

STORAGE NAME: h0079.tr
DATE: January 30, 1997

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
TRANSPORTATION
BILL ANALYSIS & ECONOMIC IMPACT STATEMENT**

BILL #: HB 79
RELATING TO: Motor Vehicle Windshield Validation Decals
SPONSOR(S): Rep(s) Heyman, Jacobs, Futch, and others
STATUTE(S) AFFECTED: chapter 320 and s. 921.0012
COMPANION BILL(S): SB 466 (i)
ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:
(1) TRANSPORTATION
(2) CRIME & PUNISHMENT
(3) TRANSPORTATION & ECONOMIC DEVELOPMENT
(4)
(5)

I. SUMMARY:

To register a motor vehicle in Florida a person must meet certain conditions provided by law, including obtaining proof of insurance and paying proper taxes and fees. Once the conditions are met, two validation stickers are affixed to the license plate of the motor vehicle to indicate that it has been properly registered. One validation sticker indicates the owner's birth month and the other sticker indicates the year that the registration expires.

To avoid having to obtain insurance or pay the appropriate taxes and fees some motor vehicle owners illegally use license plates and validation stickers from other vehicles.

This bill requires the birth month and expiration information that appears on the two validation stickers to be combined so that they appear on one sticker. Since the information is combined on one validation sticker, the bill deletes the requirement for a second sticker.

More importantly, the bill requires that a motor vehicle validation decal be issued along with, and in the same manner as, a motor vehicle license plate validation sticker. The decal is required to be placed on the inside lower corner of the windshield on the driver's side and must indicate the same number and expiration date as the license plate. Existing provisions relating to validation stickers would also apply to the decal. For example, the validation decal would be issued based on the vehicle owner's license renewal period and the penalties for misuse of the decal would be the same as for the sticker.

The bill could have some indeterminate positive impact on the incidence of stolen or misused license plates and validation stickers as a result of matching the motor vehicle validation decal to the license plate and limiting the accessibility of the motor vehicle windshield decal.

The fiscal impact to the Department of Highway Safety and Motor Vehicles (DHS&MV) for production of the motor vehicle validation decal is \$5.38 million, including \$2.68 million in recurring costs. There is no provision in the bill for DHS&MV to recover its costs. Therefore, DHS&MV will have to absorb the cost of validation decals.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Chapter 320, F.S., provides that every owner or person in charge of a motor vehicle which is operated or driven on the roads in this state shall register their vehicle in Florida, unless such registration is exempted by law. County tax collectors function as authorized agents for DHS&MV and register the vast majority of motor vehicles in Florida. Tax collectors issue registration certificates, license plates, validation stickers, and mobile home stickers to applicants for registration. In FY 1995-96, DHS&MV registered approximately 12 million motor vehicles.

Section 320.06, F.S., provides general guidance for the issuance of registration certificates, license plates, and validation stickers. Currently, the law requires that two validation stickers be issued, one validation sticker to indicate the owner's birth month and the other to indicate the year that the registration expires.

When registering a motor vehicle in Florida the applicant must meet certain conditions provided by law, including payment of taxes and fees and providing proof of insurance. To avoid meeting these conditions, some motor vehicle owners use license plates and validation stickers from other vehicles. According to DHS&MV, approximately 40,000 stolen license plates were replaced during FY 1995-96.

The penalty for knowingly attaching a license plate or validation sticker to a vehicle other than the one assigned is a second degree misdemeanor, punishable by incarceration for 60 days or less or a fine of \$500 or less.

B. EFFECT OF PROPOSED CHANGES:

The bill requires that a motor vehicle validation decal be issued along with, and in the same manner as, a motor vehicle license plate validation sticker. The decal is required to be placed on the inside lower corner of the windshield on the driver's side and must indicate the same number and expiration date as the license plate. Also, when determined to be feasible by DHS&MV, the VIN number may be displayed on the decal.

In order to display both the license plate number and the registration expiration date, DHS&MV intends to issue a two-part windshield validation decal. One part would display the license plate number and be affixed to the windshield for five years. The second part would display registration expiration date and audit number.

Since the bill provides for the validation decal to be administered in the same manner as the validation sticker, existing provisions relating to the sticker would also apply to the validation decal. For example, the windshield validation decal would be issued based on the applicant's appropriate license renewal period and the penalties for misuse of the windshield decal would be the same as for the motor vehicle license plate sticker.

The bill also provides exceptions to the windshield decal requirements for some types of vehicles that are required to be registered. For example, the bill exempts:

- motorcycles, mopeds, and motorized bicycles;

- ancient, antique, and collectible automobiles;
- heavy trucks weighing more than 26,001 pounds;
- semitrailers, school buses, wreckers, hearses, and ambulances.

The bill could have some indeterminate positive impact on the incidence of stolen or misused license plates and validation stickers as a result of matching the motor vehicle validation decal to the license plate and limiting the accessibility of the motor vehicle windshield decal.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

No

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

Yes, the bill creates a requirement that a motor vehicle validation decal be issued along with, and in the same manner as, a motor vehicle license plate validation sticker. Tax collectors would be responsible for issuing the decal and motor vehicle owners would be responsible for ensuring that the decal is properly placed on their windshield.

(3) any entitlement to a government service or benefit?

No

b. If an agency or program is eliminated or reduced:

Not applicable

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

NA

(2) what is the cost of such responsibility at the new level/agency?

NA

(3) how is the new agency accountable to the people governed?

