

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 1375 Specialty License Plates
SPONSOR(S): Transportation & Infrastructure Subcommittee, Grant, J.
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Transportation & Infrastructure Subcommittee	12 Y, 0 N, As CS	Johnson	Vickers
2) Transportation & Tourism Appropriations Subcommittee			
3) Government Accountability Committee			

SUMMARY ANALYSIS

The bill is a comprehensive bill relating to specialty license plates. In summary the bill:

- Revises the pre-sale voucher requirement for specialty license plates from 1,000 to 4,000 before manufacture of that specialty license plate can begin.
- Authorizes a person with a discontinued specialty license plate to keep the plate for the remainder of the 10-year license plate replacement period.
- Provides direction to the Department of Highway Safety and Motor Vehicles (DHSMV) on the discontinuance of specialty license plates and establishes a timeframe of 180 days to distribute the remaining annual use fees held or collected by the Department.
- Authorizes revenues from specialty license plates for an out-of-state institution to be expended outside of Florida.
- Revises the minimum active specialty license plate requirement from 1,000 to 4,000. Effective July 1, 2019, if the number of valid specialty plate registrations falls below 4,000 for at least 12 consecutive months the Department must discontinue the issuance of that specialty plate.
- Maintains the exemption for collegiate specialty plates from the active specialty plate minimum and adds license plates of institutions in the State University System, Florida professional sports team license plates and license plates with a statutory eligibility limitation for purchase.
- Revises the distribution of revenues for the In God We Trust specialty license plate.
- Creates the following specialty license plates with \$25 annual use fees:
 - Auburn University
 - Beat Childhood Cancer
 - Florida State Beekeepers Association
- Directs DHSMV to audit, every two years, all organizations that receive funds from the specialty license plate program which are not already subject to the Florida Single Audit Act.
- Requires DHSMV to submit a report regarding the total cost per unit of producing each specialty license plate.
- Requires DHSMV to review and make preparations for issuing specialty license plates as a standard plate with a location for the appropriate logo of the recipient cause or charity.

DHSMV will experience a negative fiscal impact related to programming new specialty license plates, audits of specialty license plates and reviews and reports required by the bill. See Fiscal Analysis for details.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background

Specialty License Plates in General

The first Florida specialty license plates were enacted in 1986 and included the creation of the Challenger plate and ten Florida collegiate plates. Today, there are over 120 specialty license plates available to any owner or lessee of a motor vehicle who is willing to pay the additional use fee for the privilege, typically \$25 annually.¹ The collected fees are distributed by the Department of Highway Safety and Motor Vehicles (DHSMV) to statutorily designated organizations in support of a particular cause or charity. Vehicles registered under the International Registration Plan, a commercial truck required to display two license plates, or truck tractors are not eligible for specialty license plates.²

Only the Legislature may create new specialty license plates. If a specialty license plate is created by law, the following requirements must then be met:

- Within 60 days, the organization must submit an art design, in a medium prescribed by DHSMV.³
- Within 120 days, DHSMV must establish a method to issue a specialty license plate voucher to allow for the pre-sale of the specialty plate.⁴
- Within 24 months after the voucher is established, the organization must obtain a minimum of 1,000 voucher sales before manufacturing may begin. If this requirement is not met, the plate is deauthorized and DHSMV must discontinue development of the plate and issuance of the vouchers.⁵

DHSMV must discontinue the issuance of an approved specialty license plate if the number of valid specialty plate registrations falls below 1,000 plates for at least 12 consecutive months. A warning letter is mailed to the sponsoring organization following the first month in which the total number of valid specialty plate registrations falls below 1,000 plates (does not apply to collegiate license plates).⁶

Organizations receiving specialty license plate revenue must adhere to certain accountability requirements found in statute. These requirements include an annual attestation document affirming, under penalty of perjury, that funds received have been spent in accordance with applicable statutes.⁷

HB 1375

The bill creates new specialty license plates, revises current plates, and makes changes to the specialty license plate process. For ease of understanding, this analysis is arranged by topic.

Establishment of Specialty License Plates (Section 1)

Current Situation

Section 320.08053, F.S., provides for the establishment of specialty license plates. If the Legislature approves a specialty license plate, the organization submits the proposed art design for the specialty license plate to DHSMV as soon as practicable, but no later than 60 days after the act approving the specialty license plate becomes law.

¹ Florida Department of Highway Safety and Motor Vehicles, *Specialty License Plates Index*, <http://www.flhsmv.gov/dmv/specialtytags/> (last visited December 21, 2016)

² s. 320.08056(2), F.S.

