

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1589 CS Specialty License Plates
SPONSOR(S): Smith
TIED BILLS: **IDEN./SIM. BILLS:** CS/SB 2238

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Transportation Committee</u>	<u>14 Y, 1 N, w/CS</u>	<u>Thompson</u>	<u>Miller</u>
2) <u>Transportation & Economic Development Appropriations Committee</u>	<u></u>	<u></u>	<u></u>
3) <u>State Infrastructure Council</u>	<u></u>	<u></u>	<u></u>
4) <u></u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

SUMMARY ANALYSIS

HB 1589 creates the "Support Homeownership For All" specialty license plate, and establishes an annual use fee of \$25 to be paid by purchasers in addition to license taxes and fees. The annual use fee will be distributed to Homeownership For All, Inc., to promote and market the plate and to fund programs that provide, promote, or otherwise support affordable housing. Homeownership For All, Inc., the Florida non-profit corporation seeking authority for this plate, has submitted the information and application fee required by current law.

The bill also makes corrective and administrative changes to a number of existing specialty license plates:

- The bill changes the word "College" to "University" on the Florida Memorial College license plate;
- The bill provides for the allocation of 10 percent of the annual use fee from the Keep Kids Drug-Free license plates to be used for marketing and administrative costs directly related to the Keep Kids Drug-Free license plate; and
- The bill allows the Sportsmen's National Land Trust to retain 50 percent of the proceeds from the Florida Sportsmen's National Land Trust license plate until all of the startup costs for developing and establishing the plate have been recovered.

The fiscal impact of the bill of approximately \$60,000 on the Department of Highway Safety and Motor Vehicles (DHSMV) for implementation of the new specialty license plate will be offset by the application fees paid to DHSMV by the sponsoring organization.

The bill will take effect July 1, 2006.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide Limited 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

Background on Specialty License Plates

Currently, 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.

Discontinuance of an approved specialty license plate occurs only when the number of valid registrations falls below 1,000 plates for at least 12 consecutive months. A warning letter is to be mailed to the sponsoring organization following the first month in which the total number of valid specialty plate registrations is below 1,000 plates. According to DHSMV there are currently twenty-two plates that are not meeting the minimum sales requirement and could be discontinued in 2006 if their sales do not increase. If none of these plates meet the minimum sales requirement by next summer, the number of plates offered for sale could be reduced to seventy-eight.

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. 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.

Funds derived from these annual use fees are distributed to an organization or organizations in support of a particular cause or charity signified on the plate's design and designated in s. 320.08058, F.S. This section also provides for the uses of funds derived for each plate from its annual use fee. There is wide variation on the uses of these fees regarding administrative costs and marketing or promotion expenses. For example, the "Support Soccer" license plate allows 25 percent of funds to be used for promotion and marketing and 5 percent to be used for administrative costs; while the "United We Stand" license plate requires that 100 percent of funds be used for airport security grants.

The Legislature has enacted 106 specialty license plates to date, though only 100 are currently available for purchase. Annual use fees for sales of specialty license plates for 2003-2004 totaled \$26,168,581 and for fiscal year 2004-2005 the total was \$29,049,472.90. Since the program's inception in 1986, the DHSMV has collected annual use fees totaling more than \$280 million.

Florida Memorial College License Plate

The Florida Memorial College license plate was created by the legislature in 1999. The license plate ranks 74th in popularity for the number of license plates currently issued. The Florida Memorial College specialty license plate raised \$32,850 in calendar year 2004, with \$148,000 raised from 1999 to 2004. Florida Memorial College is a four-year, private, coed, liberal arts college affiliated with the Baptist Church. The school became a four-year college and awarded its first bachelor's degree in 1949. In 1950, this college was renamed Florida Normal and Industrial Memorial College. The present name, Florida Memorial College, was acquired in 1963. In 2005, Florida Memorial College reached University status by offering graduate level courses.

Keep Kids Drug-Free License Plate

The Keep Kids Drug-Free license plate was created by the legislature in 1988. This license plate ranks 36th in popularity for the number of license plates currently issued. The Keep Kids Drug-Free license plate raised \$295,175 in calendar year 2004, with \$1.4 million raised from 1999 to 2004. Currently, the Keep Kids Drug-Free license plate is not authorized to use any portion of the license plate proceeds for administrative, marketing or promotional costs.

