

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 975 Specialty License Plates
SPONSOR(S): Economic Expansion and Infrastructure Council, Hays, and others
TIED BILLS: **IDEN./SIM. BILLS:** SB 1900, SB 2042

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on Infrastructure</u>	<u>7 Y, 1 N</u>	<u>Fox</u>	<u>Miller</u>
2) <u>Economic Expansion & Infrastructure Council</u>	<u>13 Y, 1 N, As CS</u>	<u>Fox</u>	<u>Tinker</u>
3) <u>Policy & Budget Council</u>	<u></u>	<u></u>	<u></u>
4) <u></u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

SUMMARY ANALYSIS

CS/HB 975 provides for the creation and issuance of eleven new specialty license plates. They are as follows:

- The "Support Our Troops" specialty license plate (automobile and motorcycle) will have an annual use fee of \$25 per plate each.
- The "Florida NASCAR" specialty license plate will have an annual use fee of \$25 per plate.
- The "Protect Florida Springs" specialty license plate will have an annual use fee of \$25 per tag.
- The "Trees Are Cool" specialty license plate will have a \$25 annual use fee per plate.
- The "Corrections Foundations" specialty license plate will have a \$25 annual use fee per plate.
- Five (5) Veterans Service Organization specialty license plates will have a \$25 annual use fee per plate. The plates developed will be for The American Legion, The Disabled American Veterans, The Veterans of Foreign Wars, The AMVETS, and The Vietnam Veterans of America.

CS/HB 975 provides for the creation of three new military special license plates. They are the "Bronze Star", "Silver Star" and "Gold Star" military special license plates.

CS/HB 975 also allows current language to be amended for the following specialty license plates:

- Increases the annual use fee for the Sea Turtle plate from \$17.50 to \$23.00.
- Deletes language regarding the Girl Scout specialty license plate which has been discontinued.
- Increases the annual use fee for the Florida Sheriffs Youth Ranch specialty plate from \$20 to \$25.
- Allows for up to 10% of the annual use fee from the Florida Agriculture license plate to be used for promotion and marketing of the Florida Educational specialty license plate.
- Allows for up to 25% of the annual use fee from the Florida Agriculture specialty license plate to be used for promotion, marketing, and administrative costs along with classroom projects.
- Allows for future annual use fees to be distributed to the Florida Wildflower Foundation, Inc
- Repeals the administrative fee of \$1.50 imposed on the issuance of a disabled parking permit.
- Provides language that fees from license plates may not be used for the purpose of marketing, lobbying, or rewarding an employee of a governmental agency that sells specialty license plates.

CS/HB 975 also repeals the \$1.50 administrative processing fee imposed on the issuance of a disabled parking permit as authorized in s. 320.0848 (2) (c), F.S.

This act shall take effect October 1, 2007.

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

STORAGE NAME: h0975c.EEIC.doc
DATE: 4/12/2007

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provides Limited Government – The bill appears to increase government in that it requires DHSMV to develop and provide for the manufacture of new specialty license plates, and therefore requires county tax collectors' offices to maintain an appropriate inventory and administer the new plates.

B. EFFECT OF PROPOSED CHANGES:

Present Situation

Currently, 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) the following:

- 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 30,000 vehicle owners intend to purchase the plate at the increased cost.
- An application fee of \$60,000 defraying the DHSMV's cost for reviewing the application, developing the new plate, and providing for the manufacture and distribution of the first run of plates.
- 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.

Effect of Proposed Changes

This bill amends s. 320.08056 and 320.08058, F.S., authorizing the DHSMV to develop and issue a "Support Our Troops", (automobile and motorcycle) "Florida NASCAR", "Protect Florida Springs", "Trees Are Cool", "Corrections Foundation" and 5 Veterans Service Organization specialty license plates. A qualified motor vehicle owner may obtain one of these new specialty license plates upon payment of the appropriate license taxes and a \$25 special use fee.

