

STORAGE NAME: h0557s1.lecp

DATE: April 6, 1999

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
LAW ENFORCEMENT AND CRIME PREVENTION
ANALYSIS**

BILL #: CS/HB 557

RELATING TO: DHSMV/License Plate Seizure

SPONSOR(S): Committee on Transportation and Representatives Chestnut, Cosgrove, and Greenstein

COMPANION BILL(S): SB 2270 (s)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) TRANSPORTATION YEAS 10 NAYS 0
 - (2) LAW ENFORCEMENT AND CRIME PREVENTION
 - (3) INSURANCE
 - (4) TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS
 - (5)
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I. SUMMARY:

Since October 1995, the Department of Highway Safety and Motor Vehicles (DHS&MV) has been coordinating a pilot project which authorizes licensed recovery agents to seize license plates of motor vehicles, if the vehicle's registration or the owner's driver's license has been suspended for failure to maintain proper insurance. Currently, the three authorized pilot counties are Dade, Broward, and Hillsborough.

The bill authorizes counties to opt into the tag seizure program after the Department completes its computer system upgrade. In addition, the pilot program would continue until completion of Department's computer system upgrade.

The number of counties that will opt into the program is unknown. Expanding the program into additional counties will increase license plate seizures, reinstatement fees, and payments to recovery agents. To the extent that license plates are seized, this bill has a positive, but indeterminate, fiscal impact on the Highway Safety Operating Trust Fund. However, if no counties opt into the program, the number of license plates seized and associated reinstatement fees would decrease.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Since October 1995, DHS&MV has been coordinating a pilot project which authorizes licensed recovery agents to seize the license plates of motor vehicles, if the vehicle registration or driver's license of the owner has been suspended for failure to maintain proper insurance. Currently, the three authorized pilot counties are Dade, Broward, and Hillsborough.

Section 324.201, F.S., provides that any person whose license or registration has been suspended, or whose insurance has been canceled or terminated, or who neglects to furnish proof of insurance to DHS&MV, must immediately return his or her license and registration to the Department. The failure to return his or her license or registration is a second degree misdemeanor.

In addition, s. 324.201, F.S., provides that all information obtained by DHS&MV regarding non-compliance, shall be made available to all law enforcement agencies and recovery agents or recovery agencies authorized to seize license plates for the purpose of enforcing the provisions listed above. Subsection 324.201(5), F.S., provides that when a recovery agent or recovery agency obtains a seized license plate, local law enforcement agencies must be notified of the recovery within 6 hours after seizure. The recovery agent or recovery agency is required to deliver the license plate to the local law enforcement authorities and obtain a receipt for the license plate for claim record purposes.

Section 324.202, F.S., provides for the pilot project in Broward, Dade and Hillsborough Counties. This project authorizes licensed recovery agents and agencies, as described in s. 493.6101 (20) and (21), F.S., to seize motor vehicle license plates whose registrations have been suspended pursuant to s. 627.733, F.S., relating to insurance rates and contracts, or s. 316.646, F.S., relating to state uniform traffic control, for failure to maintain insurance.

The recovery agents and agencies are authorized to obtain information regarding noncompliance with the state insurance requirements and to use the information to seize license plates of those persons whose registration is suspended for failure to comply with insurance requirements. Once each month, DHS&MV supplies a listing of all license plates eligible for seizure to participating licensed recovery agencies and to the two associations representing the agents and agency owners. Further, since the list could become dated quickly, DHS&MV maintains an 800 number for verifying that a license plate is still subject to seizure immediately before being removed from a vehicle.

After verifying that a license plate is still subject to seizure, the recovery agent removes the license plate from the vehicle and posts a notice on the front windshield under the wiper blade notifying the owner/registrator that the license plate has been seized. The recovery agent is required to notify law enforcement within 6 hours of the seizure of the plate and then to deliver the plate to the local law enforcement agency and obtain a receipt for claim record purposes. The recovery agent then takes the receipt to a driver license office where the information is entered on DHS&MV's computer. The recovery agent receives payment for the license plate seizure only if the owner pays the reinstatement fee of \$150. The agent is entitled to one-third of the reinstatement fee.

When the law was passed in 1995, DHS&MV was charged with implementing the pilot project which began October 1, 1995 with a required report to the Legislature on October 1, 1996.

