁷ for motor vehicle, mobile home, and vessel title and registration fees *in addition* to the statutory fees authorized in chapters 319, 320, and 328, F.S. The additional fees levied in Broward and Miami-Dade Counties are levied pursuant to county ordinance and are retained by the LPAs.⁸

DHSMV has transitioned its driver license services from DHSMV-owned facilities to elected county tax collectors. Florida law required DHSMV to completely transition all driver license issuance services to tax collectors who are constitutional officers under section 1(d), Article VIII of the State Constitution. This transition was completed on June 30, 2015. The transition of services to appointed charter county tax collectors may occur on a limited basis as directed by DHSMV.⁹

Driver License Issuance Systems

DHSMV's Florida Driver License Information System (FDLIS) is the legacy driver license issuance system that will be completely replaced by 2025 with the newly launched Online Registration and

¹ Ch. 320 and 328, F.S. County tax collectors are expressly made agents of the state with respect to motor vehicle registration in s. 320.03(1), F.S., and with respect to vessel registration in s. 328.73(1), F.S.

² See s. 319.32, F.S., for motor vehicle title fees, s. 320.03, for motor vehicle registration fees, s. 320.04, F.S., as to motor vehicle service charges, and s. 328.72, F.S., as to vessel registration fees.

³ Department of Highway Safety and Motor Vehicles, Agency Analysis of 2021 SB 342, p 2. (January 14, 2021).

⁴ *Id.* Art. VIII, s. 1(d), Fla. Const.

⁵ Email from Jennifer Langston, Chief of Staff, Florida Highway Safety and Motor Vehicles, Re: [EXT] RE: HB 817 (Jan 11, 2024).

⁶ Department of Highway Safety and Motor Vehicles, Agency Analysis of 2021 SB 342, p 2. (January 14, 2021).

⁷ Formerly the LPAs in Volusia County charged fees. An elected county tax collector took office on January 5, 2021, and the LPA offices closed by February 4, 2021. *Id.*

⁸ *Id.*

⁹ Section 322.02(1), F.S.

Identity Operating Network (ORION) database application.¹⁰ ORION will be used to conduct all driver license and identification card issuances. ORION provides real-time access to extensive information on every driver, including driving history, vehicle insurance information, and personal identity information and documents.

FDLIS/ORION is installed in 195 tax collector offices in 63 counties in Florida and in the 15 driver license offices DHSMV operates in Broward and Miami-Dade Counties. Only DHSMV and elected tax collectors have access to FDLIS/ORION. Access to these systems is governed by individual memoranda of understanding (MOUs) between DHSMV and each tax collector. County tax collectors are allowed to charge a \$6.25 service fee for providing driver license services.¹¹

Division of Insurance Agent and Agency Services

The Department of Financial Services (DFS) Division of Insurance Agent and Agency Services is responsible for the licensing and regulation of insurance agents, adjusters, insurance agencies, as well as related personnel and business entities.¹²

No person may be, act as, or advertise, or hold himself/herself out to be an insurance agent, insurance adjuster, or customer representative unless he or she is currently licensed by DFS and appointed by an appropriate appointing entity or person.¹³ There are several types of insurance representatives. These include:

- General lines agents,
- Life insurance agents,
- Health insurance agents,
- Title insurance agents,
- Personal lines agents, and
- Unaffiliated insurance agents.¹⁴

General Lines Agent

A general lines agent¹⁵ is one who sells the following lines of insurance: property;¹⁶ casualty,¹⁷ including commercial liability insurance underwritten by a risk retention group, a commercial self-insurance fund,¹⁸ or a workers' compensation self-insurance fund;¹⁹ surety;²⁰ health;²¹ and, marine.²² The general lines agent may only transact health insurance for an insurer that the general lines agent also represents for property and casualty insurance. If the general lines agent wishes to represent health insurers that are not also property and casualty insurers, they must be licensed as a health insurance agent.²³ Motor vehicle insurance is a type of casualty insurance.²⁴

Effect of the Bill

Tax Collector Appointment of Insurance Agency

¹⁰ Department of Highway Safety and Motor Vehicles, Agency Analysis of 2024 HB 817, p 7. (December 22, 2023). S. 322.135(1)(c), F.S.

