

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/HB 671 Specialty License Plates

**SPONSOR(S):** Transportation & Infrastructure Subcommittee; Lee, Jr., Grant, J., and others

**TIED BILLS:** **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Transportation & Infrastructure Subcommittee	10 Y, 0 N, As CS	Roth	Vickers
2) Transportation & Tourism Appropriations Subcommittee	10 Y, 0 N	Cobb	Davis
3) Government Accountability Committee			

### SUMMARY ANALYSIS

The bill directs the Department of Highway Safety and Motor Vehicles (DHSMV) to develop the Highwaymen specialty license plate with an annual use fee of \$25.

Prior to the completion of the construction of the Highwaymen Museum and African American Cultural Center (Center), annual use fees will be distributed to the St. Lucie Education Foundation, Inc., to fund art education and art projects in public schools within St. Lucie County, for administrative and marketing costs associated with the license plate, and to fund the construction of the Center. Upon completion of construction of the Center, annual use fees will be distributed to the St. Lucie Education Foundation, Inc., to fund art education and art projects in public schools within St. Lucie County, for administrative and marketing costs associated with the license plate, and to fund the day-to-day operations of the Center.

According to DHSMV, the bill will have a negative, but insignificant fiscal impact to state expenditures.

The bill has an effective date of October 1, 2018.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### Current Situation

##### 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.<sup>1</sup> 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. A vehicle registered under the International Registration Plan, a commercial truck required to display two license plates, or a truck tractor are not eligible for specialty license plates.<sup>2</sup>

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.<sup>3</sup>
- 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.<sup>4</sup>
- 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.<sup>5</sup>

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 (this provision does not apply to collegiate license plates).<sup>6</sup>

Organizations in receipt of 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.<sup>7</sup> 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.<sup>8</sup>

##### Highwaymen

In the early 1950's through the 1980's a group of 26 African-American artists known as the "Florida Highwaymen" used vivid and bright colors to display the beautiful untouched Florida landscape. The Florida Highwaymen painted wind-bent palm trees, serene sunsets, churning oceans and bright red

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<sup>1</sup> Florida Department of Highway Safety and Motor Vehicles, *Specialty License Plates Index*, <http://www.flhsmv.gov/dmv/specialtytags/> (last visited January 5, 2018).

<sup>2</sup> Section 320.08056(2), F.S.

<sup>3</sup> Section 320.08053(1), F.S.

<sup>4</sup> Section 320.08053(2)(a), F.S.

<sup>5</sup> Section 320.08053(2)(b), F.S.

<sup>6</sup> Section 320.08056 (8)(a), F.S.

<sup>7</sup> Section 320.08062, F. S.

<sup>8</sup> Section 320.08056(10)(a), F.S.

Poinciana trees. They painted from their garages and back yards on inexpensive Upson board and then on the weekends would travel and sell their Highwaymen paintings to hotels, offices, businesses and individuals who appreciated the artwork for approximately \$25 apiece. Currently, the market for an original work of art by a Florida Highwayman can bring \$5,000 or more. Some of the Highwaymen who are still living have resumed painting to meet the continuing demand for their work.<sup>9</sup>

### Education Foundations

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 respective districts. In 1990, the St. Lucie County Education Foundation was organized as a direct support organization of the St. Lucie County School Board. The St. Lucie County Education 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.<sup>10</sup>

### **Proposed Changes**

The bill directs DHSMV to develop the Highwaymen specialty license plate with an annual use fee of \$25, bearing the colors and design approved by DHSMV. The new license plates will display the word “Florida” at the top of the plate and “Highwaymen” at the bottom of the plate.

Prior to the completion of the construction of the Highwaymen Museum and African American Cultural Center (Center), a minimum of 15 percent of the annual use fee is distributed to the St. Lucie Education Foundation, Inc., to fund art education and art projects in public schools within St. Lucie County, up to 10 percent of the annual use fee is to be used for administrative and marketing costs of the license plate, and the remainder of the annual use fee is to be used to fund the construction of the Center.

Upon completion of construction of the Center, a minimum of 10 percent of the annual use fee is distributed to the St. Lucie Education Foundation, Inc., to fund art education and art projects in public schools within St. Lucie County, up to 10 percent of the annual use fee is to be used for administrative and marketing costs of the license plate, and the remainder of the annual use fee is to be used to fund the day-to-day operations of the Center.

#### B. SECTION DIRECTORY:

**Section 1:** Amends s. 320.08056, F.S., relating to specialty license plates.

**Section 2:** Amends s. 320.08058, F.S., relating to specialty license plates.

**Section 3:** Provides an effective date of October 1, 2018.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

#### A. FISCAL IMPACT ON STATE GOVERNMENT:

##### 1. Revenues:

None.

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<sup>9</sup> Florida Highwaymen, available at <http://www.floridahighwaymenpaintings.com/> (last visited January 5, 2018).

<sup>10</sup> Education Foundation, *About Us*, available at <https://www.educationfoundationstlucie.org/p/3/about-us#.WjFxDGhSyUk> (last visited January 5, 2018).

2. Expenditures:

DHSMV estimates that 216 hours, or approximately \$7,680 in FTE and contracted resources will be required for programming and implementation of the specialty license plate. This cost can be absorbed within existing resources.<sup>11</sup>

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Revenue from the sale of the Highwaymen specialty license plate will benefit the St. Lucie Education Foundation, Inc., and the construction and operations of the Center.

D. FISCAL COMMENTS:

None.

### III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. The bill does not require a municipality or county to expend funds or to take any action requiring the expenditure of funds. The bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate. The bill does not require a reduction of the percentage of state tax shared with municipalities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

It is unclear which entity is responsible for managing and distributing the administrative and marketing costs of the plate as well as the funds for the construction of the Center.

### IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On January 9, 2018, the Transportation & Infrastructure Subcommittee adopted an amendment and reported the bill favorably as a committee substitute. The amendment:

- Removes language providing that DHSMV retain all annual use fees from the sale of the plate until all startup costs for developing and issuing the plate have been recovered.

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<sup>11</sup> Florida Department of Highway Safety and Motor Vehicles, *Agency Analysis of 2018 House Bill 671*, p. 4 (December 7, 2017).

- Allocates the annual use fees received prior to the construction of the Center to the St. Lucie Education Foundation, Inc., to administrative and marketing costs associated with the license plate, and to the construction of the Center.
- Allocates the annual use fees received upon completion of construction of the Center to the St. Lucie Education Foundation, Inc., to administrative and marketing costs associated with the license plate, and to the day-to-day operations of the Center.

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