Florida License Plate Redesign

A Review of Florida’s License Plate Design and Inventory Management and Distribution Processes

Department of Highway Safety and Motor Vehicles

September 5, 2012
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I. INTRODUCTION

The Department of Highway Safety and Motor Vehicles (department) needs to redesign the current regular series graphic Florida license plate (regular license plate). Initially, the redesign will not include specialty license plates. This effort will address concerns of legibility and readability with the current regular license plate as well as expand the number of unique configurations that are available. This report will explain why the license plate needs to be redesigned, include an overview of the process the department is taking and will review the types of license plates available.

The department is also reviewing its license plate inventory, distribution and issuance methods in order to maximize the efficiencies and benefits desired by the current redesign and to lay the foundation for future redesigns as technology changes that may be required in out years. Having to replace 15 million license plates presents challenges. Various methods to accomplish both the immediate need and future needs of license plates are discussed in this document. The report will explore various methods of inventory, distribution and issuance that can be used to accomplish the redesign. This report also provides benefits and costs for each method.

Executive Summary

The department assigns registration license plates upon the receipt of an application and payment of applicable fees. License plates are issued for a 10 year period. While there is no specific requirement, the department periodically changes the design on its regular license plate to address operational concerns and increase compliance with registration requirements. The current license plate was introduced in 2003.

Section 320.06(3) (a), Florida Statutes, reads in part:

*The registration license plate must be imprinted with a combination of bold letters and numerals or numerals, not to exceed seven digits, to identify the registration license plate number. The license plate must be imprinted with the word “Florida” at the top and the name of the county in which it is sold, the state motto, or the words “Sunshine State” at the bottom.*

Florida currently uses a metal license plate with the alpha numeric system, meaning there are combinations of letters and numbers used for identification. The current regular license plate has six characters, an outline of the State of Florida and an orange with an orange blossom in the middle. The top of the regular license plate has “MyFlorida.com” and includes a space for a registration decal in the upper right corner.

Law enforcement toll authorities and other users of license plate reader technology have expressed concerns with the readability of Florida’s current license plate design when attempting to obtain proper registration information on a vehicle. Law enforcement toll authorities and others (including red-light camera users) are also using imaging equipment. This equipment captures a photo of the vehicle’s license plate and then obtains registration data based on the reading. With the current license plate, the photo is often not clear, resulting in the pulling of inaccurate registration information.
To redesign the regular license plate, the department formed a License Plate Review Committee with representatives from the following:

- Department of Highway Safety and Motor Vehicles/Florida Highway Patrol
- Department of Transportation
- Florida’s Turnpike Enterprise
- Department of Law Enforcement
- Florida Sheriffs Association
- Florida Police Chiefs Association
- PRIDE Enterprises
- Tax Collectors
- Specialty License Plate Organization

The committee began meeting in February 2012. The goal of the committee was to recommend three to five designs which the department will then announce to the public via a website and allow for a public vote.

It is anticipated that a redesign with newer technologies (such as infrared) in the license plate itself along with a more simplistic graphic and improved fonts will assist the toll authorities, law enforcement and other users of license plate reader technology. The improved fonts and the simplistic graphic will also improve readability for the human eye, thereby improving the accuracy of information provided to and used by law enforcement. These changes improve toll enforcement and red light enforcement, but also serve as an important safety initiative for law enforcement and all drivers on Florida’s roads.

There are currently over 15 million regular license plates that will need to be replaced. This presents challenges as well as opportunities to improve inventory management and distribution. Various methods to accomplish this are addressed along with their financial impact and impact to stakeholders in section three. Additionally, license plate technology, including equipment used to read license plates, is changing rapidly. The department may not want to wait another 10 years to redesign a license plate. The various methods address their impact in ensuring the department’s ability to redesign the license plate again in the future.
II. LICENSE PLATE REDESIGN

Project Objectives

- Improve legibility and readability.
- Increase the number of available unique configurations.
- Increase compliance with registration requirements.
- Increase flexibility for future redesigns.

Fact Summary

- The regular license plate is metal with an alpha numeric configuration with six characters.
- Due to manufacturing and design limitations, the department could run out of the available six character unique series in the next few years.
- Law requires the regular license plate to be printed with the word “Florida” at the top and the name of the county, state motto (“In God We Trust”) or “Sunshine State” at the bottom.
- The department has a contract with PRIDE to manufacture and distribute license plates to the tax collectors.
- The department has a contract with RR Donnelly to manufacture and distribute the registration forms (with decals), which come to Tallahassee and are then shipped to the county tax collectors.
- The department currently pays:
  - $1.72 for regular license plate
  - $2.82 for specialty license plates
  - $.0588 per decal.
- Per PRIDE, the pricing above includes .05 per plate for shipping costs to the department and tax collectors.
- Current license plates are embossed (stamped raised characters).
- Toll authorities, law enforcement, and red light camera users have difficulty reading the license plate.
- There are approximately 15 million regular license plates currently on vehicles in Florida.
- Florida has a 10 year license plate replacement cycle.
- Replacing all regular license plates within a two year period will create a budget variability that the department will have to proactively monitor as it will create peaks at 9-10 year intervals¹.
- The license plate fee charged to the registrant is $28 and the registrant pays $2.80 each year with their registration in advance (commonly referred to as the advanced replacement fee or ARF) – so at the expiration of the 10 year cycle, the registrant has paid $28.
- License plates are delivered to customers either at a tax collector office, a private tag agency, a motor vehicle dealer or mailed to the customer.
- Tax collectors serve as agents of the department in issuing registration certificates and license plates.