¹¹ Department of Highway Safety and Motor Vehicles, Agency Analysis of 2021 House Bill 613, p. 5-6. (Mar. 5, 2021).

¹² Ch. 626, parts I, II, III, IV, V, VI, VIII, IX, and XIII, F.S.

¹³ S. 626.112, F.S.

¹⁴ S. 626.015, F.S.

¹⁵ S. 626.015(5), F.S.

¹⁶ S. 624.604, F.S.

¹⁷ S. 624.605, F.S.

¹⁸ As defined in s. 624.462, F.S.

¹⁹ Pursuant to s. 624.4621, F.S.

²⁰ S. 626.606, F.S.

²¹ Ss. 624.603 and 627.6482, F.S.

²² S. 624.607, F.S.

²³ S. 626.829, F.S.

²⁴ S. 624.605, F.S.

The bill authorizes a licensed general lines insurance agency holding an insurer appointment to write motor vehicle insurance in Florida to petition a tax collector for appointment, and requires the tax collector to make such appointment, as an authorized agent of the tax collector for the purpose of issuing:

- Titles;
- Registration certificates;
- Registration license plates;
- Validation stickers; and
- Mobile home stickers.

Also, the bill permits these insurance agencies to offer applicants the option to register emergency contact information and the choice to be contacted with information about state and federal benefits available as a result of military service, subject to the requirements of law and in accordance with the rules of DHSMV.

Insurance Agency Requirements

The bill mandates that a general lines insurance agency appointed by a tax collector:

- Must file a performance bond of \$2 million with DHSMV.
- Must provide DHSMV with audited financial statements, prepared by a certified public accountant licensed in Florida, for each of the two previous years, demonstrating that the agency has produced policy premiums in excess of \$500 million in each of the two previous years.
- Is not obligated to provide services to the general public and may choose to offer services only to its customers in the normal course of business.
- Must offer such services at no more than five locations in each county where the agency has a branch office.
- Must be authorized by the tax collector to access DHSMV's electronic filing system.
- Is subject to all provisions of the law, as if the insurance agency were a private tag agency, except where the context indicates otherwise.

Nonrecurring Appropriation for the 2024-2025 Fiscal Year

The bill provides a nonrecurring appropriation in the sum of \$939,800 from the Highway Safety Operating Trust Fund to the DHSMV to provide equipment and installation to a licensed general lines insurance agency holding an insurer appointment to write motor vehicle insurance in Florida and has been appointed by a tax collector as an authorized agency for issuing titles, registration certificates, registration license plates, validation stickers, and mobile home stickers for Fiscal Year 2024-2025.

B. SECTION DIRECTORY:

Section 1. Amends section 320.03, F.S., relating to registration; duties of tax collectors; international registration plan.

Section 2. Provides an appropriation for the 2024-2025 fiscal year.

Section 3. Provides an effective date of July 1, 2024.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

According to DHSMV, there will be a significant cost associated with providing equipment such as computers, printers, servers, ports, cabling, and software, as well as registration inventory, which includes license plates and decals, to insurance agencies.²⁵ Additionally, DHSMV would require additional staff to ensure that the bill is implemented properly.²⁶ For instance, DHSMV will likely need to hire more employees in the Tax Collection Liaison Unit to oversee the proper collection of motor vehicle registration fees by insurance agencies.²⁷

DHSMV projects a startup cost of \$12,965,840, followed by recurring costs of \$4,603,955 for each of the following four fiscal years. In the fifth fiscal year, when outdated equipment must be refreshed, DHSMV estimates a cost of \$9,377,997.²⁸

In addition, the department estimates programming cost of \$900,000 to implement changes to its computer systems and expects additional recurring cost to purchase software licenses for each insurance agency that elects to offer services.²⁹

It should be noted that DHSMV projections are based on equipping multiple workstations in five separate insurance agency locations in all 67 counties. However, the actual number of insurance agencies that avail themselves of this new authority cannot be quantified at this time. Using the cost assumptions provided by DHSMV, the cost to open one insurance agency location would be \$37,592. If only one insurance agency location were to be opened in each of the 67 counties, the startup cost is projected to be \$2,518,664 in comparison to the department's projections.

