

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/HB 371 Specialty License Plates

**SPONSOR(S):** Economic Expansion & Infrastructure Council & Proctor & others

**TIED BILLS:** **IDEN./SIM. BILLS:** CS / SB 734,

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on Infrastructure</u>	<u>7 Y, 1 N</u>	<u>Suarez</u>	<u>Miller</u>
2) <u>Economic Expansion &amp; Infrastructure Council</u>	<u>12 Y, 2 N, As CS</u>	<u>Suarez/Madsen</u>	<u>Tinker</u>
3) <u>Policy &amp; Budget Council</u>	<u></u>	<u></u>	<u></u>
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### SUMMARY ANALYSIS

This bill amends ss. 320.08056 and 320.08058, F.S., to authorize the DHSMV to develop and issue four new specialty license plates:

- Play Tennis;
- Visit Our Lights;
- I Believe;
- Horse Country.

The license plates will be issued to the owner of a vehicle upon payment of the appropriate license taxes and a \$25 special use fee.

Specialty license plates must be specifically authorized by Florida Statute. Section 320.08053, F.S., establishes requirements that organizations must meet to create a new specialty license plate, including a scientific survey performed by an independent sampling firm indicating that 30,000 motor vehicle owners would purchase the proposed plate at the increased cost, long and short term marketing plans addressing revenues and expenditures, and a \$60,000 application fee, among other requirements. Currently, there are 109 specialty license plates (108 automobile and 1 motorcycle).

The fiscal impact of this bill is approximately \$60,000 per each new specialty license plate to the Department of Highway Safety and Motor Vehicles (DHSMV) for implementation of the new specialty license plate. The fiscal impact will be offset by the application fee of \$60,000 which has been paid to the DHSMV by each sponsoring organization.

This bill takes effect on November 1, 2008.

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

**STORAGE NAME:** h0371c.EEIC.doc  
**DATE:** 4/16/2008

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

Provides Limited Government – The bill appears to increase the size of government in that it requires the Department of Highway Safety and Motor Vehicles (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

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) the following:

- 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 30,000 vehicle owners intend to purchase the plate at the increased cost;
- an application fee of \$60,000 defraying the 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. Currently, there are 109 specialty license plates (108 automobile and 1 motorcycle).

## Effect of Proposed Changes

This bill amends ss. 320.08056 and 320.08058, F.S., to authorize the DHSMV to develop and issue four new specialty license plates:

- Play Tennis;
- Visit Our Lights;
- I Believe;
- Horse Country.

The license plates will be issued to the owner of a vehicle upon payment of the appropriate license taxes and a \$25 special use fee.

### “Play tennis”

Annual use fees collected from the sale of this license plate shall be distributed to the Florida Sports Foundation, a direct-support organization of the Office of Tourism, Trade and Economic Development. They will administer the fees and use the proceeds as follows:

- The United States Tennis Association Florida Section (USTA-FS) will receive the first \$60,000 in proceeds from annual use fees to reimburse it for startup, administrative, and other costs related to the specialty plate;
- up to 5 percent of the proceeds may be used by the Florida Sports Foundation to administer the plate;
- up to 5 percent of the proceeds may be used for marketing and promoting the plate;
- the remaining proceeds may be used by USTA-FS to benefit non-profit organizations that operate youth tennis programs, adoptive tennis programs for special populations, and for the building and maintenance of public tennis courts.

The fiscal impact incurred as a result of this bill is approximately \$60,000. This impact is offset by the \$60,000 application fee USTA-FS has paid. Revenue generated from the sale of this license plate is based on public interest and cannot be predicted.

USTA-FS, has met the application and statutory requirements to pursue legislation for the “Play Tennis” specialty license plate. In conformity with s. 320.08053(1)(b), F.S., the Auditor General has certified that this specialty license plate application has met all statutory recommendations.

### “Visit Our Lights”

Annual use fees collected from the sale of this license plate shall be distributed to the Florida Lighthouse Association, Inc. They will administer the fees and use the proceeds as follows:

- up to 10 percent of the proceeds for the promotion and marketing of the plate;
- the remaining proceeds shall be used by the association to fund the preservation, restoration, and protection of the 29 historic lighthouses remaining in Florida.

The fiscal impact incurred as a result of this bill is approximately \$60,000. This impact is offset by the \$60,000 application fee Florida Lighthouse Association, Inc., has paid. Revenue generated from the sale of this license plate is based on public interest and cannot be predicted.

Florida Lighthouse Association, Inc., has met the application and statutory requirements to pursue legislation for the "Visit Our Lights" specialty license plate. In conformity with s. 320.08053(1)(b), F.S., DHSMV has requested the Auditor General validate that the organization has met all statutory requirements. A report from the Auditor General certifying the same is pending.

### "I Believe"

Annual use fees collected from the sale of this license plate shall be distributed to Faith in Teaching, Inc. They will administer the fees and use the proceeds as follows:

- Faith in Teaching, Inc., may retain all revenue from annual use fees until all startup costs for developing and establishing the plate;
- thereafter, up to 10 percent of the annual use fee revenue may be used for administrative, promotional and marketing costs;
- remaining revenues may be used by Faith in Teaching, Inc., to fund activities, programs, and projects that promote faith-based education for youth within the state.

The fiscal impact incurred as a result of this bill is approximately \$60,000. This impact is offset by the \$60,000 application fee Faith in Teaching, Inc., has paid. Revenue generated from the sale of this license plate is based on public interest and cannot be predicted.