Support Our Troops, Inc., NASCAR, The Wildlife Foundation of Florida, The Florida Chapter of the International Society of Arboriculture and Correction Foundation, Inc. has met all of the application and statutory requirements to pursue legislation for the specialty license plates (automobile only). In addition, the Auditor General has reported in Report No. 2007-109, that these organizations have met the survey requirements as required in the Florida Statutes.

Support Our Troops

Support Our Troops, Inc. will use the annual use fees for the benefit of Florida active duty troops and their families in accordance with its articles of incorporation. Support Our Troops, Inc. may retain the

first \$60,000 to recover the initial startup costs for developing and establishing the plate. Thereafter, the annual use fees shall be used for the following:

- 25% shall be distributed to Support Our Troops, Inc., to offset marketing, administration, and promotion
- Of the remaining proceeds, 65% shall be distributed to Support Our Troops, Inc. and 35% shall be distributed to the Department of Veterans Affairs State Homes for Veterans Trust Fund.

The bill provides that Support Our Troops, Inc. may also issue a motorcycle size specialty license plate. Support Our Troops, Inc. has not provided a survey nor has paid the \$60,000 application fee for a motorcycle specialty license plate. However, the DHSMV shall retain the first proceeds from the annual use fees from the sale of the "Support Our Troops" motorcycle specialty license plate in an amount sufficient to recover their startup costs. Also, this bill provides that Support Our Troops, Inc. be exempt from Section 320.08056 (8) (a), F.S. which requires 1,000 license plates be issued in a twelve month period in order to continue the sale of the plate. Currently, only collegiate license plates are exempt.

In addition, the bill provides that Support Our Troops, Inc. may alternate the phrase at the bottom of the plate to "Support Our Heroes" or "Salute Our Heroes". This would be done at the request of the sponsoring organization. This would also increase the costs of the license plate for DHSMV due to the costs involved in redesigning the plate.

NASCAR

NASCAR (National Association for Stock Car Auto Racing) shall receive up to \$60,000 in proceeds from the annual use fees of the "Florida NASCAR" specialty license plate to be used to pay startup costs, including costs incurred in developing and issuing the plates. Thereafter, the annual use fees shall be used for the following benefits:

- 5% to be used by the Florida Sports Foundation for the administration of the NASCAR specialty license plate program.
- 10% provided to NASCAR for the royalty rights for the use of their marks.
- 15% to the Florida Sports Foundation to support their regional grant program, attracting sporting events to Florida.
- 20% to support the marketing of motorsports-related tourism in the State of Florida.
- 50% to be paid to NASCAR Foundation, an s. 501(c)(3) charitable organization, to support Florida-based charitable organizations.

Currently, there are no other specialty license plates that are allowed to be paid royalty rights. NASCAR would be the first organization to be reimbursed for royalty rights.

Protect Florida Springs

This bill amends s. 320.08056 and 320.08058, F.S., authorizing the DHSMV to develop and issue a "Protect Florida Springs" license plate upon payment of the appropriate license taxes and a \$25 annual use fee. Annual use fees collected from the sale of this license plate shall be distributed to the Wildlife Foundation of Florida, Inc. The Wildlife Foundation of Florida, Inc. shall retain the first \$60,000 of the annual use fees as direct reimbursement for administrative costs, startup costs, and costs incurred in the development and approval process. After they retain the initial \$60,000, they will then administer the fees and will use the proceeds as follows:

- Up to 10% to be used for administrative costs directly associated with education programs, conservation, springs research, and grant administration of the foundation.
- Up to 15% to be used for continuing promotion and marketing of the license plate.
- At least 55% shall be available for competitive grants for targeted community-based springs research for which state funding is not currently available.

- 20% shall be directed toward community outreach programs aimed at implementing such research findings.

The impact incurred as a result of this bill is approximately \$60,000. This impact is offset by the \$60,000 application fee the organization is required to pay. Revenue generated from the sale of this license plate is based on public interest and cannot be predicted.

