

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 1285 w/CS

Omega Psi Phi Fraternity License Plate

**SPONSOR(S):** Holloway

**TIED BILLS:**

**IDEN./SIM. BILLS:** SB 1736

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| REFERENCE                          | ACTION         | ANALYST | STAFF DIRECTOR |
|------------------------------------|----------------|---------|----------------|
| 1) Highway Safety (Sub)            | 8 Y, 0 N       | Garner  | Miller         |
| 2) Transportation                  | 18 Y, 0 N w/CS | Garner  | Miller         |
| 3) Finance & Tax                   |                | Levin   | Diez-Arguelles |
| 4) Trans. & Econ. Dev. Apps. (Sub) |                |         |                |
| 5) Appropriations                  |                |         |                |

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### SUMMARY ANALYSIS

HB 1285 w/CS creates the Omega Psi Phi Fraternity specialty license plate, and it establishes an annual use fee of \$25 to be paid by purchasers of the plate in addition to license taxes and fees. Annual use fee proceeds must be distributed to the Florida State Omega Scholarship Fund to be distributed by the Omega Psi Phi fraternity for scholarships. The Department of Highway Safety and Motor Vehicles ("DHSMV") is authorized to recover its startup costs for developing and issuing the plates from the first annual use fees.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

**STORAGE NAME:** h1285c.ft.doc

**DATE:** March 26, 2004

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. DOES THE BILL:

- |                                      |                              |  |   |
|--------------------------------------|------------------------------|--|---|
| 1. Reduce government?                | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/>            |
| 2. Lower taxes?                      | Yes <input type="checkbox"/> | No <input type="checkbox"/>            | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom?        | Yes <input type="checkbox"/> | No <input type="checkbox"/>            | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/>            | N/A <input checked="" type="checkbox"/> |
| 5. Empower families?                 | Yes <input type="checkbox"/> | No <input type="checkbox"/>            | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

#### Reduce Government?

The bill appears to increase government in that it requires DHSMV to develop and provide for the manufacture of a new license plate, and requires county tax collectors offices to maintain an appropriate inventory and administer the new plate.

#### B. EFFECT OF PROPOSED CHANGES:

#### Present Situation

The Florida Legislature created the first specialty license plates in 1986, one commemorating the seven astronauts who died when the space shuttle Challenger exploded after lift-off, and one for each of the nine universities then in the State University System. Since then, the Legislature has authorized seventy-eight more specialty license plates.

Specialty license plates are available to any owner or lessee of a motor vehicle who is willing to pay an annual use fee for the privilege. Annual use fees ranging from \$15 to \$25, paid in addition to required license taxes and service 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. The Legislature may create a specialty license plate under its own initiative or it can do so at the request of an organization. Under s. 320.08053, F.S., an organization may seek Legislative authorization for a new specialty license plate by meeting a number of requirements.

An organization is first required to submit to the Department of Highway Safety and Motor Vehicles (DHSMV):

- A request for the plate describing it in general terms;
- The results of a professional, independent, and scientific sample survey of Florida residents indicating that 15,000 vehicle owners intend to purchase the plate at the increased cost;
- An application fee of up to \$60,000 defraying DHSMV's cost for reviewing the application, developing the new plate, and providing for the manufacture and distribution of the first run of plates; and
- A marketing strategy for the plate and a financial analysis of anticipated revenues and planned expenditures.

These requirements must be satisfied at least 90 days prior to the convening of the regular session of the Legislature. Once the requirements are met, DHSMV notifies the committees of the House of Representatives and Senate with jurisdiction over the issue, and the organization is free to find sponsors and pursue Legislative action.

If a proposed specialty plate fails to be enacted by the Legislature, DHSMV returns the application fee and other required documents to the organization. If it passes and becomes law, DHSMV notifies the organization, modifies its computer programming to accommodate the new plate, and requests the laminate manufacturer, 3M Company, to produce a prototype. PRIDE at Union Correctional Facility, the contracted manufacturer of license plates, laminates, embosses and roll-coats sample plates that must be submitted to FHP, the Governor, and the Cabinet for approval. Once approval is given, PRIDE begins full production of the plates and distributes them to the Tax Collectors' Offices for sale to the public.

