

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 111 w/CS Specialty License Plates
SPONSOR(S): Sorensen
TIED BILLS: None **IDEN./SIM. BILLS:** SB 1954

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Highway Safety (Sub)	9 Y, 0 N	Garner	Miller
2) Transportation	20 Y, 0 N w/CS	Garner	Miller
3) Finance & Tax		Levin	Diez-Arguelles
4) Transportation & Econ. Dev. Apps. (Sub)			
5) Appropriations			

SUMMARY ANALYSIS

HB 111 w/CS creates a new U.S. Paratroopers license plate. Former and current U.S. military personnel who have completed the U.S. Army Jump School, or who have been decorated as parachutists, are eligible to purchase the plate for \$20 in addition to applicable license taxes and administrative fees. Annual use fees collected from the sale of the plate will be retained by the Department of Highway Safety and Motor Vehicles (DHSMV) until start-up costs are recovered. Thereafter, all annual use fees will be distributed to the State Homes for Veterans Trust Fund.

The bill will take effect October 1, 2003.

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

STORAGE NAME: h0111c.ft.doc
DATE: April 7, 2003

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|------------------------------|--|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

Reduce Government?

The bill appears to increase government in that it requires DHSMV to develop and provide for the manufacture of a new license plate, and therefore requires county tax collectors offices to maintain an appropriate inventory and administer the new plate.

B. EFFECT OF PROPOSED CHANGES:

Present Situation

The Florida Legislature created the first specialty license plates in 1986, which memorialized the seven astronauts who died when the space shuttle Challenger exploded after lift-off. Also in 1986, license plates were created for each of the nine universities then in the State University System. Since then, the Legislature has enacted forty-six more specialty license plates.

Specialty license plates are available to any owner or lessee of a motor vehicle who is willing to pay an annual use fee for the privilege. Annual use fees range in price from \$15 to \$25, which is paid in addition to the required license taxes and service fees. The fees relating to the specialty less – less any funds which the department may be authorized to withhold - are distributed to an organization or organizations in support of a particular cause or charity signified in the plate's design and designated in statute. The Legislature may create a specialty license plate under its own initiative or it can do so at the request of an organization. Under s. 320.08053, F.S., an organization may seek Legislative authorization for a new specialty license plate by meeting a number of requirements.

An organization is first required to submit to the Department of Highway Safety and Motor Vehicles (DHSMV):

- A request for the plate describing it in general terms;
- The results of a professional, independent, and scientific sample survey of Florida residents indicating that 15,000 vehicle owners intend to purchase the plate at the increased cost;
- An application fee of up to \$60,000 defraying DHSMV's cost for reviewing the application, developing the new plate, and providing for the manufacture and distribution of the first run of plates; and
- A marketing strategy for the plate and a financial analysis of anticipated revenues and planned expenditures.

These requirements must be satisfied at least 90 days prior to the convening of the regular session of the Legislature. Once the requirements are met, DHSMV notifies the committees of the House of Representatives and Senate with jurisdiction over the issue, and the organization is free to find sponsors and pursue Legislative action.

If a proposed specialty plate fails to be enacted by the Legislature, DHSMV returns the application fee and other required documentation to the organization. If the proposed license plate passes the Legislature and becomes law, DHSMV notifies the organization, modifies its computer programming to accommodate the new plate, and requests the laminate manufacturer, 3M Company, to produce a prototype roll-coat. PRIDE, the contracted manufacturer of license plates, embosses and roll-coats sample plates that must be submitted to FHP, the Governor, and the Cabinet for approval. Once approval is given, PRIDE begins full production of the plates and distributes them to the Tax Collectors' Offices for sale to the public.

A particular specialty license plate must be discontinued if less than 8,000 plates, including annual renewals, are issued by the end of the fifth year of sales, or during any subsequent five-year period. To date, only three plates have been discontinued for lack of sales. These plates are the Girl Scouts plate, the Orlando Predators plate, and the Tampa Bay Storm plate.

Specialty license plates are distinguished from other types of license plates by the fact that anyone may obtain one by simply paying an additional annual use fee, and by the fact that annual use fees are dedicated to supporting a particular cause or organization. The Legislature has also created a number of specialized license plates that are not specialty plates. These plates differ because the purchaser must be eligible by his or her status to obtain the plate, and because ownership of these plates does not require payment of an annual use fee that is distributed for charitable purposes. These types of "status plates" are referred to in the statutes as special plates, and include: the Governor and Legislator plates; the amateur radio operators plate; the disabled veterans plate; the street rods plate; the National Guard, Pearl Harbor Survivor, Combat-wounded veteran and U.S. Reserve plates; and the Medal of Honor plate.

The statutes provide for all specialty plates within ss. 320.08056 and 320.08058, F.S., and provide for a uniform procedure for approval and authorization in s. 320.08053, F.S. By comparison, other specialized plates (the status or special plates) are created on an ad hoc basis by the Legislature, and the statutes provide for them independently of one another in separate sections. It is unnecessary for a proponent of a special plate to obtain prior approval before seeking Legislative action.

The Legislature has enacted 56 specialty license plates to date, though only 54 are currently available for purchase. More than 90 specialty license plates may be available for sale within the next year. Sales of specialty license plates generated more than \$22 million in annual use fee revenues in 2001, and nearly \$24 million in 2002. Since the program's inception in 1986, the DHSMV has collected annual use fees totaling more than \$203.3 million.

Effect of Proposed Changes

HB 111 w/CS directs DHSMV to develop a U.S. Paratroopers license plate. A qualified motor vehicle owner may obtain a U.S. Paratroopers license plate upon payment of a \$20 annual use fee in addition to the appropriate license taxes and service fees. The sale of this license plate is restricted to current or former members of the U.S. military who have either been decorated by the military as parachutists, or who have completed the U.S. Army Jump School.¹

The bill requires DHSMV to retain revenues sufficient to offset costs of development and issuance of the plate up to \$60,000. Thereafter, all annual use fee proceeds must be distributed to the State Homes for Veterans Trust Fund.

Although the proceeds derived from the sale of the license plate are distributed for a particular purpose, the U.S. Paratroopers license plate is not a true specialty plate because it restricts eligibility to a

¹ According to the Florida Department of Military Affairs, personnel of all branches of the US military are trained to jump using a parachute at the U.S. Army Jump School.

particular class of motor vehicle owners. In this respect it is similar to the special, or status, license plates. Therefore, HB 111 w/CS creates the license plate in a new section of statutes separate from the "specialty" license plate sections (ss. 320.08056 and 320.08058, F.S.) of the statutes.

Although the U.S. Paratroopers license plate has not completed the statutory pre-approval process contained in s. 320.08053, F.S., as discussed above, it is not created pursuant to specialty license plate provisions, and therefore, need not meet pre-approval requirements.

C. SECTION DIRECTORY:

Section 1. Creates s. 320.088, F.S., providing for a U.S. Paratroopers license plate; providing for its design; providing eligibility requirements; providing for payment of department costs; providing for annual use fees and other fees; and providing for distribution of annual use fees.

Section 2. Provides an effective date of October 1, 2003.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>
1. Revenues:			
HS Op. TF (App. Fee):	\$ 60,000	\$ -0-	\$ -0-
2. Expenditures:			
GR (Data Proc.):	\$ 7,560	\$ -0-	\$ -0-
HS Op. TF (Salaries/Bene.):	\$ 15,000	\$ -0-	\$ -0-
(Purch. Plates):	\$ 36,900	\$ -0-	\$ -0-
TOTAL:	\$ 59,460	\$ -0-	\$ -0-

3. Revenues:
See FISCAL COMMENTS section below.

4. Expenditures:
See FISCAL COMMENTS section below.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:
None.

2. Expenditures:
None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Persons who are eligible, and who elect to purchase the plate, will be required to pay an annual use fee of \$20 in addition to applicable license taxes and administrative charges. The fee will be distributed to the State Homes for Veterans Trust Fund. Since it is impossible to determine how many persons are eligible to purchase the plate, and it is also impossible to determine how many of those eligible would be willing to purchase the plate, it is consequently impossible to determine the aggregate impact on the private sector.

D. FISCAL COMMENTS:

Implementation of HB 111 w/CS will cost DHSMV \$59,460 in contract programming, development labor, and product purchasing costs. The bill provides for these costs to be recovered from the initial plate sale proceeds.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because the bill does not appear to: require counties or cities to spend funds or take action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

This bill neither grants any power nor imposes any duty to adopt new rules implementing its provisions.

C. DRAFTING ISSUES OR OTHER COMMENTS:

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On March 12, 2003, the Highway Safety Subcommittee recommended without objection a strike-everything amendment by Rep. Sorensen that creates the proposed plate in a newly created section of statutes, more clearly defines who is eligible to purchase the plate, and changes the effective date. The amendment provides that current and former military personnel who have been decorated as parachutists or who have completed the U.S. Army jump school are eligible to purchase the plate. On March 18, 2003, the Committee on Transportation adopted the Highway Safety Subcommittee's recommended amendment.