

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Transportation Committee

BILL: CS/SB 1624

INTRODUCER: Transportation Committee and Senator Bennett

SUBJECT: License Taxes

DATE: April 14, 2009                      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Davis	Meyer	TR	Fav/CS
2.			FT	
3.			WPSC	
4.				
5.				
6.				

**Please see Section VIII. for Additional Information:**

- |                              |                                     |   |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes        |
| B. AMENDMENTS.....           | <input type="checkbox"/>            | Technical amendments were recommended   |
|                              | <input type="checkbox"/>            | Amendments were recommended             |
|                              | <input type="checkbox"/>            | Significant amendments were recommended |

**I. Summary:**

The bill contains the following:

- Provides a definition for “tri-vehicle.”
- Classifies a tri-vehicle as an inherently low-emission vehicle (ILEV.)
- Modifies the definition of “motorcycle” as it relates to driver licenses, to exclude tri-vehicles.
- Increases the fee for a registration license plate from \$12 to \$20 and extends the license plate replacement cycle from 6 years to 10 years.
- Deletes the requirement that registration license plates and validation stickers be specially treated with a retroreflective material.
- Includes tri-vehicles among the types of vehicles upon which annual license taxes are levied.

This bill substantially amends ss. 316.003, 316.0741, 320.06, 320.08, and 322.01 of the Florida Statutes.

## II. Present Situation:

Currently, s. 316.003, F. S., does not define a tri-Vehicle.

Section 320.01(27), F.S., defines a motorcycle to mean a motor vehicle having a seat or saddle for the use of the rider and designed to travel on not more than three wheels in contact with the ground, but excluding a tractor, a moped, or a vehicle in which the operator is enclosed by a cabin. Based on this definition, a Tri-vehicle would not be a motorcycle but a passenger car. The department has proposed legislation to base the determination of motorcycle or passenger car on the National Highway Traffic Safety Administration's (NHTSA) classification.

Section 316.0741, F.S., defines a "hybrid vehicle" to mean a motor vehicle that:

- Draws propulsion energy from onboard sources of stored energy which are both an internal combustion or heat engine using combustible fuel and a rechargeable energy-storage system; and
- In the case of a passenger automobile or light truck, has received a certificate of conformity under the Clean Air Act, 42 U.S.C. ss. 7401 et seq., and meets or exceeds the equivalent qualifying California standards for a low-emission vehicle.

In addition, s. 316.0741, F.S., authorizes the following vehicles to use a high-occupancy-vehicle lane (HOV lane) without regard to occupancy:

- Inherently low-emission vehicles certified and labeled in accordance with federal regulations; and
- Hybrid vehicles upon the state's receipt of written notice authorizing such use.

Section 316.0741, F.S., requires all hybrid and other low-emission and energy-efficient vehicles that do not meet the minimum occupancy requirement and are driven in an HOV lane to comply with federally mandated minimum fuel economy standards.

The department is required by statute to issue decals for the use of HOV lanes by such vehicles. The department may charge a fee for a decal, not to exceed the costs of designing, producing, and distributing each decal, or \$5, whichever is less. The proceeds from sale of the decals shall be deposited in the Highway Safety Operating Trust Fund (HSOTF.) Rulemaking authority with regard to s. 316.0741, F.S., relating to HOV lanes currently rests with the department.

Section 320.06(1)(b), F.S., provides for registration license plates bearing a graphic symbol and the alphanumeric system of identification shall be issued for a six year period. At the end of that six year period, upon renewal, the plate shall be replaced. The department shall stagger the implementation of the 6-year license plate replacement cycle. The fee for such replacement is \$12, \$2 of which shall be paid each year before the plate is replaced, to be credited towards the next \$12 replacement fee. The fees shall be deposited into the HSOTF. A credit or refund shall not be given for any prior years' payments of such prorated replacement fee if the plate is replaced or surrendered before the end of the 6-year period, except that a credit may be given when a registrant is required by the department to replace a license plate under section 320.08056(8)(a), F.S.

Section 320.06(3)(a), F.S., requires registration license plates must be of metal specially treated with a retroreflective material. In addition, validation stickers must also be treated with a retroreflective material, be of such size as specified by the department, and adhere to the license plate.

Section 320.06(3)(b) provides for a 50 cents fee on each motor vehicle registration issued in order to treat all license plate validation stickers with retroreflective material. These revenues are deposited into the Highway Safety Operating Trust Fund.

Section 320.08, F.S., provides for the annual license taxes for the operation of motor vehicles, mopeds, motorized bicycles and mobile homes which are collected by the department upon registration or a renewal of a registration. These fees vary by vehicle type and weight class. Revenues derived from the annual license tax are distributed as provided in s. 320.20, F.S.

