

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 403 Specialty License Plates  
**SPONSOR(S):** Chaney and others  
**TIED BILLS:** IDEN./SIM. BILLS: CS/SB 434

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Transportation & Modals Subcommittee		Walker	Hinshelwood
2) Infrastructure Strategies Committee			

**SUMMARY ANALYSIS**

As of November 2023, there are 114 specialty license plates available for sale and an additional 31 in presale. Specialty license plates are available to the owner or lessee of any motor vehicle who is willing to pay an annual use fee, in addition to the required license tax and fees. 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.

The bill creates the Margaritaville license plate, with an annual use fee of \$25. The plate must bear DHSMV-approved colors and designs, with “Florida” appearing at the top of the plate and “Margaritaville” appearing at the bottom or side of the plate. The annual use fees from the sale of the plate are distributed to the SFC Charitable Foundation, Inc, also known as Singing for Change.

The bill will have a negative, but insignificant, fiscal impact to state expenditures associated with DHSMV’s programming costs for the specialty license plate.

The bill has an effective date of October 1, 2024.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### Current Situation

##### Specialty License Plates

As of November 2023, there are 114 specialty license plates available for sale and an additional 31 in presale.<sup>1</sup> Specialty license plates are available to the owner or lessee of any motor vehicle who is willing to pay an annual use fee, in addition to the required license tax and fees.<sup>2</sup> The annual use fees range from \$15-\$25,<sup>3</sup> and are distributed directly to the sponsoring organization or other entity as designated in statute.<sup>4</sup>

In order to establish a specialty license plate, an organization must first receive approval by law. Once this approval has been granted, the organization has 60 days to submit the proposed art design for the specialty license plate to DHSMV.<sup>5</sup> Within 120 days of the specialty license plate becoming law, DHSMV must establish a method to issue presale vouchers for the specialty license plate. The applicant for a specialty license plate pays a \$5 processing fee<sup>6</sup>, a \$2.50 service charge, a \$.50 branch fee<sup>7</sup>, and the annual use fee.<sup>8</sup> All other applicable fees are paid at the time of issuance of the specialty license plate.<sup>9</sup>

After the presale vouchers are established, the organization has 24 months to obtain a minimum of 3,000 voucher sales before manufacturing of the plate can begin.<sup>10</sup> If the minimum sales requirement has not been met by the end of the 24-month presale period, the specialty license plate is deauthorized and DHSMV must discontinue the development of the plate and issuance of the presale vouchers. Upon deauthorization of the license plate or if the plate has met the presale requirement but has not been issued, a purchaser of the license plate voucher may use the annual use fee paid as a credit towards any other specialty license plate or may apply for a refund.<sup>11</sup>

New specialty license plates that have been approved by law but are awaiting issuance will be issued in the order they appear in s. 320.08058, F.S., provided that they have met all statutory requirements, including the presale requirement. If the next listed specialty license plate has not met the presale requirement, DHSMV will proceed in the order provided in s. 320.08058, F.S., to identify the next qualified specialty license plate that has met the presale requirement. DHSMV must cycle through the list in statutory order.<sup>12</sup>

The number of specialty license plates issued cannot exceed 135. If the Legislature approves more than 135 specialty license plates, DHSMV cannot issue any new specialty license plates until a sufficient number of plates are discontinued in order to not exceed the limit.<sup>13</sup>

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<sup>1</sup> Department of Highway Safety and Motor Vehicles, Agency Analysis of 2024 House Bill 403, p. 2 (Nov. 13, 2023).

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

<sup>3</sup> S. 320.08056(3)(d), F.S., states that the annual use fee for any specialty license plate is \$25, except if otherwise specified in s. 320.08056(4), F.S.

<sup>4</sup> S. 320.08058, F.S.

<sup>5</sup> S. 320.08053(1), F.S.

<sup>6</sup> The processing fee is prescribed in s. 320.08056, F.S.

<sup>7</sup> The service charge and branch fee are prescribed in s. 320.04, F.S.

<sup>8</sup> The annual use fee is prescribed in s. 320.08056, F.S.

<sup>9</sup> S. 320.08053(2)(a), F.S.

<sup>10</sup> Chapter 2022-189, Laws of Fla., extended the presale requirement by an additional 24 months for an approved specialty license plate organization that, as of June 15, 2022, is in the presale period but had not recorded at least 3,000 voucher sales.

<sup>11</sup> S. 320.08053(2)(b), F.S.

<sup>12</sup> S. 320.08053(3)(a), F.S.

<sup>13</sup> S. 320.08053(3)(b), F.S.

