

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 Committee on Transportation

BILL: SB 1414

INTRODUCER: Senator Rouson

SUBJECT: Specialty License Plates

DATE: February 2, 2018

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Jones	Miller	TR	Pre-meeting
2.			ATD	
3.			AP	

I. Summary:

SB 1414 directs the Department of Highway Safety and Motor Vehicles (DHSMV) to develop a Highwaymen specialty license plate, establishes a \$25 annual use fee for the plate, and provides the distribution and use of fees collected from the sale of the plate.

The bill also directs the DHSMV to create nine fraternity and sorority specialty license plates, with a \$25 annual use fee, and provides the distribution and use of fees collected from the sale of the plates. These plates are the:

- Omega Psi Phi Fraternity specialty license plate;
- Delta Sigma Theta Sorority specialty license plate;
- Sigma Gamma Rho Sorority specialty license plate;
- Kappa Alpha Psi Fraternity specialty license plate;
- Alpha Kappa Alpha Sorority specialty license plate;
- Alpha Phi Alpha Fraternity specialty license plate;
- Zeta Phi Beta Sorority specialty license plate;
- Phi Beta Sigma Fraternity specialty license plate; and
- Iota Phi Theta Fraternity specialty license plate.

The DHSMV estimates programming and implementation of the bill will cost approximately \$68,160. The DHSMV is authorized to retain revenues from the first proceeds of specialty license plate sales to defray departmental costs.

The bill takes effect October 1, 2018.

II. Present Situation:

Specialty License Plates

Presently, there are over 120 specialty license plates available for purchase in Florida.¹ Specialty license plates are available to an owner or lessee of a motor vehicle who is willing to pay an annual use fee, ranging from \$15 to \$25, paid in addition to required license taxes and service fees.² The annual use 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.³

In order to establish a specialty license plate, s. 320.08053, F.S., requires the plate must first be adopted into statute. Upon becoming law:

- Within 60 days, the organization must submit an art design for the plate, in a medium prescribed by the DHSMV;
- Within 120 days, the DHSMV must establish a method to issue pre-sale vouchers for the approved specialty license plate; and
- Within 24 months after the pre-sale vouchers are established, the organization must obtain a minimum of 1,000 voucher sales before manufacturing may begin.

If, at the end of the 24-month pre-sale period, the minimum sales requirement has not been met, the DHSMV will discontinue the plate and issuance of the pre-sale voucher. Upon discontinuation, a purchaser of a presale voucher may use the annual use fee as a credit towards any other specialty license plate or apply for a refund with the DHSMV.⁴

The annual use fees collected by an organization and any interest earned from the fees may be expended only for use in this state unless the annual use fee is derived from the sale of specified United States Armed Forces and veterans-related specialty plates.⁵ Additionally, organizations must adhere to certain accountability requirements, including an annual audit or attestation document affirming that funds received have been spent in accordance with applicable statutes.⁶

DHSMV Costs Defrayed

The DHSMV is authorized to retain sufficient annual use fees from the sale of specialty plates to defray its costs for inventory, distribution, and other direct costs associated with the program. The remainder of the proceeds collected are distributed as provided by law.⁷

Discontinuance of Specialty Plates

The DHSMV must discontinue the issuance of an approved specialty license plate if the number of valid registrations falls below 1,000 plates for at least 12 consecutive months. A warning letter

¹ A list of Florida's specialty license plates is available on the DHSMV website at <http://www.flhsmv.gov/dmv/specialtytags/> (last visited Jan. 31, 2018).

² Section 320.08056, F.S.

³ Section 320.08058, F.S.

⁴ Section 320.08053(2)(b), F.S.

⁵ Section 320.08056(10)(a), F.S.

⁶ Section 320.08062, F.S.

⁷ Section 320.08056(7), F.S.

is mailed to the sponsoring organization following the first month in which the total number of valid specialty plate registrations is below 1,000 plates. Collegiate plates for Florida universities are exempt from the minimum plate requirement.⁸ In addition, DHSMV is authorized to discontinue any specialty license plate if the organization no longer exists, stops providing services that are authorized to be funded from the annual use fee proceeds, or pursuant to an organizational recipient's request.⁹

III. Effect of Proposed Changes:

The bill directs the DHSMV to develop the following (10) specialty license plates:

- Highwaymen specialty license plate;
- Omega Psi Phi Fraternity specialty license plate;
- Delta Sigma Theta Sorority specialty license plate;
- Sigma Gamma Rho Sorority specialty license plate;
- Kappa Alpha Psi Fraternity specialty license plate;
- Alpha Kappa Alpha Sorority specialty license plate;
- Alpha Phi Alpha Fraternity specialty license plate;
- Zeta Phi Beta Sorority specialty license plate;
- Phi Beta Sigma Fraternity specialty license plate; and
- Iota Phi Theta Fraternity specialty license plate.

Each plate has an annual use fee of \$25, and must bear the colors and design approved by the DHSMV. Organizations receiving funds from the sale of the specialty license plate are described below under the corresponding plate.