A particular specialty license plate must be discontinued if less than 8,000 plates, including annual renewals, are issued by the end of the fifth year of sales, or during any subsequent five-year period. To date, only three plates have ever been discontinued for lack of sales. These plates are the Girl Scouts plate, the Orlando Predators plate, and the Tampa Bay Storm plate.

The Legislature has authorized 88 specialty license plates to date. Approximately 100 specialty license plates may be available for sale within the next year. Sales of specialty license plates generated more than \$24 million in annual use fee revenues in 2002, and more than \$24.5 million in 2003. Since the program's inception in 1986, the DHSMV has collected annual use fees totaling more than \$225 million.

Effect of Proposed Changes

HB 1285 w/CS creates the Omega Psi Phi Fraternity specialty license plate, and establishes an annual use fee of \$25 to be paid by purchasers of the plate in addition to license taxes and fees. Annual use fee proceeds must be distributed to the Florida State Omega Scholarship Fund to be distributed by the Omega Psi Phi fraternity for scholarships. DHSMV is authorized to recover up to \$60,000 in startup costs for developing and issuing the plates from the first annual use fees.

C. SECTION DIRECTORY:

**Section 1.** Amends s. 320.08056, F.S., providing an annual use fee of \$25 for an Omega Psi Phi Fraternity license plate.

**Section 2.** Amends s. 320.08058, F.S., creating an Omega Psi Phi Fraternity specialty license plate and providing for the distribution of annual use fees collected from its sale.

**Section 3.** Provides an effective date of July 1, 2004.

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

A. FISCAL IMPACT ON STATE GOVERNMENT:

|                                | <u>FY 2003-04</u> | <u>FY 2004-05</u> | <u>FY 2005-06</u> |
|--------------------------------|-------------------|-------------------|-------------------|
| 1. Revenues:                   |                   |                   |                   |
| HS Op. TF<br>(App. Fee):       | \$ <u>-0-</u>     | \$ <u>-0-</u>     | \$ <u>-0-</u>     |
| 2. Expenditures:               |                   |                   |                   |
| GR (Data Proc.):               | \$ <u>7,560</u>   | \$ <u>-0-</u>     | \$ <u>-0-</u>     |
| HS Op. TF<br>(Salaries/Bene.): | \$ <u>15,000</u>  | \$ <u>-0-</u>     | \$ <u>-0-</u>     |
| (Purch. Plates):               | \$ <u>36,900</u>  | \$ <u>-0-</u>     | \$ <u>-0-</u>     |

**TOTAL:** **\$ 59,460** **\$ -0-** **\$ -0-**

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

None.

2. Expenditures:

None.

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

Those persons electing to purchase an Omega Psi Phi Fraternity license plate would be required to pay a \$25 annual use fee in addition to the license taxes and fees that are due annually.

**D. FISCAL COMMENTS:**

None.

**III. COMMENTS**

**A. CONSTITUTIONAL ISSUES:**

1. Applicability of Municipality/County Mandates Provision:

Not applicable because this bill does not appear to: require cities or counties to spend funds or take actions requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None.

**B. RULE-MAKING AUTHORITY:**

No exercise of rulemaking authority is required to implement the provisions of this bill.

**C. DRAFTING ISSUES OR OTHER COMMENTS:**

None.

**IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES**

On March 11, 2004, the Highway Safety Subcommittee recommended one amendment requiring DHSMV to retain all of the initial annual use fees up to \$60,000 generated by the sale of the plates to recover its startup costs for developing and issuing the new plates. The subcommittee then reported the bill favorably as amended.

On March 15, 2004, the Committee on Transportation adopted the amendment recommended by the Highway Safety Subcommittee and then reported the bill favorably as amended with a committee substitute.