Trees Are Cool

This bill amends s. 320.8056 and 320.08058, F.S., authorizing the DHSMV to develop and issue a "Trees are Cool" specialty license plate upon payment of the appropriate license taxes and a \$25 annual use fee. Annual use fees collected from the sale of this license plate shall be distributed to the Florida Chapter of the International Society of Arboriculture, Inc. After the initial \$60,000 of startup costs for developing and establishing this plate is recovered by the Florida Chapter of the International Society of Arboriculture, Inc., the proceeds may use as follows:

- Up to 25% to be used for promotion and marketing of the plate.
- 5% to be used for administrative costs.
- Remaining balance of the fees shall fund programs that promote statewide education and training with respect to tree care and safety.

The impact incurred as a result of this bill is approximately \$60,000. This impact is offset by the \$60,000 application fee the organization is required to pay. Revenue generated from the sale of this license plate is based on public interest and cannot be predicted.

Corrections Foundation

This bill amends s. 320.8056 and 320.08058, F.S., authorizing the DHSMV to develop and issue a "Corrections Foundation" specialty license plate upon payment of the appropriate license taxes and a \$25 annual use fee. The annual use fees collected from the sale of the Corrections Foundation specialty license plate shall be distributed to the Corrections Foundation Inc. to be used to continue and expand the charitable work of the foundation as set forth in s. 944.802, F.S.

Veterans Service Organization

This bill creates and issues 5 new Veterans Service Organization specialty license plates. The annual use fee for each Veterans Service Organization specialty license plate is \$25. They are as follows:

- The American Legion
- The Disabled American Veterans
- The Veterans of Foreign Wars
- The AMVETS (American Veterans)
- The Vietnam Veterans of America

After the initial startup costs for developing and issuing the plates have been recovered, the revenue from the annual use fees shall be used for the following:

- 40% shall be remitted to the appropriate organization to support its veterans and military activities, programs, and projects within the State of Florida.
- 60% shall be deposited into the State Homes for Veterans Trust Fund and used solely to construct, operate, and maintain domiciliary and nursing homes for veterans.

The Veterans Service Organizations have not met the statutory requirements nor have the sponsoring organizations paid the \$60,000 application fees for each of the 5 specialty license plates.

Other Changes Regarding Current Specialty License Plates

The bill makes a number of changes to existing specialty license plates as follows:

- Increase the annual use fee for the Sea Turtle license plate from \$17.50 to \$23.00.

- Increase the annual use fee for the Florida Sheriffs Youth Ranch license plate from \$20 to \$25.
- Deletes language regarding the Girl Scout plate which has been discontinued due to this organization not meeting the statutory requirement for minimum number of sale of plates.
- Amends current language to authorize the use of up to 10% of the annual use fees from the sale of the Florida Educational plate to be used for marketing and promotion expenses.
- Amends current language to authorize the use of up to 25% of the annual use fees from the sale of the Florida Agricultural specialty license plate to be used for promotion, marketing, and administrative costs directly associated with the license plate and Florida agriculture in the classroom program.
- Amends current language regarding the "Florida Wildflower" specialty license plate. Allows for future annual use fees to be distributed to the Florida Wildflower Foundation, Inc. and allows for a maximum of 15% of the proceeds from the sale of the plates to be used for administrative and marketing costs. Current law has this organization receiving 10% of the proceeds for administrative and marketing costs.
- Provides that the annual use fees from all specialty license plates may not be used for the purpose of marketing, lobbying, entertaining, or rewarding an employee of a governmental agency that sells or distributes specialty license plates.

Bronze Star and Silver Star License Plate

This bill creates the issuance of a "Bronze Star" and "Silver Star" license plate. This license plate will be available for "Bronze Star" and "Silver Star" medal recipients that served in the United State Armed Forces. They will receive this plate upon application and proof that they received one of these 2 medals. This plate would have no additional cost after the appropriate license taxes are paid.

Gold Star License Plate

This bill creates the issuance of a "Gold Star" license plate. It will be issued to honor family members of service members who have been killed while serving in the Armed Forces of the United States. The service members must have been a bona fide resident of the State of Florida for 1 year immediately preceding the service member's death.

