

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 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, one commemorating the seven astronauts who died when the space shuttle Challenger exploded after lift-off, and one 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 ranging from \$15 to \$25, paid in addition to required license taxes and service fees, 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 documents to the organization. If it passes 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 ever 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 specialized 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. These plates are sometimes called "trust fund plates." 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 (trust fund 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.

Although any owner of almost any type of car and light truck is eligible to purchase a specialty license plate, no such plate is available in reduced dimensions to owners of motorcycles.

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 287 creates a reduced dimension specialty license plate for display on motorcycles that is four inches wide by seven inches long and incorporates a red, white, and blue color scheme approved by DHSMV. The license plate is made of the same material as standard-sized plates issued in Florida. Purchasers of the plate, in addition to license taxes and fees currently required, must pay an annual use fee of \$15.

The annual use fee is distributed to the Able Trust as a custodial agent, and must be distributed to the Florida Centers for Independent Living, Prevent Blindness Florida, and the Brain and Spinal Cord Injury Program Trust Fund. The Able Trust may retain up to 10 percent of the proceeds from the sale of the license plate for administrative costs. The remainder must be distributed as follows:

- 50 percent to the Florida Centers for Independent Living in the form of matching grants from private sources to be used for programs and activities serving disabled Floridians;
- 25 percent to Prevent Blindness Florida; and
- 25 percent to the Brain and Spinal Cord Injury Program Trust Fund.

The bill specifies that, upon sale of the motorcycle carrying it, the plate may be transferred to a replacement vehicle, and that DHSMV may issue personalized prestige motorcycle specialty license plates. These provisions are parallel to provisions governing standard-sized license plates for cars and light trucks.

Because the bill provides that these license plates will only be available to motorcycle owners, and because it provides for the motorcycle specialty license plate in a newly created section of the Florida Statutes, the pre-authorization requirements for organizations seeking Legislative authorization of a new specialty plate described above do not apply. For the same reason:

- DHSMV is not authorized to discontinue issuance or distribution of the plate for lack of sales or renewals;
- The expenditure of annual use fees for commercial or for-profit activities is not expressly prohibited; and
- An audit or attestation ensuring that proceeds are being expended properly is not required.

HB 287 takes effect July 1, 2003.

C. SECTION DIRECTORY:

Section 1. Creates s. 320.08068, F.S., creating the motorcycle specialty license plate, providing an annual use fee, and providing for distribution of the fee.

Section 2. Providing an effective date of July 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-

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:
None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

DHSMV registered 303,887 motorcycles during FY 2001-2002. The number of persons who would apply for a motorcycle specialty plate is indeterminate. Persons electing to purchase the motorcycle specialty plate would pay a \$15 annual use fee. Annual use fees are distributed to the Able Trust as custodian and thereafter to Florida Centers for Independent Living, Prevent Blindness Florida, and the Brain and Spinal Cord Injury Program Trust Fund in the manner described above.

D. FISCAL COMMENTS:

Implementation of HB 287 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:

No new rule-making authority is required to implement the provisions of this bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

According to DHSMV, the effective date of July 1, 2003 provided in the bill may not allow sufficient time to create, manufacture, and distribute the proposed specialty license plate.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES