

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 559 Military Veterans  
**SPONSOR(S):** Metz and others  
**TIED BILLS:** **IDEN./SIM. BILLS:** SB 724

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Veteran & Military Affairs Subcommittee	11 Y, 0 N	Dugan	Kiner
2) Transportation & Economic Development Appropriations Subcommittee			
3) Economic Affairs Committee			

### SUMMARY ANALYSIS

The bill relates to military special use license plates issued by the Florida Department of Highway Safety and Motor Vehicles (DHSMV). Specifically, the bill renames the Korean Conflict Veteran special use license plate as the Korean War Veteran special use license plate and redesigns that plate and the Vietnam War Veteran special use license plate by requiring that the likeness of the relevant campaign medal or badge be placed on the respective plate. The bill also revises statutory references to "Korean Conflict" and "Vietnam Era" to conform to the changes.

The bill also creates a new special use license plate for a recipient of the Combat Medical Badge and redesigns several special use license plates for military servicemembers or veterans identified in s. 320.089, F.S., by requiring that the likeness of the relevant campaign medal or badge be placed on the respective plate.

As under current law, the first \$100,000 of the General Revenue from the issuance of these special use license plates is deposited into the Grants and Donations Trust Fund under the Veterans' Nursing Homes of Florida Act. Any additional General Revenue is deposited into the State Homes for Veterans Trust Fund and used to construct, operate, and maintain domiciliary and nursing homes for veterans. For Fiscal Year 2012-2013, the total revenue from these plates was \$2,112,491.73.

According to the Florida Department of Veterans' Affairs (DVA), the bill will have an indeterminate positive fiscal impact on the State Veterans' Nursing Homes program through the increase in funds generated by the new and redesigned plates. To the extent that the bill may result in an indeterminate increase in military-related special use license plate registrations, the bill may have an indeterminate negative fiscal impact on the General Revenue Fund.

There is an estimated negative fiscal impact to the DHSMV of \$156,281.58. According to the DHSMV, this expenditure would be absorbed within DHSMV funds and paid from the Purchase of License Plate appropriation category of the Highway Safety Trust Fund.

The bill has an effective date of July 1, 2014.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### **Current Situation**

###### Background

Florida has the third largest population of veterans in the nation with over 1.5 million, behind only California and Texas.<sup>1</sup> Florida has more than 113,000 veterans from World War II, the largest number in the nation.<sup>2</sup> In addition, approximately 75 percent of Florida's veteran population is wartime veterans, including more than 231,000 veterans of the Afghanistan and Iraq wars and 498,000 Vietnam-era veterans. There are approximately 188,500 military retirees who call Florida home.<sup>3</sup>

Florida has a large military population with more than 61,000 military personnel and 12,000 Florida National Guard members.<sup>4</sup> Another 25,000 civilian personnel are directly associated with the military presence in Florida.<sup>5</sup>

Florida's military installations and defense businesses provide a \$73 billion annual economic impact, and account for more than 758,000 jobs in Florida, representing the 3rd largest sector of the state economy after agriculture and tourism.<sup>6</sup> The military spent \$31.3 billion across Florida in Fiscal Year 2011 in goods and services, pensions, and salaries. Retirement, disability benefits and other transfers represent \$12.8 billion of that total.<sup>7</sup>

###### Motor Vehicle License Plates

The DHSMV administers the issuance of motor vehicle license plates as a part of the tag and registration requirements specified in ch. 320, F.S. License plates are issued for a ten-year period and are replaced upon renewal at the end of the ten-year period.<sup>8</sup> The license plate fee for both an original issuance and replacement is \$28.00.<sup>9</sup> An advance replacement fee of \$2.80 is applied to the annual vehicle registration and is credited towards the next replacement.<sup>10</sup> Section 320.08, F.S., requires the payment of an annual license tax, which varies by motor vehicle type and weight. For a standard passenger vehicle weighing between 2,500 and 3,500 pounds, the annual tax is \$30.50, of which \$8 is deposited in the General Revenue Fund.<sup>11</sup>

Current law provides for several types of license plates. In addition to plates issued for governmental or business purposes, the DHSMV offers four basic types of plates to the general public:

- standard plates;
- specialty license plates;
- personalized prestige license plates;

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<sup>1</sup> FDVA, Annual Report Fiscal Year 2012-13, Facts and Figures.

<sup>2</sup> Id.

<sup>3</sup> Id; FDVA, Fast Facts, available at: [http://floridavets.org/?page\\_id=50](http://floridavets.org/?page_id=50) (last viewed February 18, 2014).

<sup>4</sup> Florida Defense Factbook, EFI and Haas Center, January 2013, available at: <http://www.enterpriseflorida.com/the-florida-defense-support-task-force/resources/> (last viewed February 18, 2014).

<sup>5</sup> Id.

<sup>6</sup> Florida's Military Profile, Enterprise Florida, Defense Office, available at: <http://www.enterpriseflorida.com/the-florida-defense-support-task-force/information/> (last viewed February 18, 2014).

<sup>7</sup> Florida Defense Industry Economic Impact Analysis, available at:

<http://www.floridadefense.org/documents/HAAS%20Study%202013/Impact2013FinalSubmission3.26.13.pdf> (last viewed February 18, 2014).

<sup>8</sup> s. 320.06(1)(b), F.S.

<sup>9</sup> s. 320.06(1)(b), F.S.; DHSMV, Fee Schedule, available at: <http://www.flhsmv.gov/DHSMVfees.htm> (last viewed February 18, 2014).

<sup>10</sup> s. 320.06(1)(b), F.S.; DHSMV, License Plate Rate Chart, available at: [www.flhsmv.gov/dmv/forms/BTR/83140.pdf](http://www.flhsmv.gov/dmv/forms/BTR/83140.pdf) (last viewed February 18, 2014).

<sup>11</sup> DHSMV, Fee Schedule, available at: <http://www.flhsmv.gov/DHSMVfees.htm> (last viewed February 18, 2014).

- special use license plates.

### Special Use License Plates

Certain members of the general public may be eligible to apply for special use license plates if they are able to document their eligibility<sup>12</sup> pursuant to various sections of ch. 320, F.S. Special use license plates primarily include special use military license plates as well as plates for the handicapped.

Currently, there are 13 special use license plates authorized in s. 320.089, F.S., which can be issued to military servicemembers or veterans for the following types of service:<sup>13</sup>

- active or retired member of the Florida National Guard;
- active or retired member of any branch of the United States Armed Forces Reserve;
- former Prisoner of War;
- survivor of Pearl Harbor;
- recipient of the Purple Heart medal;
- servicemember or veteran of Operation Desert Storm;
- servicemember or veteran of Operation Desert Shield;
- servicemember or veteran of Operation Iraqi Freedom;
- servicemember or veteran of Operation Enduring Freedom;
- recipient of the Combat Infantry Badge;
- recipient of the Combat Action Badge;
- veteran of the Vietnam War;
- veteran of the Korean Conflict.

The first \$100,000 of the General Revenue from the issuance of these special use plates is deposited into the Grants and Donations Trust Fund under the Veterans' Nursing Homes of Florida Act.<sup>14</sup> Any additional General Revenue is deposited into the State Homes for Veterans Trust Fund and used to construct, operate, and maintain domiciliary and nursing homes for veterans.<sup>15</sup> For Fiscal Year 2012-2013 the total revenue from these plates was \$2,112,491.73.<sup>16</sup>

Tax Collectors maintain an adequate inventory on hand for each special use license plate. Upon issuance of a redesigned special use license plate, the on-hand inventory of the existing design would become obsolete and be removed from inventory.<sup>17</sup> Two of the thirteen military related special use license plates in s. 320.089, F.S., currently have images related to the campaign medal or badge: the Purple Heart and the Combat Infantry Badge. Thus, these two special use license plates would not be removed from the current inventory upon passage of this bill. Based on current figures, the DHSMV identified the following information as it relates to redesigning the 11 special use license plates:<sup>18</sup>

<b>Plate</b>	<b>Inventory</b>	<b>Cost Per Plate<sup>19</sup></b>	<b>Total</b>	<b>Valid Registration</b>
Florida National Guard	4,280	\$ 2.82	\$ 12,069.60	5,304

<sup>12</sup> See DHSMV form HSMV 83030 for an example of instructions on the required proof of service and/or receipt of a campaign medal or badge, available at: <http://www.flhsmv.gov/specialtytags/miltags.html#ng> (last viewed February 18, 2014). A veteran of the U.S. Armed Forces would present Department of Defense form DD-214.

<sup>13</sup> s. 320.089, F.S.; Recipients of the special use license plates in s. 320.089, F.S. are required to pay the annual license tax in s. 320.08, F.S., except for survivors of Pearl Harbor, recipients of the Purple Heart medal, and former Prisoners of War.

<sup>14</sup> s. 320.089(1)(b), F.S.

<sup>15</sup> Id.

<sup>16</sup> FDVA, 2014 Agency Bill Analysis: HB 559.

<sup>17</sup> DHSMV, 2014 Agency Bill Analysis: HB 559.

<sup>18</sup> Id.

<sup>19</sup> The DHSMV cost to manufacture a special use license plate with a likeness of a campaign medal or badge is \$2.82, while a license plate with only black lettering is \$1.71. The Purple Heart and Combat Infantry Badge special use license plates currently have an image related to the relevant campaign medal or badge, and thus will not result in an additional cost to the DHSMV.

U.S. Armed Forces Reserve	4,310	\$	2.82	\$ 12,154.20	2,223
EX-POW	3,917	\$	2.82	\$ 11,045.94	962
Pearl Harbor	3,858	\$	2.82	\$ 10,879.56	144
Purple Heart	8,840	\$	0	\$ 0	12,782
Operation Desert Storm	2,533	\$	2.82	\$ 7,143.06	62
Operation Desert Shield	2,475	\$	2.82	\$ 6,979.50	1
Operation Iraqi Freedom	3,667	\$	2.82	\$ 10,340.94	3,176
Operation Enduring Freedom	3,793	\$	2.82	\$ 10,696.26	1,653
Combat Infantry Badge	2,613	\$	0	\$ 0	214
Combat Action Badge	2,702	\$	2.82	\$ 7,619.64	112
Vietnam War	3,164	\$	2.82	\$ 8,922.48	1,762
Korean Conflict	2,720	\$	2.82	\$ 7,670.40	119
<b>Total</b>	<b>48,872</b>			<b>\$105,521.40</b>	<b>28,514</b>

### Combat Medical Badge

Army regulations provide for three types of combat badges: the Combat Infantryman Badge, the Combat Action Badge, and the Combat Medical Badge.<sup>20</sup> Currently, the DHSMV offers a Combat Action Badge special use license plate and a Combat Infantry Badge license plate, but not a Combat Medical Badge special use license plate.

The Combat Medical Badge was created by the War Department on March 1, 1945.<sup>21</sup> Its evolution stemmed from a requirement to recognize medical aid-men who shared the same hazards and hardships of ground combat on a daily basis with the infantry soldier.<sup>22</sup> The Combat Medical Badge was designed to provide recognition to the field medic who accompanies the infantryman into battle and shares the experiences unique to the infantry in combat.<sup>23</sup>

### **Effect of Proposed Changes**

The bill renames the Korean Conflict Veteran special use license plate as the Korean War Veteran special use license plate and redesigns that plate and the Vietnam War Veteran special use license plate by requiring that the likeness of the relevant campaign medal or badge be placed on the respective plate. The bill also revises statutory references to “Korean Conflict” and “Vietnam Era” to conform to the changes.