Highwaymen Specialty License Plate

Proceeds from the sale of the Highwaymen specialty license plate will be distributed to the St. Lucie Education Foundation, Inc., to fund art education and art projects in St. Lucie County public schools until completion of construction of the Highwaymen Museum and African American Cultural Center. Upon completion of construction of the Center, proceeds from the plate will fund its day-to-day operations.

Florida Highwaymen

The Florida Highwaymen are a group of 26 African-American artists living around the Fort Pierce area who, in the 1950's through the 1980's, created artwork of Florida's undeveloped landscapes, which they sold on the side of roads and door-to-door to businesses throughout Florida.¹⁰ The name the "Florida Highwaymen" was given to the group because of their tactics of traveling along I-95 and A1A to sell their artwork from the trunks of their cars. The group

⁸ Section 320.08056(8)(a), F.S.

⁹ Section 320.08056(8)(b), F.S.

¹⁰ See Florida Highwaymen, *About the Florida Highwaymen*, http://www.floridahighwaymenpaintings.com/the_highwaymen (last visited Feb. 1, 2018).

produced an estimated 200,000 paintings, which they sold for as little as \$20 a piece.¹¹ In 2004, the Florida Highwaymen were inducted into the Florida Artists Hall of Fame.¹²

St. Lucie Education Foundation, Inc.¹³

In 1984, the Florida Legislature authorized school districts to create local education foundations to raise private funds for programs to support students, teachers, and public schools in their district. In 1990, the St. Lucie County Education Foundation was organized as a direct support organization of the St. Lucie County School Board with a mission “to promote, encourage and recognize excellence in public education.” The Foundation is a non-profit organization that advances K-12 public education in St. Lucie County by increasing the capacity and resources of the district in partnership with key stakeholders.

Omega Psi Phi Fraternity Specialty License Plate

Proceeds from the sale of the Omega Psi Phi Fraternity specialty license plate will be distributed to the State of Florida Omega Friendship Foundation, Inc., which may use 5 percent of the proceeds for marketing of the plate and 95 percent for college scholarships for Florida residents attending historically black colleges and universities in Florida.

State of Florida Omega Friendship Foundation, Inc.

Omega Psi Phi Fraternity, Inc. was the first international fraternal organization to be founded on the campus of a historically black college. Founded in 1911, at Howard University, “Manhood, Scholarship, Perseverance and Uplift” were adopted as cardinal principles of the organization.¹⁴

According to corporate filings with the Department of State, the corporation was organized to work and uplift humanity, mentor youth, sponsor blood drives, raise money for scholarships and charitable causes, and encourage members to make a difference in the lives of Black people.¹⁵

Delta Sigma Theta Sorority Specialty License Plate

Proceeds from the sale of the Delta Sigma Theta Sorority specialty license plate will be distributed to the State of Florida Omega Friendship Foundation, Inc., which may use 5 percent of the proceeds for marketing of the plate and 95 percent for college scholarships for Florida residents attending historically black colleges and universities in Florida.

¹¹ See Florida Department of State – Division of Cultural Affairs, *Alfred Hair and the Florida Highwaymen*, <http://dos.myflorida.com/cultural/programs/florida-artists-hall-of-fame/alfred-hair-and-the-florida-highwaymen/> (last visited Feb. 1, 2018).

¹² See Florida Highwaymen, *The Florida Highwaymen Artists*, http://www.floridahighwaymenpaintings.com/highwaymen_artists (last visited Feb. 1, 2018).

¹³ See St. Lucie Education Foundation, *About Us*, <https://www.educationfoundationstlucie.org/p/3/about-us#.WnOUBkkUmUI> (last visited Feb. 1, 2018).

¹⁴ See Omega Friendship Foundation, Inc. website, http://oppf.org/about_omega.asp (last visited Feb. 2, 2018).

¹⁵ Department of State – Division of Corporations, *The State of Florida Omega Friendship Foundation, Inc.* (Dec. 2008) <http://search.sunbiz.org/Inquiry/CorporationSearch/ConvertTiffToPDF?storagePath=COR%5C2008%5C1212%5C38662819.Tif&documentNumber=N08000011146> (last visited Feb. 2, 2018).

Delta Research and Education Foundation

The Delta Research and Educational Foundation is a charitable, not-for-profit organization. The Foundation supports “scholastic achievement, public service programs, and research initiatives focused upon African American women.”¹⁶

Sigma Gamma Rho Sorority, Zeta Phi Beta Sorority, Phi Beta Sigma Fraternity, and Iota Phi Theta Fraternity Specialty License Plates

Proceeds from these specialty license plates will be distributed to the Department of Education (DOE) to be used for the Mary McLeod Bethune Scholarship Program.