³ s. 320.08053(1), F.S.

⁴ s. 320.08053(2)(a), F.S.

⁵ s. 320.08053(2)(b), F.S.

⁶ s. 320.08056 (8)(a), F.S.

⁷ s. 320.08062, F. S.

Within 120 days following a specialty license plate becoming law, DHSMV establishes a method for issuing a specialty license plate voucher allowing for the presale of the specialty license plate. The processing fee,⁸ the service charge and branch fee,⁹ and the annual use fee¹⁰ are charged for the voucher. All other applicable fees are charged at the time of issuance of the license plates.

Within 24 months after the presale specialty license plate voucher is established, the approved specialty license plate organization is required to have a minimum of 1,000 voucher sales prior to the commencement of the manufacture of the license plate. If, at the conclusion of the 24-month presale period, the minimum sales requirements have not been met, the specialty plate is deauthorized and the DHSMV discontinues development of the plate and discontinues issuing presale vouchers. Upon deauthorization, a purchaser of the license plate voucher may use the annual use fee collected as a credit towards any other specialty license plate or apply for a refund.

Proposed Changes

The bill amends s. 320.08053(2)(b), F.S., providing that once the specialty license plate is authorized it must presell 4,000 license plates, instead of the current 1,000 license plates within two years in order for DHSMV to begin manufacture of the license plate.

Discontinued License Plates (Sections 2 and 3)

Current Situation

Section 320.08056(8), F.S., discusses the discontinuance of specialty license plates. DHSMV is required to discontinue the issuance of an approved specialty license plate if the number of valid specialty plate registrations falls below 1,000 plates for at least 12 consecutive months. A warning letter is mailed to the sponsoring organization following the first month in which the total number of valid specialty license plate registrations is below 1,000 plates. This provision does not apply to collegiate license plates.¹¹

DHSMV may discontinue the issuance of a specialty license plate and distribution of associated annual use fee proceeds if the organization no longer exists, if the organization has stopped providing services that are authorized to be funded from the annual use fee proceeds, if the organization does not meet the presale requirements¹² or pursuant to an organizational recipient's request. Organizations are required to immediately notify DHSMV to stop all warrants for plate sales if any of the above conditions exist and must meet the requirements of s. 320.08062, F.S., for any period of operation during a fiscal year.

Proposed Changes

The bill creates s. 320.08056(8)(c), F.S., providing that a person issued a specialty license plate that DHSMV has discontinued may keep the discontinued specialty license plate for the remainder of the 10-year license plate replacement period and is required to pay all other applicable registration fees. However, the person is exempt from paying the applicable specialty license plate fee for the remainder of the license plate replacement period.

The bill creates s. 320.08056(8)(d), F.S., providing that if DHSMV discontinues a specialty license plate, all annual use fees currently held or collected by DHSMV are required to be distributed within 180 days after the discontinuance of the specialty license plate. Of those fees, DHSMV is required to retain an amount sufficient to defray the applicable administrative and inventory closeout costs

⁸ The process fee is prescribed s. 320.08056, F.S.

⁹ The service charge and branch fee is prescribed in s. 320.04, F.S.

¹⁰ The annual use fee is prescribed in s. 320.08056, F.S.

¹¹ Collegiate license plates are established under s. 320.08058(3), F.S.

¹² The presale requirements are provided in s. 320.08053, F.S.

associated with discontinuing the plate. The remaining funds are distributed to the specified organization or organizations for the discontinued specialty license plate.¹³

The bill creates s. 320.08056(8)(e), F.S., providing that if an organization that is the intended recipient of specialty license plate funds no longer exists, DHSMV is required to deposit any undisbursed funds into the Highway Safety Operating Trust Fund.

Effective July 1, 2020, the bill amends s. s. 320.08056(8)(a), F.S., requiring DHSMV to discontinue the issuance of an approved specialty license plate if the number of valid specialty license plate registrations falls below 4,000 for at least 12 consecutive months. DHSMV is required to mail a warning letter if the number of valid registrations falls below 4,000. This does not apply to collegiate license plates, license plates of institutions in the State University System, Florida professional sports team license plates,¹⁴ or license plates with statutory requirements to receive the license plate.

Use of Specialty License Plate Fees (Section 2)

Current Situation

Section 320.02056(10)(a), F.S., provides that specialty license plate annual use fees and any interest earned from specialty license plate fees may not be used for commercial or for profit activities or for general or administrative expenses except those authorized for a specific specialty license plate or to pay the cost of the audit or report.¹⁵ The fees and any interest earned from the fees may be expended only for use in Florida unless the annual use fee is derived from the sale of United States Armed Forces and veterans-related specialty license plates.

