

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 Committee on Transportation

BILL: SB 840

INTRODUCER: Senator DiCeglie

SUBJECT: Appointment of a General Lines Agency as an Agent for a Tax Collector

DATE: January 30, 2024

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Shutes	Vickers	TR	Favorable
2.			BI	
3.			AP	

I. Summary:

SB 840 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 motor vehicle registration certificates, registration license plates, validation stickers, and mobile home stickers.

The bill also 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 the Department of Highway Safety and Motor Vehicles (DHSMV).

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

- Must file a performance bond of \$2 million with the DHSMV.
- Must provide the DHSMV with audited financial statements 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 the 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 may have an indeterminate impact on state government revenues and a negative fiscal impact on state government expenditures. It may have a positive impact on the private sector. See “Fiscal Impact Statement” for details.

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

II. Present Situation:

County tax collectors are the Department of Highway Safety and Motor Vehicles' (DHSMV) 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, chs. 319, 320, and 328, F.S., also require tax collectors to retain certain statutorily prescribed service fees and charges.³

The renewal of existing registration is the most common motor vehicle transaction. DHSMV and the tax collectors provide registration renewal services online, by mail, in person, through a phone application, through renewal kiosks located in various retail establishments, and by express pick-up where a customer can renew a registration online and pick it up in an office the same day.⁴

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 s. 1(d), Article VIII of the State Constitution, these counties will have elected tax collectors effective January 7, 2025.⁵

License Plate Agents and Fees

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.⁶

Sixteen counties have, or until recently had, contracts with privately owned LPAs to operate 57 offices⁷, 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.⁸ The LPAs in Broward and Miami-Dade

¹ Chapters 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 (On file with Senate Committee on Transportation)

⁴ *Id.*

⁵ Art. VIII, s. 1(d), Fla. Const.

⁶ Department of Highway Safety and Motor Vehicles, Agency Analysis of 2024 HB 817, p. 2, December 22, 2023 (On file with the Senate Committee on Transportation)

⁷ *Id.*

⁸ *Id.*

County charge fees for motor vehicle, mobile home, and vessel title and registration fees *in addition* to the statutory fees authorized in chs. 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.⁹

Driver License Issuance Systems

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 s. 1(d), Article VIII of the State Constitution with this transition 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.¹⁰

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 Identity Operating Network (ORION) database application.¹¹ 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 between DHSMV and each tax collector.

County tax collectors are required to charge a \$6.25 service fee for providing driver license services.¹²

Regulation of Insurance Agents 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.¹³

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.¹⁴ There are several types of insurance representatives. These include:

- General lines agents,
- Life insurance agents,
- Health insurance agents,

⁹ *Id.*

¹⁰ Section 322.02(1), F.S.

¹¹ *Supra* note 1 at p. 7; section 322.135(1)(c), F.S.

¹² Department of Highway Safety and Motor Vehicles, Agency Analysis of 2021 House Bill 613, p. 5-6. (Mar. 5, 2021).

¹³ Ch. 626, parts I, II, III, IV, V, VI, VIII, IX, and XIII, F.S.

¹⁴ S. 626.112, F.S.

- Title insurance agents,
- Personal lines agents, and
- Unaffiliated insurance agents.¹⁵

General Lines Agent

A general lines agent¹⁶ is one who sells the following lines of insurance: property;¹⁷ casualty,¹⁸ including commercial liability insurance underwritten by a risk retention group, a commercial self-insurance fund,¹⁹ or a workers' compensation self-insurance fund;²⁰ surety;²¹ health;²² and, marine.²³ 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.²⁴ Motor vehicle insurance is a type of casualty insurance.²⁵

III. Effect of Proposed Changes:

The bill amends s. 320.03, F.S., to authorize 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:

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

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 the DHSMV.

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

- Must file a performance bond of \$2 million with the DHSMV.
- Must provide the DHSMVs 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.

¹⁵ Section 626.015, F.S.

¹⁶ Section 626.015(5), F.S.

¹⁷ Section 624.604, F.S.

¹⁸ Section 624.605, F.S.

¹⁹ As defined in s. 624.462, F.S.

²⁰ Pursuant to s. 624.4621, F.S.

²¹ Section 626.606, F.S.

²² Sections. 624.603 and 627.6482, F.S.

²³ Section 624.607, F.S.

²⁴ Section 626.829, F.S.

²⁵ Section 624.605, F.S.

- 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 the 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.

DHSMV is authorized to adopt rules to administer this provision, including rules establishing enforcement authority for noncompliance. However, given that general lines insurance agencies are not licensees of DHSMV, it is unclear how the department will be able to effectively discipline such agencies for noncompliance.

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

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

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

C. Government Sector Impact:

DHSMV estimates the bill will produce indeterminate revenues.²⁶

According to the 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, including license plates and decals, to insurance agencies.²⁷ Additionally, the DHSMV would require additional staff to ensure that the bill is implemented properly.²⁸ 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.²⁹

Specifically, DHSMV projects a first-year cost of \$12,965,840, followed by recurring cost of \$4,603,955 for each of the following four fiscal years. In the fifth year, DHSMV estimates a cost of \$9,377,997.³⁰

VI. Technical Deficiencies:

None.

VII. Related Issues:

The DHSMV bill analysis includes a number of comments and recommended amendments, including:

- Remove language related to issuance of titles, which is not within the scope of work for general lines agencies proposed by the bill.
- Revise language to exclude the issuance of International Registration Plan registrations and permits for commercial motor vehicles.
- Delay the effective date of the bill 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.³¹

VIII. Statutes Affected:

This bill substantially amends section 320.03 of the Florida Statutes.

IX. Additional Information:**A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

²⁶ Department of Highway Safety and Motor Vehicles, Agency Analysis of 2024 HB 817, p 5. (December 22, 2023).

²⁷ *Id.* at 6.

²⁸ *Id.*

²⁹ *Id.*

³⁰ *Id.* at 5.

³¹ *Id.* at 7.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