Faith in Teaching, Inc., has not met the application and statutory requirements to pursue legislation for the "I Believe" specialty license plate. Applicants are required to submit a scientific survey performed by an independent survey firm indicating that 30,000 motor vehicle owners would purchase the proposed plate at the increased cost. DHSMV rejected the survey submitted by Faith in Teaching, Inc., for reasons beyond the control of Faith in Teaching, Inc.<sup>1</sup> Section 320.08053(1), F.S., requires that applications submitted for specialty license plates must be completed no later than 90 days before the convening of the next regular session of the legislature. Additionally, because DHSMV rejected the survey, it was not submitted to the Auditor General for validation that the organization has met all statutory requirements.<sup>2</sup> The organization has submitted its request and marketing strategy, and has paid the \$60,000 application fee.

### "Horse Country"

Annual use fees collected from the sale of this license plate shall be distributed to PCMI Properties, Inc. They will administer the fees and use the proceeds as follows:

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<sup>1</sup> Upon review of the independent survey, DHMSV determined that a random sample survey was not conducted and that respondents from past surveys were used as part of the current survey. Letter from DHSMV to Mrs. Carla E. Mallen, Faith in Teaching, Inc., February 6, 2008.

<sup>2</sup> Section 320.08053(1)(b), F.S.

- PCMI Properties, Inc., may retain all revenue from annual use fees until all startup costs for developing and establishing the plate;
- thereafter, up to 10 percent of the annual use fee revenue may be used for administrative, promotional and marketing costs;
- remaining revenue shall be used for programs involved in the rehabilitation of at-risk youth, including the provision of educational materials, athletic equipment, transportation, food, medical services, counseling, scholarships, and other direct administrative and program expenses. Funds may also be used as grants for expansion of youth rehabilitation programs, giving special consideration to those programs that use horses and other livestock.

PCMI Properties, Inc., is organized exclusively for charitable and organizational purposes benefiting the Panama City Marine Institute. Revenues received from sales of the license plate would supplement state expenditures through the Florida Department of Juvenile Justice (“DJJ”) and Associated Marine Institutes of Florida. Services delivered by PCMI Properties, Inc., are traditionally consistent with the mission of DJJ.<sup>3</sup>

The fiscal impact incurred as a result of this bill is approximately \$60,000. This impact is offset by the \$60,000 application fee PCMI Properties, Inc., has paid. Revenue generated from the sale of this license plate is based on public interest and cannot be predicted.

PCMI Properties, Inc., has not met the application and statutory requirements to pursue legislation for the “Horse Country” specialty license plate. Applicants are required to submit a scientific survey performed by an independent survey firm indicating that 30,000 motor vehicle owners would purchase the proposed plate at the increased cost. DHSMV rejected the survey submitted by PCMI Properties, Inc., for reasons beyond the control of PCMI Properties, Inc.<sup>4</sup> Section 320.08053(1), F.S., requires that applications submitted for specialty license plates must be completed no later than 90 days before the convening of the next regular session of the legislature. Additionally, because DHSMV rejected the survey, it was not submitted to the Auditor General for validation that the organization has met all statutory requirements.<sup>5</sup> The organization has submitted its request and marketing strategy, and has paid the \$60,000 application fee.

#### C. SECTION DIRECTORY:

**Section 1.** Amends s. 320.08056(4), F.S., providing for a \$25 annual use fee for the “Florida Tennis license plate”, “Lighthouse Association license plate”, “I Believe license plate”, and “Horse Country license plate”.

**Section 2.** Amends s. 320.08058(65), F.S., creating the “Florida Tennis license plate”, “Lighthouse Association license plate”, “I Believe license plate”, and “Horse Country license plate”; providing for plate design and providing for the distribution and uses of the annual use fees.

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<sup>3</sup> Florida Department of Juvenile Justice Agency Analysis of HB 459. February 22, 2008.

<sup>4</sup> Upon review of the independent survey, DHMSV determined that a random sample survey was not conducted and that respondents from past surveys were used as part of the current survey. Letter from DHSMV to Mr. James Russell, Executive Director of Panama City Marine Institute, Inc., February 6, 2008.

<sup>5</sup> Section 320.08053(1)(b), F.S.

**Section 3.** Provides and effective date of November 1, 2008.

## **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 specialty license plate will be required to pay an annual use fee of \$25 in addition to applicable taxes and administrative charges.

It is impossible to determine how many people will purchase the plates because the sale of this license plate will be based on public interest. Therefore, the aggregate impact to the private sector cannot be determined.

### **D. FISCAL COMMENTS:**

Implementation of HB 371 will cost DHSMV approximately \$60,000 for each specialty license plate provided for in this bill in contract programming, development labor, and product purchasing costs.. This fiscal impact is offset by the statutory application fee of \$60,000, which has been submitted to DHSMV by each sponsoring organization for the creation each respective license plate. If the specialty license plate is not approved by the Legislature, the application fee shall be refunded to the sponsoring organization.

## **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 rule-making authority is required to implement the full provisions of this bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

D. STATEMENT OF THE SPONSOR

No statement submitted.

**IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES**

On February 8, 2008, one amendment was adopted by the Infrastructure Committee changing the effective date from July 1, 2008, to October 1, 2008.

On April 11, 2008 the Economic Expansion and Infrastructure Council adopted a strike-everything amendment that (1) incorporated the "Play Tennis" (SB 2206), "I Believe" (HB 401/SB 2010), and "Horse Country" (HB 459/SB 1274) specialty license plates to HB 371; and (2) reported the bill favorably, as a Council Substitute.