Proposed Changes

The bill adds an additional exception from the requirement that specialty license plate fees be expended in Florida for specialty license plates for out-of-state institutions. This would allow fees from the Auburn University specialty license plate discussed below to be expended outside of Florida.

In God We Trust License Plate (Section 4)

Current Situation

Created in 2008, s. 320.08058(66), F.S., creates the “In God we Trust” specialty license plate. The statute provides that the license plate annual use fees are distributed to the In God We Trust Foundation, Inc., to fund educational scholarships for the children of Florida residents who are members of the United States Armed Forces, the National Guard, and the United States Armed Forces Reserve and for the children of public safety employees who have died in the line of duty who are not covered by existing state law. Funds also distributed to other s. 501(c)(3) organizations that may apply for grants and scholarships and to provide educational grants to public and private schools to promote the historical and religious significance of American and Florida history. The In God We Trust Foundation, Inc., distributes the license plate annual use fees in the following manner:

- The In God We Trust Foundation, Inc., retains all revenues from the sale of such plates until all startup costs for developing and establishing the plate have been recovered.
- Ten percent of the funds received by the In God We Trust Foundation, Inc., are expended for administrative costs, promotion, and marketing of the license plate directly associated with the operations of the In God We Trust Foundation, Inc.
- All remaining funds are expended by the In God We Trust Foundation, Inc., for programs.

Proposed Changes

The bill amends s. 230.08058(66)(b), F.S, providing that the annual use fees from the In God We Trust specialty license plate are distributed to the In God We Trust Foundation, Inc., which may use up to 10

¹³ The distributions for each specialty license plate are proved in s. 320.08058, F.S.

¹⁴ Florida Professional Sports Team License Plates are Established under s. 320.08058(9), F.S.

¹⁵ The audit or report are required by s. 320.08062(1), F.S.

percent of the proceeds to offset administrative costs, promoting, and marketing of the specialty license plate directly associated with the operations of the foundation. The remaining proceeds may be used to address the needs of the military community and the public safety community; provide educational grants and scholarships to foster self-reliance and stability in Florida's youth and provide education in public and private schools regarding the historical significance of religion in American and Florida history. The In God We Trust Foundation, Inc., is required to create an advisory council comprised of persons with knowledge in the above program areas to make funding recommendations.

Auburn University Specialty License Plate (Sections 2 and 4)

Current Situation

There is currently not a specialty license plate for Auburn University or any other college or university not located in Florida.

The Tampa Bay Auburn Club is an officially chartered group of Auburn University Alumni and Friends. Its stated mission is to encourage more top Tampa Bay area students to attend Auburn University and to foster the spirit of Auburn University throughout the Tampa Bay Area.¹⁶ The Tampa Bay Auburn Club, Inc., is an active corporation with the Department of State.

Proposed Changes

The bill creates s. 320.08056(4)(ffff) and 320.08058(84), F.S., creating the Auburn University specialty license plate with a fee of \$25. The license plate must bear a DHSMV approved color and design. The word "Florida" will appear at the top of the plate and "War Eagle" will appear at the bottom of the plate.

The bill provides that the Tampa Bay Auburn Club is the lead club on behalf of the state's Auburn clubs. The annual use fees are distributed to the Tampa Bay Auburn Club, along with statistics on sales of the license plate tabulated by county. The Tampa Bay Auburn Club must distribute to each of the state's Auburn clubs on a pro-rata basis the moneys received for sales in the regions within the respective club's area for the purpose of awarding scholarships to Florida residents attending Auburn University. Students receiving these scholarships are required to be eligible for the Florida Bright Futures Scholarship Program¹⁷ and are required to use the scholarship funds for tuition and other expenses related to attending Auburn University.

Beat Childhood Cancer License Plate (Sections 2 and 4)

Current Situation

Current law does not provide for a Beat Childhood Cancer specialty license plate.

Neuroblastoma (nb) is a cancer that affects children and among the most common childhood tumors, and typically affects children under five years old. It is not usually diagnosed until the tumor grows and presents symptoms. The majority of childhood neuroblastoma cases are aggressive, showing survival rates of less than 60 percent with standard chemotherapy, and a 50 percent relapse rate. Once relapsed, there is currently no curative treatment, and for those under five years old, the survival rate is less than ten percent.¹⁸

The mission of Beat Nb is to drive neuroblastoma cancer research and to raise awareness of the disease.¹⁹ The Beat Nb Cancer Foundation, Inc., is an active corporation with the Department of State.