### III. Effect of Proposed Changes:

The following is a section by section analysis of the bill:

**Section 1** amends s. 316.003, F.S., to define a “tri-vehicle” to mean an enclosed three-wheeled passenger vehicle designed to operate with three wheels in contact with the ground; has a minimum unladen weight of 900 pounds; has a single, completely enclosed occupant compartment; is produced by its manufacturer in a minimum quantity of 300 in any calendar year; and is equipped with:

- Seats certified by the vehicle manufacturer to meet the requirements of Federal Motor Vehicle Safety Standard No. 207, “Seating systems,” as described in 49 C.F.R. s. 571.207.
- A steering wheel used to maneuver the vehicle.
- A propulsion unit located forward or aft of the enclosed occupant compartment.
- A seat belt for each vehicle occupant which is certified to meet the requirements of Federal Motor Vehicle Safety Standard No. 209, “Seat belt assemblies,” as described in 49 C.F.R. s. 571.209.
- A windshield and appropriate windshield wiper and washer system certified by the vehicle manufacturer to meet the requirements of Federal Motor Vehicle Safety Standard No. 205, “Glazing materials,” as described in 49 C.F.R. s. 571.205 and Federal Motor Vehicle Safety Standard No. 104, “Windshield wiping and washing systems,” as described in 49 C.F.R. s. 571.104.
- A vehicle structure certified by the vehicle manufacturer to meet the requirements of Federal Motor Vehicle Safety Standard No. 216, “Rollover crush resistance,” as described in 49 C.F.R. s. 571.216.

**Section 2** amends s. 316.0741, F.S., classifies a “tri-vehicle” as an ILEV. The department issues HOV decals based upon the Federal EPA certifying a vehicle to be a hybrid vehicle or an ILEV. If Tri-vehicles are federally certified as an ILEV, then the department would issue an HOV decal. According to the department, there would be a nominal fiscal impact to the department due to increased issuance of HOV decals.

**Section 3** amends s. 320.06(1), F.S., to increase the fee for a registration license plate from \$12 to \$20 and to extend the issuance period of a six-year to a 10-year period.

Section 320.06(3), F.S., is amended to delete the requirement that registration license plates and validation stickers be specially treated with a retroreflective material. Retrolreflective material is a technological advancement currently used to enhance and illuminate license plates for visibility by law enforcement and the general public.

**Section 4** amends s. 320.08, F.S., to include tri-vehicles among the types of vehicles upon which annual license taxes are levied.

**Section 5** amends s. 322.01, F.S., to modify the definition of “motorcycle” as it relates to driver licenses, to exclude tri-vehicles. The exclusion clarifies motorcycle requirements (motorcycle endorsements and testing) would not apply to tri-vehicles.

Section 322.01(46), F.S., is created to provide a definition for a “tri-vehicle.”

**Section 6** provides this act shall take effect July 1, 2009.

**Other Potential Implications:**

This bill compares to CS/CS/SB 1778 which is an implementing bill for the proposed General Appropriations Act for FY 2009-2010 relating to the department.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

Private individuals will be assessed an additional \$8 license replacement fee.

B. Private Sector Impact:

Private individuals will be assessed an additional \$8 license replacement fee; however, registrants would not have to replace his or her license plates for 10 years rather than the current 6 year cycle.

C. Government Sector Impact:

Fiscal Impact on Local Governments:

Tax collector offices would reduce the number of license plates it maintains in inventory. Consequently, as clerks process registration renewal transactions, he or she would not issue replacement plates for five consecutive years. Thereafter, the tax collector offices would issue replacement license plates at almost half of today's replacement volume. Additionally, tax collectors would now issue HOV decals for certified tri-vehicles.

Fiscal Impact on State Government:

The department provided the following:

1. License plate cost savings from extending plate replacement out ten years:  
**\$25,760,877**

The bill will result in an annual cost savings of approximately \$5 million annually for the first five years totaling \$25.7 million. This occurs due to registrants who would have had their license plate replaced in year six would keep their license plate for five more years, until year ten. Consequently, the department would not have to pay to manufacture license plates for replacement in year six. This equates to approximately 2.89 million license plates annually not being manufactured at an average manufacturing price of \$1.78. The overall net savings after the first five years of implementation would be approximately \$25 million.

2. Revenue generated from increased license plate fee: **\$173,306,720**

Increasing the license plate fee from \$12 to \$20 would generate significant revenue on an annual basis. The department projects original and replacement license plates to be 2,166,334 for FY 2009-2010. Holding this number constant for ten years (not forecasting growth or possible economic downturn) would result in an annual revenue gain of \$17,330,672 to the HSOTF. At the end of the first ten year replacement cycle \$173,306,720 of additional revenue would be collected.

3. Revenue loss from not collecting additional \$2 advanced replacement fee:  
**(\$22,427,728)**

In January 2008, legislation became effective to extend the five year replacement cycle to six years. Consequently, the department currently collects an additional \$2 advanced replacement fee (ARF) when registrants replace their license plate in year five and are converted to the new six year cycle. On average annually, the department collects

\$5,606,932, which is deposited into the HSOTF. This revenue would no longer be collected for the remaining four year conversion period causing an overall revenue loss over four years from the effective date of this amendment of \$22,427,728.

According to the department, programming cost to change the fee schedule will be absorbed within existing resources.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

The department has expressed concerns about the effective date of the bill allowing sufficient time for implementation to make necessary programming modifications. The department suggests an effective date of September 1, 2009.

**VIII. Additional Information:**

**A. Committee Substitute – Statement of Substantial Changes:**  
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Transportation on April 14, 2009:**

- Provides a definition for “tri-vehicle.”
- Classifies a tri-vehicle as an ILEV.
- Increases the fee for a registration license plate from \$12 to \$20 and to extend the issuance period of a six year to a 10-year period.
- Deletes the requirement that registration license plates and validation stickers be specially treated with a retroreflective material.
- Includes tri-vehicles among the types of vehicles upon which annual license taxes are levied.
- Modifies the definition of “motorcycle” as it relates to driver licenses, to exclude tri-vehicles.

**B. Amendments:**

None.