Sportsmen's National Land Trust License Plate

The Sportsmen's National Land Trust license plate was created by the legislature in 2004. The license plate ranks 63rd in popularity for the number of license plates currently issued. The Sportsmen's National Land Trust specialty license plate raised \$62,8000 in calendar year 2004. Currently the annual use fees for the Sportsmen's National Land Trust license plates are distributed to The Sportsmen's National Land Trust who retains 50 percent of the proceeds until 50 percent of all startup costs for developing and establishing the plate have been recovered.

Effect of Proposed Changes

HB 1589 creates the "Support Homeownership For All" specialty license plate, and establishes an annual use fee of \$25 to be paid by purchasers in addition to license taxes and fees. The annual use fee will be distributed to Homeownership For All, Inc., to promote and market the plate and to fund programs that provide, promote, or otherwise support affordable housing. Homeownership For All, Inc., the Florida non-profit corporation seeking authority for this plate, has submitted the information and application fee required by current law.

The bill also makes corrective and administrative changes to a number of existing specialty license plates:

- The bill changes the word "College" to "University" on the Florida Memorial College license plate;
- The bill provides for the allocation of 10 percent of the annual use fee from the Keep Kids Drug-Free license plates to be used for marketing and administrative costs directly related to the Keep Kids Drug-Free license plate; and
- The bill allows the Sportsmen's National Land Trust to retain 50 percent of the proceeds from the Florida Sportsmen's National Land Trust license plate until all of the startup costs for developing and establishing the plate have been recovered.

C. SECTION DIRECTORY:

Section 1. Amends s. 320.08056, F.S., changing the word "College" to "University" on the Florida Memorial College license plate, and providing for a \$25 annual use fee for the "Support Homeownership For All" license plate.

Section 2. Amends s. 320.08058, F.S., authorizing the use of 10 percent of the proceeds from the Keep Kids Drug-Free license plate annual use fee to be used for administrative and marketing costs of the plate; conforming provisions relating to the Florida Memorial University license plate; and revising the authorized uses of the Sportsmen's National Land Trust license plate proceeds; creating the "Support Homeownership For All" license plate; providing for plate design; and providing for distribution and uses of annual use fees;

Section 4. Provides an effective date of July 1, 2006.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See FISCAL COMMENTS section below.

2. 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 elect to purchase the "Support Homeownership For All" specialty license plates, will be required to pay an annual use fee of \$25 in addition to applicable license taxes and administrative charges. The fee from the "Support Homeownership For All" license plate will be distributed to Homeownership For All, Inc., a Florida non-profit corporation. Up to 10 percent of the proceeds from the sale of this license plate will fund Homeownership For All, Inc. promotional and marketing costs of the plate and the remaining proceeds are to be used to fund programs that provide, promote, or otherwise support affordable housing in the state. Since it is impossible to determine how many persons will purchase the plates, it is impossible to determine the aggregate impact on the private sector.

The Keep Kids Drug-Free Foundation, Inc. will be allowed to use up to 10 percent of its specialty license plate's proceeds for marketing and administrative costs. Currently, all proceeds must be used to fund substance abuse prevention programs.

The Sportsmen's National Land Trust, Inc. will be authorized by the bill to recover all of its start-up costs for developing and establishing its plate. Current law allows the organization to recover 50 percent of its start-up costs.

D. FISCAL COMMENTS:

Implementation of HB 1589 w/CS will cost DHSMV approximately \$60,000 in contract programming, development labor, and product purchasing costs for creation of the "Support Homeownership For All" license plate. This impact is offset by the statutory application fee of \$60,000, which has been submitted to DHSMV by the organization seeking creation of the specialty license plate.

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 additional rulemaking authority is required to implement the provisions of this bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

On **March 28, 2006** the Transportation Committee adopted a strike-all amendment to HB 1589. The bill as originally filed created the "Homeownership For All" specialty license plate, but did not address any other license plates. The amendment provided the following changes:

- Creates the "Support Homeownership for All" specialty license plate, establishes an annual use fee of \$25 which will be distributed to Homeownership For All, Inc., to promote and market the plate and to fund programs that support affordable housing,

- Changes the word “College” to “University” on the Florida Memorial College license plate,
- Provides for the allocation of 10 percent of the annual use fee from the Keep Kids Drug-Free license plates, to be used for marketing and administrative costs directly related to the Keep Kids Drug-Free plate, and
- Authorizes the Sportsmen’s National Land Trust to retain 50 percent of the proceeds from the Florida Sportsmen’s National Land Trust license plate until all of the startup costs for developing and establishing the plate have been recovered.

The committee then voted 14-1 to report the bill favorably with committee substitute.