Proposed Changes

¹⁶ <http://tampabayauburnclub.com/> (Last visited March 13, 2017).

¹⁷ The Florida Bright Futures Scholarship Program is created pursuant to s. 1009.531, F.S.

¹⁸ <https://beatnb.org/neuroblastoma/> (Last visited March 13, 2017)

¹⁹ <https://beatnb.org/about-us/> (Last visited March 13, 2017)

The bill creates s. 320.08056(4)(gggg) and 320.08058(85), F.S., creating the Beat Childhood Cancer specialty license plate with a fee of \$25. The license plate must bear a DHSMV approved color and design. The word "Florida" will appear at the top of the plate and "Beat Childhood Cancer" will appear at the bottom of the plate.

The annual use fees from the Beat Childhood Cancer license plate are distributed to Beat Nb, Inc., which may use a maximum of 10 percent of the proceeds for administrative costs directly associated with the operation of the corporation and for marketing and promoting the specialty license plate. The remaining proceeds are used by the corporation to fund pediatric cancer treatment and research.

Florida State Beekeepers Association License Plate (Sections 2 and 4)

Current Situation

There is currently no specialty license plate for the Florida State Beekeepers Association.

The Florida State Beekeepers Association is dedicated to keeping Florida apiculture strong and healthy and is the major voice for the state's beekeeping industry. Its mission is to:

- To provide resources for the improvement of beekeeping by using proven techniques and procedures in the management of honey bees and to share this knowledge with everyone interested in the art of beekeeping.
- To promote the development of practical beekeeping methods in the state of Florida.
- To act in the interest of Florida beekeepers in protecting and carrying on statewide beekeeping affairs.
- To act as a medium for and to aid in cooperative and mutual beekeeping methods.
- To act as the representative of the Florida beekeepers in state and national beekeeping affairs.²⁰

The Florida State Beekeepers Association, Incorporated is an active corporation registered with the Department of State.

Proposed Changes

The bill creates s. 320.08056(4)(hhhh) and 320.08058(86), F.S., creating the Florida State Beekeepers specialty license plate with a fee of \$25. The license plate must bear a DHSMV approved color and design. The word "Florida" will appear at the top of the plate and "Save the Bees" will appear at the bottom of the plate.

The annual use fees from the sale of the Florida State Beekeepers license plate is distributed to the Florida States Beekeepers Association to be used to fund outreach and education to raise awareness of the importance of beekeeping to Florida agriculture and to fund honeybee research and husbandry.

Specialty License Plate Audits (Section 5)

Section 320.08062, F.S., requires audits and attestations regarding the annual use fee of specialty license plates. The statute provides all organizations receiving annual use fee proceeds from DHSMV are responsible for ensuring that proceeds are used in accordance with ss. 320.08056 and 320.08058, F.S.²¹

Any organization not subject to audit pursuant to the Florida Single Audit Act²² must annually attest, under penalties of perjury, that such proceeds were used in compliance with ss. 320.08056 and 320.08058, F.S. The attestation is made in a DHSMV determined form and format.²³

²⁰ <http://www.floridabeekeepers.org/> (Last visited March 13, 2017).

²¹ Section 320.08062(1)(a), F.S.

²² Section 215.97, F.S.

²³ Section 320.08062(1)(b), F.S.

Any organization subject to audit pursuant to the Florida Single Audit Act submits an audit report in accordance with rules promulgated by the Auditor General. The annual attestation is submitted for review by DHSMV within 9 months after the end of the organization's fiscal year.²⁴

Within 120 days after receiving an organization's audit or attestation, DHSMV determines which recipients of specialty license plate annual use fees have not complied with s. 320.08062(1), F.S. In determining compliance, DHSMV may commission an independent actuarial consultant, or an independent certified public accountant, with expertise in nonprofit and charitable organizations.²⁵

DHSMV is required discontinue the distribution of revenues to any organization failing to submit the required documentation, but may resume distribution of the revenues upon receipt of the required information.²⁶

If the DHSMV or its designee determines that an organization has not complied or has failed to use the revenues in accordance with ss. 320.08056 and 320.08058, F.S., DHSMV is required to discontinue the distribution of the revenues to the organization. DHSMV must notify the organization of its findings and direct the organization to make the changes necessary in order to comply with Ch. 320, F.S.²⁷ If the officers of the organization sign an affidavit under penalties of perjury stating that they acknowledge DHSMV's findings and attest that they have taken corrective action and that the organization will submit to a follow-up review, DHSMV may resume the distribution of revenues.²⁸