Each surviving spouse and surviving parents shall be issued the Gold Star license plate for one vehicle per person for a charge of \$10 in lieu of all other taxes and registration fees. Proceeds collected from the issuance of this license plate shall be retained by the DHSMV to defray the cost of providing the plate and renewal decals. Additional plates that are purchased by other members of the family may be purchased at the normal payment of registration fees and license taxes.

Repeal of Disabled Parking Permit

CS/HB 975 repeals the \$1.50 administrative processing fee imposed on the issuance of a disabled parking permit as authorized in s.320.0848 (2) (c), F.S. Current statute has the \$1.50 fee being retained by the tax collector of the county in which the fee was collected. The DHSMV also collects this fee for some permits. This has an effective date of July 1, 2007.

C. SECTION DIRECTORY:

Section 1. Amends s. 320.08056 F.S., providing for a \$25 annual use fee for the "Support Our Troops", "Florida NASCAR", "Protect Florida Springs", "Trees Are Cool", "Corrections Foundation" and 5 Veterans Service Organization specialty license plate. Also increases the annual use fee for the Sea Turtle specialty license plate from \$17.50 to \$23.00 and the Florida Sheriffs Youth Ranch from \$20 to \$25.

Section 2. Amends s. 320.08058 F.S., by creating the "Support Our Troops" (automobile and motorcycle), "Florida NASCAR", "Protect Florida Springs", "Trees Are Cool", "Corrections Foundation" and 5 Veterans Service Organization specialty license plate; providing for plate design, providing for annual use fees, and providing for distribution and uses of the annual use fees. It also deletes the language for the Girl Scout specialty license plate. Also amends language regarding the use of annual

use fees for the Florida Educational, Florida Agricultural, and the Florida Wildflower specialty license plate.

Section 3. Amends s. 320.0848(2) (c) F.S., by repealing the administrative processing fee of \$1.50 imposed on the issuance of a disabled parking permit. This has an effective date of July 1, 2007.

Section 4. Amends s. 320.089 F.S., creating a "Silver Star" and Bronze Star" license plate.

Section 5. Amends s. 320.0894 F.S., creating the "Gold Star" license plate.

Section 6. Provides an effective date of October 1, 2007.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See FISCAL COMMENTS section below.

2. Expenditures:

See FISCAL COMMENTS section below.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Persons who elect to purchase the "Support Our Troops", "Florida NASCAR", "Protect Florida Springs", "Trees Are Cool", "Corrections Foundation", and the 5 Veterans Service Organizations specialty license plates will be required to pay an annual use fee of \$25 each in addition to applicable license taxes and administrative charges. Persons who elect to purchase the "Gold Star" special plate will pay only \$10 (no normal license taxes) and persons who elect to purchase the "Bronze Star" and "Silver Star" will pay only the applicable license taxes and registration fees. It is impossible to determine how many people will purchase the plates because the sale of these license plates will be based on public interest. Therefore, the aggregate impact to the private sector cannot be determined.

D. FISCAL COMMENTS:

Pursuant to the DHSMV, the repealing of the \$1.50 disabled parking permit statute will result in a negative fiscal impact by decreasing the annual revenue of the tax collectors in the State of Florida by \$562,722 and the DHSMV by \$4,542.

Regarding the special and specialty license plates, implementation of CS/HB 975 will cost the DHSMV approximately \$832,440 in contract programming, development labor, and product purchasing costs for creation of the fourteen specialty and special license plates. The expenditure of the \$832,440 is as follows:

Salaries and Benefits	\$210,000
Programming Costs	\$105,840
Purchase of License Plates	<u>\$516,600</u>
Total Expenditures	\$832,440

The revenue that has been received to offset the expenditure is \$300,000. This \$300,000 represents the five \$60,000 application fees that were paid for the "Support Our Troops"(automobile only), "Florida NASCAR", "Protect Florida Springs", "Trees Are Cool", and "Corrections Foundation" specialty license plates. The "net" expenditure after the application fees (revenue) is \$532,440.