The report indicated that the information recovery agents receive from the Department is often inaccurate and they seize license plates for which they cannot be paid because no reinstatement fee is paid. In many instances, these errors were due to drivers changing insurance companies without the insurance company notifying DHS&MV or paying their insurance in an untimely manner, which results in their registration being canceled. The report also indicated that insurance companies often delay reporting policy information to DHS&MV.

These accuracy problems with the data base became a disincentive for the recovery agents because a large percentage of license plates reported as seizeable were actually insured, and the agents were not paid for license plates seized. In an attempt to increase interest and participation

in the program, DHS&MV received approval from the Comptroller's Office to allow the Department to pay \$25 to recovery agents up front for each eligible license plate seized. If the reinstatement fee is later paid, the advanced fee is deducted from the amount owed the recovery agent. This modified process was implemented on April 26, 1996, and as a result there was a substantial increase in the number of agencies participating and in the number of license plates seized.

As of February 1999, a total of 14,450 license plates have been seized. Of these 60 percent provided proof that they had maintained continuous insurance coverage, 9 percent were cleared by other means after the license plates were seized, and 24 percent acquired insurance, paid the reinstatement fee, had their drivers licenses returned and purchased new license plates. Six and one-half (6.5) percent of the suspensions remain open. DHS&MV collected \$595,800 in reinstatement fees and paid out \$460,975 to licensed recovery agents.

DHS&MV reports that since the project began insurance compliance within the pilot counties has increased by 8 percent in Dade County and 6 percent in both Broward and Hillsborough counties.

B. EFFECT OF PROPOSED CHANGES:

The bill authorizes counties to opt into the tag seizure program after the Department completes its computer system upgrade. In addition, the current pilot program will remain in effect until DHS&MV's computer system upgrade, known as VISOR, is complete.

The bill provides for payment of a \$25 recovery fee to the recovery agent or recovery agency for the seizure of each "eligible" license plate. Further, the bill requires recovery agents or recovery agencies who obtain seized license plates to deliver the plate to a driver license office on the next business day.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

N/A

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

N/A

(3) any entitlement to a government service or benefit?

N/A

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

N/A

b. Does the bill require or authorize an increase in any fees?

N/A

c. Does the bill reduce total taxes, both rates and revenues?

N/A

d. Does the bill reduce total fees, both rates and revenues?

N/A

e. Does the bill authorize any fee or tax increase by any local government?

N/A

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

N/A

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

N/A

4. Individual Freedom:

a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

N/A

b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

N/A

5. Family Empowerment:

a. If the bill purports to provide services to families or children:

(1) Who evaluates the family's needs?

N/A

(2) Who makes the decisions?

N/A

(3) Are private alternatives permitted?

N/A

(4) Are families required to participate in a program?

N/A

(5) Are families penalized for not participating in a program?

N/A

b. Does the bill directly affect the legal rights and obligations between family members?

N/A

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

ss. 324.201, 324.202, 627.733

E. SECTION-BY-SECTION ANALYSIS:

N/A

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

Indeterminate, see Fiscal Comments D.

3. Long Run Effects Other Than Normal Growth:

N/A

4. Total Revenues and Expenditures:

Indeterminate, see Fiscal Comments D.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

N/A

2. Direct Private Sector Benefits:

Indeterminate, see Fiscal Comments D.

3. Effects on Competition, Private Enterprise and Employment Markets:

N/A

D. FISCAL COMMENTS:

The number of counties that will opt into the program is unknown. Expanding the program into additional counties will increase license plate seizures, reinstatement fees, and payments to recovery agents. To the extent that license plates are seized, this bill has a positive, but indeterminate, fiscal impact on the Highway Safety Operating Trust Fund. Since October 1995, DHS&MV has collected \$595,800 in reinstatement fees and paid out \$460,975 to licensed recovery agents. However, if no counties opt into the program, the number of license plates seized and associated reinstatement fees would decrease.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

N/A

B. REDUCTION OF REVENUE RAISING AUTHORITY:

N/A

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

N/A

V. COMMENTS:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On March 11, 1999, the Committee on Transportation adopted 2 amendments to HB 557. One amendment was technical in nature. The other amendment deleted provisions authorizing a statewide program and instead authorized counties to opt into the program.

VII. SIGNATURES:

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