The bill also amends s. 320.089, F.S., to create a special use license plate for recipients of the Combat Medical Badge. Upon payment of the license tax for the vehicle as provided in s. 320.08, F.S., and proof of being a recipient of the Combat Medical Badge, the applicant may receive a special use license plate bearing the words “Combat Medical Badge,” and a likeness of the related campaign badge, followed by the license plate serial number.

The bill also amends s. 320.089, F.S., to require that military-related special use license plates be stamped with the likeness of the related campaign medal or badge. Currently, only two of the 11 military-related special use license plates are stamped with the likeness of the related campaign medal or badge. As a result, the bill would require the following military-related special use license plates to be redesigned:

- active or retired member of the Florida National Guard;
- active or retired member of any branch of the United States Armed Forces Reserve;
- former Prisoner of War;
- survivor of Pearl Harbor;

<sup>20</sup> United States Army Regulation 600-8-22, Section II, available at: [http://armypubs.army.mil/epubs/600\\_Series\\_Collection\\_1.html](http://armypubs.army.mil/epubs/600_Series_Collection_1.html) (last viewed February 18, 2014).

<sup>21</sup> U.S. Army Human Resources Command, Combat Medical Badge, available at:

<https://www.hrc.army.mil/TAGD/Combat%20Medical%20Badge%20CMB> (last viewed February 18, 2014).

<sup>22</sup> Id.

<sup>23</sup> Id.

- servicemember or veteran of Operation Desert Storm;
- servicemember or veteran of Operation Desert Shield;
- servicemember or veteran of Operation Iraqi Freedom;
- servicemember or veteran of Operation Enduring Freedom;
- recipient of the Combat Action Badge;
- veteran of the Vietnam War;
- veteran of the Korean Conflict.

### **Effective Date**

The bill is effective July 1, 2014.

### **B. SECTION DIRECTORY:**

- Section 1: Amends s. 1.01(14), F.S., to revise references from the “Korean Conflict” and the “Vietnam Era” to the “Korean War” and the “Vietnam War”, respectively.
- Section 2: Amends s. 295.125(2), F.S., to revise a reference from “Vietnam Era” to “Vietnam War”.
- Section 3: Amends s. 320.089, F.S., to create a special use plate for recipients of the Combat Medical Badge and redesigns the special use license plate for a military servicemember or veteran identified in s. 320.089, F.S., by creating a likeness of the relevant campaign medal or badge on the license plate.
- Section 4: Provides an effective date.

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

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

#### **1. Revenues:**

The DVA receives the General Revenue generated from the issuance of license plates in s. 320.089, F.S. The first \$100,000 of General Revenue generated annually from these plates is deposited into the Grants and Donations Trust Fund (State Veterans’ Nursing Homes) and any additional revenue is deposited into the State Homes for Veterans Trust Fund. For Fiscal Year 2012-2013, the total revenue from these plates was \$2,112,491.73. To the extent that the bill may result in an indeterminate increase in military-related special use license plate registrations, the bill may have an indeterminate negative fiscal impact on the General Revenue Fund.

#### **2. Expenditures:**

According to the DHSMV, the initial startup cost to create and manufacture a Combat Medical Badge license plate would be \$4,230. An initial order of 1,500 license plates would be made (1,500 x \$2.82) and distributed to Tax Collector offices statewide to meet public demand.

Upon passage and implementation of this bill, 11 of the 13 special use license plates listed in s. 320.089, F.S., would be redesigned, which would result in a cost of \$105,521.58 (37,419 x \$2.82). The on-hand inventory would become obsolete and be removed from inventory, but this would not result in an additional cost to the DHSMV since the special use license plates have already been paid for by the DHSMV through the Purchase of License Plate appropriation category.<sup>24</sup>

Additionally, startup costs to place the redesigned special use license plates (1,500 of each) in inventory statewide would result in a cost of \$46,530 (16,500 x \$2.82).