There is language in CS/HB 975 where the initial annual use fees from the sale of the "Support Our Troops" motorcycle specialty license plate be retained by the DHSMV to recover their startup costs. Regarding the 5 Veterans Service Organization specialty license plates, the DHSMV shall retain 40% of the annual use fees until their startup costs have been recovered. Therefore the amount of the reimbursement of the startup costs to the DHSMV cannot be determined.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because the bill does not appear to: require counties or cities to spend funds or take action 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 additional rulemaking authority is required to implement the provisions of this bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

Other Comments

Pursuant to the updated DHSMV bill analysis, it was noted that the costs incurred by the department to create nine special and specialty license plates would impact the DHSMV since there was no application fee paid by these particular sponsoring organizations to offset the cost. This would impact the DHSMV "Purchase of License Plates" appropriation by reducing the number of license plates that the DHSMV can purchase.

D. STATEMENT OF THE SPONSOR

This legislation is an excellent opportunity for the Florida Legislature to express gratitude and support for the men and women on active military duty, as well as to offer assistance to charitable organizations created for the purpose of benefiting children with chronic and medical conditions or serious illness.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

On March 20, 2007, this bill was considered by the Committee on Infrastructure.

An amendment was adopted which makes a number of changes regarding the “Support Our Troops” specialty license plate. Specifically it:

- Provides for the plate design and reimbursement of startup costs;
- Deletes language regarding personal information being provided to the sponsoring organization;
- Allows a percentage of proceeds to be distributed to the Florida Department of Veteran’s Affairs for the State Homes for Veterans Trust Fund; and
- Allows the DHSMV to be reimbursed for costs related to the motorcycle specialty plate.

The amendment also:

- Increases the annual use fee for the Sea Turtle license plate from \$17.50 to \$23.00;
- Deletes language regarding the Girl Scout plate, which has been discontinued;
- Provides for the creation and issuance of the “Corrections Foundation” specialty license plate; and
- Allows 30 percent of the annual use fee from the Florida Agricultural license plate to be used for promotion, marketing and administration.

The bill was reported favorably with one amendment.

On April 12, 2007, this bill was considered by the Economic Expansion and Infrastructure Council. A strike all amendment was adopted. The strike all amendment authorizes the following changes:

- Increase the annual use fee for the Florida Sheriffs Youth Ranch plate from \$20 to \$25.
- Allows for up to 10% of the annual use fee to be used for continuing promotion and marketing of the Florida Educational specialty license plate.
- Allows for up to 25% of the annual use fee from the Florida Agriculture license plate to be used for promotion, marketing, and administrative costs along with classroom projects that deal with Florida agriculture.
- Allows for future annual use fees to be distributed to the Florida Wildflower Foundation, Inc. Also allows for a maximum of 15% of the proceeds from the sale of the plates to be used for administrative and marketing costs.
- Authorizes the issuance of a “Protect Florida Springs” specialty license plate. It provides for plate design, reimbursement of administrative and startup costs, and how proceeds are to be distributed.
- Authorizes the issuance of a “Trees Are Cool” specialty license plate. It provides for plate design, reimbursement of startup costs, and how the proceeds are to be distributed.
- Repeals the administrative processing fee of \$1.50 imposed on the issuance of a disabled parking permit.
- Provides language that fees from specialty license plates may not be used for the purpose of marketing, lobbying, entertaining, or rewarding an employee of a governmental agency that sells or distributes specialty license plates.
- Authorizes the issuance of a “Gold Star” license plate. It will be issued to honor family members of service members who have been killed while serving in the Armed Forces of the United States and resided in Florida. Each parent or spouse may purchase one plate for \$10; family members may purchase additional Gold Star plate by paying the regular vehicle registration fees. It provides for the plate design and allows the DHSMV to retain the \$10 fee to defray the cost of providing this plate.
- Allows for a “Bronze Star” and “Silver Star” license plate. It will be issued to Silver Star and Bronze Star medal recipients that served in the United States Armed Forces.
- Authorizes the issuance of 5 Veterans Service Organization license plates. The plates developed will be for The American Legion, The Disabled American Veterans, The Veterans of Foreign Wars, The AMVETS, and The Vietnam Veterans of American. It provides for plate design and how the proceeds are to be distributed.

The bill was reported favorably as a council substitute.