If an organization fails to comply with DHSMV's recommendations and corrective actions, the revenue distributions are discontinued until completion of the next regular session of the Legislature. DHSMV notifies the President of the Senate and the Speaker of the House of Representatives by the first day of the next regular session of any organization whose revenues have been withheld. If the Legislature does not provide direction to the organization and DHSMV regarding the status of the undistributed revenues, DHSMV must deauthorize the plate and the undistributed revenues are immediately deposited into the Highway Safety Operating Trust Fund.²⁹

DHSMV or its designee may examine all records pertaining to the use of funds from the sale of specialty license plates.³⁰

Proposed Changes

The bill amends s. 320.08062(1)(b), F.S., requiring in addition to the annual audit or attestation requirement, DHSMV to audit any organization receiving specialty license plate revenues every two years to ensure compliance with ss. 320.08056 and 320.08058, F.S.

Unit Cost of Specialty License Plates (Section 6)

The bill requires that by January 1, 2018, DHSMV report to the Governor, the President of the Senate and the Speaker of the House of Representatives the total cost per unit of producing each specific specialty license plate. The cost per unit includes the cost per license plate, including the cost of the physical license plate, stamping costs, and costs associated with inventorying the license plate. The report is also required to provide a calculation of the break-even point in number of plates for each specialty license plate.

Standard License Plates (Section 7)

The bill requires DHSMV to review and make preparations for the transition from the existing process of creating specialty license plates to using a new template design that is readily recognizable by applying

²⁴ Section 320.08062,(1)(c), F.S.

²⁵ Section 320.08062(2)(a), F.S.

²⁶ Section 320.08062(2)(b), F.S.

²⁷ Chapter 320, F.S., relates to motor vehicle licenses.

²⁸ Section 320.08062(2)(c), F.S.

²⁹ Section 320.08062(2)(d), F.S.

³⁰ Section 320.08062(3), F.S.

the appropriate logo or graphic to a standard license plate identifying the specialty license plate. The new specialty license plates are required to be of the same size and design as a standard license plate, with a designated area for including a unique design and identifying number.

B. SECTION DIRECTORY:

Section 1 amends s. 320.08053, F.S., relating to the establishment of specialty license plates.

Section 2 amends s. 320.08056, F.S., relating to specialty license plates.

Section 3 effective July 1, 2020, amends s. 320.08056, F.S., relating to specialty license plates.

Section 4 amends s. 320.08058, F.S., relating to specialty license plates.

Section 5 amends s. 320.08062, F.S., relating to audits of annual use fees for specialty license plates.

Sections 6 and 7 require DHMSV to conduct specified studies.

Section 8 provides for an effective date of October 1, 2017, unless otherwise provided.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

While DHSMV has not submitted a bill analysis for this bill, on other specialty license plate bills it has estimated that it will incur \$7,245 in programming costs in implementing a specialty license plate. Since this bill creates three new specialty license plates, DHSMV will incur costs of approximately \$21,735.

The bill requires DHSMV to audit certain specialty license plate recipients of specialty license plate revenue every two years. DHSMV may incur some additional expenditures associated with these audits. The fiscal impact of this provision is indeterminate.

DHSMV will also incur costs associated with determining the cost per unit of producing each specialty license plate and reviewing and making preparations for a new process for issuing specialty license plates. The fiscal impact of this provision is indeterminate.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The organizations designated to receive funds from the newly created specialty license plates may see additional revenue associated with the sale of the specialty license plates.

With the new 4,000 license plate minimum threshold for specialty license plates, some of the existing specialty license plate recipient organizations will see a reduction in funds since they do not meet the 4,000 license plate threshold.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not Applicable. This bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditures of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The bill requires the proceeds from the "Beat Childhood Cancer" specialty license plate to go to Beat Nb, Inc. However, on the Department of State website the organization is listed as the Beat Nb Cancer Foundation, Inc.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On March 21, 2017, the Transportation & Infrastructure Subcommittee adopted one amendment and reported the bill favorably as a committee substitute. The amendment provided that specialty license plates with statutory eligibility requirements for purchase from the 4,000 license plate requirement to keep the license plate active.

This analysis is written to the committee substitute as reported favorably by the Transportation & Infrastructure Subcommittee.