Because the actual number of insurance agencies that could avail themselves of this new authority is indeterminate, including the wide deviation in variables such as the number of workstations, locations, and counties, the bill provides a nonrecurring appropriation in the sum of \$939,800 from the Highway Safety Operating Trust Fund to the department to provide equipment and installation for the 2024-2025 fiscal year. This funding level will provide for 25 locations; however, the department may submit a future budget request when actual data is available to adequately evaluate the budgetary needs for implementation.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

County tax collectors are allowed to charge a service fee for services rendered. The MOU between a tax collector and an insurance agency that elects to offer these new services would determine how the service fees are shared between the two entities. Therefore, the impact on revenues is indeterminate.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Eligible general lines agencies that are appointed for this purpose may experience increased revenues.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

²⁵ Department of Highway Safety and Motor Vehicles, Agency Analysis of 2024 HB 817, p 3. (December 22, 2023).

²⁶ *Id.* at 4.

²⁷ *Id.*

²⁸ Department of Highway Safety and Motor Vehicles, Agency Analysis of 2024 HB 817, p 5. (December 22, 2023).

²⁹ Department of Highway Safety and Motor Vehicles, Agency Analysis of 2024 HB 817, p 6. (December 22, 2023).

1. Applicability of Municipality/County Mandates Provision:

The county/municipality mandates provision of Art. VII, section 18, of the Florida Constitution may apply because this bill requires a county tax collector to appoint a general lines agency as a local plate agency in certain circumstances which may require the expenditure of funds by the tax collector; however, an exemption may apply if the fiscal impact associated with the appointment is insignificant.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill grants DHSMV the authority to adopt rules, including those that establish the information required in the petition submitted by an insurance agent to a tax collector to offer services, the necessary details within the audited financial statements that an insurance agency must submit to DHSMV, and the enforcement authority for noncompliance.

The rulemaking authority related to DHSMV establishing enforcement authority for noncompliance may be an invalid delegation of legislative authority as it provides no guidelines or limitations for such enforcement.

Since neither the general lines agency nor the tax collectors are licensees of DHSMV, it is unclear how DHSMV will be able to effectively discipline either for noncompliance.

C. DRAFTING ISSUES OR OTHER COMMENTS:

In their agency bill analysis, DHSMV suggests multiple amendments to: 1) delay the effective date until January 1, 2026, to allow it to be implemented after the rollout of ORION and avoid the cost of reprogramming the soon to be phased out FRVIS, 2) remove surplus language related to issuance of titles, which is not within the scope of work for general lines agencies proposed by the bill, and 3) revise language to exclude the issuance of International Registration Plan registrations and permits.³⁰

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On January 11, 2024, the Insurance & Banking Subcommittee considered the bill, adopted an amendment, and reported the bill favorably as a committee substitute. The amendment made the following changes to the bill:

- Authorized general lines insurance agency to issue titles, in addition to registration certificates, registration license plates, validation stickers, and mobile home stickers, as proposed by the bill.
- Clarified that insurance agencies are not authorized to handle International Registration Plan transactions.

On February 20, 2024, the Appropriations Committee adopted one amendment to the bill and reported the bill favorably as a committee substitute. The amendment provides a nonrecurring appropriation in the sum of \$939,800 from the Highway Safety Operating Trust Fund for the 2024-2025 fiscal year for the department to provide equipment and installation to a general lines insurance agency appointed by a tax collector as an authorized agent.

The analysis is drafted to the committee substitute as passed by the Appropriations Committee.

³⁰ Department of Highway Safety and Motor Vehicles, Agency Analysis of 2024 HB 817, p 7. (December 22, 2023).