NA

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No

b. Does the bill require or authorize an increase in any fees?

No

c. Does the bill reduce total taxes, both rates and revenues?

No

d. Does the bill reduce total fees, both rates and revenues?

No

e. Does the bill authorize any fee or tax increase by any local government?

No

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

No

4. Individual Freedom:

a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

No

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

The bill requires certain motor vehicle owners to place a decal on their windshield.

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

Not applicable

- (1) Who evaluates the family's needs?

NA

- (2) Who makes the decisions?

NA

- (3) Are private alternatives permitted?

NA

- (4) Are families required to participate in a program?

NA

- (5) Are families penalized for not participating in a program?

NA

- b. Does the bill directly affect the legal rights and obligations between family members?

No

- c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

Not applicable

- (1) parents and guardians?

NA

(2) service providers?

NA

(3) government employees/agencies?

NA

D. SECTION-BY-SECTION ANALYSIS:

Section 1: Amends s. 320.06, F.S., to require that a windshield validation decal, with the same number and expiration date as the license plate, be placed on the inside lower corner of the windshield on the driver's side. This section also provides that the validation decal shall be issued based on the applicant's appropriate renewal period. This section further provides that DHS&MV must provide tax collectors and license plate agents with the necessary number of validation decals.

Sections 2 - 14: Conforming changes.

Section 15: Provides that the bill takes effect on July 1, 1998.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

<u>Expenditures:</u>	<u>1997-98</u>	<u>1998-99</u>
Highway Safety Operating Trust Fund:	\$1.2 m	\$ -0-

This will equip the 234 tax collector offices with printers (234 printers at \$5,000 each for \$1,170,000) and the necessary software (\$25,000) to print expiration month, registration, and VIN numbers on the blank two-part windshield validation decal.

2. Recurring Effects:

<u>EXPENDITURES:</u>	<u>1997-98</u>	<u>1998-99</u>
Highway Safety Operating Trust Fund:	\$ 4.18 m	\$ 2.68 m

Expenditures include annual savings of \$230,000 resulting from the elimination of one of the license plate validation stickers.

During FY 1997-98, DHS&MV would have to purchase and ship to the tax collectors 14.7 million two-part windshield validation decals at a unit cost of \$.18 for the 5 year decal and \$.12 for the annual windshield decal that provides the expiration year and

audit number. (14.7 million decals) x (18 + 12 cents per decal) - \$230,000 savings from eliminating expiration month sticker = \$4.18 million.

Subsequent years would require 6.3 million of the 5 year windshield validation decals to accommodate the annual 4 million license plate expirations and the annual 2.3 million transfers. A total of 14.8 million windshield expiration decals would have to be replaced annually. (6.3 million decals x 18 cents) + (14.8 million x .12 cents) - \$230,000 savings from eliminating expiration month sticker = \$2.68 million.

DHS&MV is required to issue replacement license plates at no charge if the application for the replacement includes the police report. According to DHS&MV, approximately 40,000 stolen license plates were replaced during FY 1995 - 96, for an approximate cost of \$157,600 (\$3.94 per plate, decals, and clerical time x 40,000= \$157,600). To the extent that the bill reduces the number of stolen plates, a savings could result from not having to replace the plates.

3. Long Run Effects Other Than Normal Growth:

None

4. Total Revenues and Expenditures:

<u>EXPENDITURES:</u>	<u>1997-98</u>	<u>1998-99</u>
Highway Safety Operating Trust Fund:	\$5.38 m	\$ 2.68 m

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

Indeterminate. DHS&MV intends to further automate the process by having the registration documents printed simultaneously on blank forms. However, the bill does not require DHS&MV to automate the process. If DHS&MV does automate the registration process, there could be minor start up costs associated with automation.

2. Recurring Effects:

Indeterminate. Most likely a minor positive impact because DHS&MV intends to further automate the process by having the registration documents printed simultaneously on blank forms. This should help to reduce the time that tax collectors spend to manually verify and account for the registration documents that they issue. However, the bill does not require DHS&MV to automate the process. If DHS&MV decides not to automate, then tax collectors will have to absorb any additional processing costs.

3. Long Run Effects Other Than Normal Growth:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None

2. Direct Private Sector Benefits:

It is expected that this bill may help to discourage the theft of motor vehicle license plates and possibly increase compliance with motor vehicle registration laws. Also, reducing the number of stolen license plates would result in an indeterminate time and cost savings for persons having to replace their plates.

3. Effects on Competition, Private Enterprise and Employment Markets:

None

D. FISCAL COMMENTS:

DHS&MV will be required to purchase the motor vehicle validation decals at a cost of \$5.38 million, including \$2.68 million in recurring costs. There is no provision in the bill for DHS&MV to recover its costs. Therefore, DHS&MV will have to absorb the cost of validation decals.

The initial cost of the decal is 37 cents per motor vehicle and 10 cents for each of the subsequent 4 years.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

The bill may require tax collectors to take action requiring the expenditure of funds. The way the provisions are administered by DHS&MV may determine whether the amounts are significant.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the revenue raising authority of local governments.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the state shared tax with local governments.

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V. COMMENTS:

Currently the bill's effective date is July 1, 1998. Validation stickers are color coded on a calendar year basis. DHS&MV has recommended that the first windshield validation decal be issued for the year 2000 to avoid issuance of two types of validation stickers.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

Not applicable

VII. SIGNATURES:

COMMITTEE ON TRANSPORTATION:

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