Mary McLeod Bethune Scholarship Program

The Mary McLeod Bethune Scholarship program is administered by the DOE and provides matching grants for private sources that raise money for scholarships for students who attend:

- Florida Agricultural and Mechanical University;
- Bethune-Cookman University;
- Edward Waters College; or
- Florida Memorial University.¹⁷

To be eligible to receive the scholarship a student must:

- Meet the state’s general requirements for student eligibility for state financial aid awards as provided in s. 1009.40, F.S.;
- Be accepted at one of the four qualifying schools;
- Enroll as a full-time undergraduate student; and
- Earn a 3.0 grade point average on a 4.0 scale, or the equivalent, for high school subjects creditable toward a diploma.¹⁸

Students who meet the scholarship program eligibility may receive an annual award of \$3,000, with priority in awarding the scholarships given to students having financial need.¹⁹

Kappa Alpha Psi Fraternity Specialty License Plate

Proceeds from the sale of the Kappa Alpha Psi Fraternity specialty license plate will be distributed to the Southern Province of Kappa Alpha Psi Foundation, Inc., which may use 5 percent of the proceeds for marketing of the plate and 95 percent for college scholarships for Florida residents attending historically black colleges and universities in Florida.

Southern Province of Kappa Alpha Psi Foundation, Inc.

Kappa Alpha Psi was founded in 1911, on the campus of Indiana University at Bloomington, Indiana. The objectives of the fraternity are to:

- Unite men of culture, patriotism, and honor in a bond of fraternity;

¹⁶ Delta Research and Educational Foundation, *About Us*, <http://www.deltafoundation.net/about-us> (last visited Feb. 2, 2018).

¹⁷ Section 1009.73(1), F.S.

¹⁸ Section 1009.73(5), F.S.

¹⁹ Section 1009.73(6), F.S.

- Encourage honorable achievement in every field of human endeavor;
- Promote the spiritual, social, intellectual, and moral welfare of members;
- Assist the aims and purposes of colleges and universities; and
- Inspire service in the public interest.²⁰

According to corporate filings with the Department of State, the Southern Province of Kappa Alpha Psi Foundation, Inc. was organized to support the charitable and educational activities of the Kappa Alpha Psi fraternal organization.²¹

Alpha Kappa Alpha Sorority Specialty License Plate

Proceeds from the sale of the Alpha Kappa Alpha Sorority specialty license plate will be distributed to the Alpha Kappa Alpha Educational Advancement Foundation, Inc., which may use 5 percent of the proceeds for marketing of the plate and 95 percent for college scholarships for Florida residents attending historically black colleges and universities in Florida.

Alpha Kappa Alpha Educational Advancement Foundation, Inc.

The Alpha Kappa Alpha Educational Advancement Foundation, Inc. is a charitable, not-for-profit organization. Alpha Kappa Alpha Sorority, Inc. created the Foundation in 1980 with a mission “to promote lifelong learning. This is accomplished by securing charitable contributions, gifts and endowed funds to award scholarships, fellowships and grants.”²²

Alpha Phi Alpha Fraternity Specialty License Plate

Proceeds from the sale of the Alpha Phi Alpha Fraternity specialty license plate will be distributed to the DOE to be used for the JC Rawls-FFAC Foundation, Inc.

JC Rawls-FFAC Foundation, Inc.

According to corporate filings with the Department of State, JC Rawls-FFAC Foundation, Inc. was incorporated in Florida in 2013, and is organized as a not-for-profit corporation exclusively for educational and charitable purposes.²³

Effective Date

The bill takes effect October 1, 2018.

²⁰ See Southern Province Kappa Alpha Psi Fraternity, Inc. website, <http://southernprovince.org/> (last visited Feb. 2, 2018).

²¹ Department of State – Division of Corporations, *Southern Province of Kappa Alpha Psi Foundation, Inc.* (July 2002), <http://search.sunbiz.org/Inquiry/CorporationSearch/ConvertTiffToPDF?storagePath=COR%5C2002%5C0723%5C50481755.tif&documentNumber=N02000005456> (last visited Feb. 2, 2018).

²² Alpha Kappa Alpha Educational Advancement Foundation website, <http://www.akaef.org/> (last visited Feb. 2, 2018).

²³ Department of State – Division of Corporations, *Electronic Articles of Incorporation for JC Rawls-FFAC Foundation, Inc.* (August 5, 2013), <http://search.sunbiz.org/Inquiry/CorporationSearch/ConvertTiffToPDF?storagePath=COR%5C2013%5C0807%5C10419621.tif&documentNumber=N13000006981> (last visited Feb. 2, 2018).

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:

None.

B. Private Sector Impact:

Individuals who choose to purchase a specialty license plate will pay a \$25 annual use fee in addition to appropriate license taxes and fees.

The bill may have a positive fiscal impact on organizations that receive a portion of the proceeds from the sale of the specialty license plate.

C. Government Sector Impact:

The DHSMV estimates programming and implementation of the plates will cost approximately \$68,160 (an estimated \$7,680 for the Highwaymen plate and \$60,480 for the Sorority and Fraternity plates).²⁴ The DHSMV is authorized to retain revenues from the first proceeds of specialty license plate sales to defray departmental expenditures related to the specialty license plate program.²⁵

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

²⁴ See DHSMV, *2018 Agency Legislative Bill Analyses for HB 671* (Jan. 12, 2018) and *HB 297* (Nov. 9, 2017) (on file with the Senate Committee on Transportation).

²⁵ Section 320.08056(7), F.S.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 320.08056 and 320.08058.

IX. Additional Information:

A. **Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. **Amendments:**

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