<sup>24</sup> In contrast, when specialty license plates are redesigned the on-hand inventory is bought back by the benefitting organization. Per email correspondence with DHSMV staff, February 13, 2014, on file with Veteran & Military Affairs Subcommittee staff.

The total cost to create the Combat Medical Badge license plate, redesign the 11 existing special use license plates and disposal of existing inventory would be \$156,281.58. According to the DHSMV, this expenditure would be absorbed within DHSMV funds and paid from the Purchase of License Plate appropriation category of the Highway Safety Trust Fund.

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

**1. Revenues:**

In each jurisdiction, the local tax collector office serves as an agent for various state and local government agencies. When processing motor vehicle registration transactions, the tax collector retains a \$2.50 service fee, and a \$0.50 fee if the transaction is processed at a branch office. The fee is often distributed to the appropriate local governmental entity. To the extent that new Combat Medical Badge special use license plates or redesigned special use license plates in s. 320.089, F.S., result in new registrations, local governments may see an indeterminate increase in revenue.

**2. Expenditures:**

None.

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

Upon passage and implementation of this bill, a redesigned special use license plate currently listed in s. 320.089, F.S., may be issued to a current Florida motor vehicle registrant, as a “renewal” license plate as opposed to a “new” license plate.<sup>25</sup> Registration fees and taxes vary, based on the weight of the vehicle. On average, it costs approximately \$45-50 in taxes and fees for either the renewal of a special use license plate or the first time issuance of a special use license plate in exchange for a standard license plate.<sup>26</sup>

In addition, there is a one-time \$225 fee for a driver who registers a vehicle in Florida for the first time. This fee does not apply to a registrant who renews his or her registration.<sup>27</sup>

A special use license plate would be available to a new group of registrants who are recipients the Combat Medical Badge.

**D. FISCAL COMMENTS:**

None.

**III. COMMENTS**

**A. CONSTITUTIONAL ISSUES:**

**1. Applicability of Municipality/County Mandates Provision:**

Not Applicable. This bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditures of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

**2. Other:**

Not Applicable.

**B. RULE-MAKING AUTHORITY:**

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<sup>25</sup> Per email correspondence with DHSMV staff, February 11, 2014, on file with Veteran & Military Affairs Subcommittee staff.

<sup>26</sup> Per email correspondence with DHSMV staff, February 12, 2014, on file with Veteran & Military Affairs Subcommittee staff.

<sup>27</sup> Id.

Not Applicable.

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

The DHSMV recommends the effective date of the bill be amended to January 1, 2015, to allow sufficient time to implement programming to accomplish the provisions of the bill. According to the DHSMV, it takes approximately six months to redesign an existing plate type as new sheeting has to be designed and approved for manufacture and distribution statewide.

There are seven additional military related license plates that may be issued to military servicemembers and veterans for the following types of service:

- disabled veterans per s. 320.084, F.S.;
- disabled veterans who use a wheelchair per s. 320.0842, F.S.;
- members of Paralyzed Veterans of America per s. 320.0846, F.S.;
- active duty members of the Florida National Guard per s. 320.0846, F.S.;
- active or retired United States Paratroopers per s. 320.0891, F.S.;
- recipient of the Silver Star, Distinguished Service Cross, Navy Cross, or Air Force Cross per s. 320.0892, F.S.;
- recipient of the Medal of Honor per s 320.0893, F.S.

Further, there is one military related license plate that may be issued to Gold Star family members of military servicemembers who were killed in the line of duty per s. 320.0894, F.S.

Currently, there is not a likeness of the relevant service on these additional plates, other than the Medal of Honor, U.S. Paratrooper, and the Gold Star Family license plates.<sup>28</sup>

#### IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

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<sup>28</sup> DHSMV Military License Plates, available at: <http://www.flhsmv.gov/specialtytags/miltags.html#ng> (last viewed February 18, 2014).