Except for collegiate license plates authorized by s. 320.08058(3), F.S., DHSMV must discontinue the issuance of an approved specialty license plate if the number of valid specialty license plate registrants falls below 3,000 plates for 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 3,000. For out-of-state college or university plates, this number is 4,000.<sup>14</sup> This requirement does not apply to in-state collegiate license plates established under s. 320.08058(3), F.S., license plates of institutions in and entities of the State University System, specialty license plates that have statutory eligibility limitations for purchase, specialty license plates for which annual use fees are distributed by a foundation for student and teacher leadership programs and teacher recruitment and retention, or Florida professional sports team license plates established under s. 320.08058(9), F.S.<sup>15</sup>

DHSMV may discontinue the issuance of a specialty license plate and distribution of associated annual use fee proceeds 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.<sup>16</sup>

On January 1 of each year, DHSMV must discontinue the specialty license plate with the fewest number of plates in circulation, including specialty license plates exempt from the sales requirement. A warning letter is mailed to the organizations in the lowest ten percent of valid, active specialty license plate registrations as of December 1 of each year.<sup>17</sup>

#### Use of Specialty License Plate Fees

The annual use fees collected by an organization and any interest earned from those fees may not be used for commercial or for-profit activities, or general or administrative expenses, unless authorized by s. 320.08058, F.S.<sup>18</sup> Further, the annual use fees and interest earned from those fees may not be used for the purpose of marketing to, or lobbying, entertaining, or rewarding an employee of a governmental agency that is responsible for the sale and distribution of specialty license plates, or any elected member or employee of the Legislature.<sup>19</sup>

Annual use fees collected by an organization and any interest earned from those fees may be expended only in Florida, unless the annual use fees are derived from the sale of United States Armed Forces or veterans-related specialty license plates.<sup>20</sup> Additionally, organizations receiving annual use fees must submit an annual audit or attestation document to DHSMV that proceeds were used in compliance with the applicable specialty license plate statutes.<sup>21</sup>

#### SFC Charitable Foundation, Inc.

SFC Charitable Foundation, Inc, also known as Singing for Change, was founded by Jimmy Buffett in 1995 and is a Florida not-for-profit corporation registered with the Florida Department of State.<sup>22</sup> According to the organization's website, Singing for Change supports small nonprofits by providing such entities with grants that aim to create positive social change within communities and help individuals become more self-sufficient. The organization focuses on low-income communities or people living in poverty.<sup>23</sup>

### **Effect of the Bill**

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<sup>14</sup> S. 320.08056(8)(a), F.S.

<sup>15</sup> *Id.*

<sup>16</sup> S. 320.08056(8)(b), F.S.

<sup>17</sup> S. 320.08056(8)(f), F.S.

<sup>18</sup> S. 320.08056(10)(a), F.S.

<sup>19</sup> S. 320.08056(11), F.S.

<sup>20</sup> S. 320.08056 (10)(a), F.S.

<sup>21</sup> S. 320.08062, F.S. Annual use fees may be used to pay for the cost of this required audit or report. See s. 320.08056(10)(a), F.S.

<sup>22</sup> SFC Charitable Foundation, Inc., Articles of Incorporation,

<https://search.sunbiz.org/Inquiry/CorporationSearch/ConvertTiffToPDF?storagePath=COR%5C1407%5C0118%5CAR014708.tif&documentNumber=N94000005329> (last visited Jan. 23, 2024).

<sup>23</sup> Singing For Change, Mission Statement, <https://www.singingforchange.org/mission-statement> (last visited Jan. 23, 2024).

The bill creates the Margaritaville license plate, with an annual use fee of \$25<sup>24</sup>. The plate must bear DHSMV-approved colors and designs, with “Florida” appearing at the top of the plate and “Margaritaville” appearing at the bottom or side of the plate.

The annual use fees from the sale of the plate will be distributed to the SFC Charitable Foundation, Inc, also known as Singing for Change. Up to 18 percent of the annual use fees may be used for the promotion and marketing of the plate; and administrative costs, startup costs, and costs incurred in the development and approval process of the license plate. The remaining funds must be distributed with the approval of, and accountability to, the board of directors of the SFC Charitable Foundation, Inc. to:

- Provide grants to nonprofit organizations in communities impacted by natural and manmade disasters for recovery, rebuilding, and future sustainability; and
- Promote and inspire grassroots leadership that will work to improve the quality of life in those communities and others in the state.

This license plate will be added to DHSMV’s presale voucher process, but the plate will only be placed into production once it meets the 3,000 minimum sales threshold<sup>25</sup> and if the 135 plate cap is not reached.<sup>26</sup>

The bill has an effective date of October 1, 2024.

**B. SECTION DIRECTORY:**

**Section 1** Amends s. 320.08058, F.S., relating to specialty license plates.

**Section 2** Provides an effective date.

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

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

1. Revenues:

None.

2. Expenditures:

DSHMV will need to update its procedures, forms, and website to incorporate this additional license plate. Additionally, programming will be required for DHSMV to accept presale vouchers for the license plate. According to DHSMV, this specialty license plate with one distribution will require approximately 216 hours of programming. This programming can be done using existing resources.<sup>27</sup>

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

1. Revenues:

None.

2. Expenditures:

None.

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<sup>24</sup> S. 320.08056(3)(d), F.S.

<sup>25</sup> S. 320.08053(2)(b), F.S.

<sup>26</sup> S. 320.08053(3)(b), F.S.

<sup>27</sup> DHSMV, *supra* note 1 at pp. 5-6.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Once the license plate goes into production, the SFC Charitable Foundation, Inc. may see an increase in revenues associated with the sale of this license plate.

D. FISCAL COMMENTS:

None.

**III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to impact county or municipal governments.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill does not require or authorize rulemaking.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The bill contains certain language that is obsolete and should be removed.

**IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES**

N/A