¹ Historically over time the replacement cycle has flattened out when changes in the mandatory cycle occurred.
Readability Issues

The current configuration of the license plate includes factors that negatively affect its legibility and readability to technology and the human eye. The fonts on the license plate make it difficult to distinguish between the characters. Often a “B” looks like an “8”; a “Q” looks like a “0”; and an “S” looks like a “5”. The graphics in the middle of the plate add to the problems with the legibility of the characters. The below examples were provided by the Florida Turnpike Enterprise.

Fourth digit of X83 BHI is commonly mistaken for the number 8.

Fourth digit of J19 QCT is commonly mistaken for the number 0.
Fourth digit of U91 SYM is commonly mistaken for the letter S

Sixth digit of 628 IXV is commonly mistaken for the letter Y
Manufacturing Issues & Options

Due to limitations in design and manufacturing methods, Florida is within a few years of running out of unique six character combinations on its license plates. To allow for more readability and legibility in its license plates, including new easier to read fonts the department is looking to move to a flat digital license plate. A redesign that results in a different manufacturing method (flat plate) could result in the ability to use some six character configurations not currently available as well as expand to adding a seventh character; thus, adding millions of new configurations. The newly available six character configurations can be used for any new specialty plates being created while the redesigned regular license plate could use the seven character configurations. The proposed license plate redesigns have configurations with three characters followed by a space then four characters (i.e. 123 ABCD).

The committee has recommended that to assist users of this information that only alpha be used in one sequence and numeric in the other. This would allow the user to eliminate an alpha or numeric character that looks like another (“B” and “8” or “5” and “S”). For example, in the above, the “B” should not be mistaken as an “8” as it is included in the alpha sequence. This still allows for ample configurations. The alpha/numeric sequence does not address problems where certain letters or numbers are misread as another letter or number (“Y” for “V”). To accomplish this, the fonts on the license plates need to change.

Flat plates have been around for years and a number of states already use them. Flat plates provide more flexibility in manufacturing as to number sequence and color variations. Flat plates are made with a thinner-gauge metal than embossed plates. Flat digital plates are produced by high-speed computer-controlled thermal transfer prints using up to six ink colors. For digitally printed plates, all items on the plate can be printed simultaneously whereas embossed plates actually go through two print runs, the first to print the background graphics, then a second run that combines the stamping of the embossed plate number with a follow-up pass through a roller-coating machine that inks the raised numbers. Digital license plates also allow different plate designs to be produced in the same print run. It should be noted, Florida’s specialty license plates already use digital technology in its production. Changing to a flat plate will also require that the vendor have the equipment and ability to produce the new license plates. Our current vendor, PRIDE, does not currently have the equipment to produce this type of license plate.

Flat digital license plates allow for adaptability for future technology changes. New technologies in license plates are emerging as are technologies for automatic reading of the license plates. Automatic license plate recognition (ALPR) cameras are a powerful tool to enhance safety for toll roads, law enforcement and others. To ensure the cameras are able to be used properly, it is imperative that license plates include highly camera readable technologies that can optimize image quality in the infrared spectrum while maintaining the appearance of the plate under normal lighting conditions. Other technologies include inconspicuous barcodes, which will dramatically increase the accurate reading of the license plate. The barcodes can be used by ALPR cameras and could also be used for inventory control and distribution purposes. The new plate could also include technology to identify whether it is a Florida license plate in case the license plate is covered or otherwise obscured.

However, there is an increase in the cost per plate for the newer technology. The department currently pays the vendor $1.72 per regular plate. Estimates from our vendor and others indicate that this price could increase to a price between $2.10 and $2.29 per plate.
However, postage fees for a flat plate are estimated to decrease from $2.55² to potentially as low as $1.34³ per plate depending on the methodology used. Indiana has a flat plate and shipment per plate is $1.34. South Carolina also has a flat plate and pays $1.60 per plate. Although the increase in cost of the plate would not impact the end customer fees, the savings from the postage decrease would be passed on to the customer.

Specialty license plates are not included in the redesign. Specialty license plates are available at Tax Collector office and private tag agencies throughout the state. Currently, dealers do not have specialty license plate inventory and can only issue the regular license plate. The department would move forward with changing the specialty license plates to the flat plate technology once supplies of the current inventory were depleted.

**Stakeholder Needs**

A registration is evidence of having paid the registration tax and fees on a motor vehicle. It consists of a metal license plate, a validation decal and a registration certificate. The data provided in a registration (license plate) is limited to authorized users only. However, it is imperative that the authorized users have reliable and accurate registration data.

License plates serve a very important law enforcement purpose. Motor vehicles are used in 70 percent of all serious crimes in the United States⁴. Public safety agencies, including law enforcement, rely on accurate and timely information to effectively and efficiently perform the multiple tasks required of their job. Law enforcement officials use license plate numbers to identify vehicles involved in traffic offenses as well as other crimes. Be-on-the-lookout alerts give plate numbers to locate stolen vehicles or vehicles transporting missing persons. Persons often report crimes based on license plate readings. With today’s technology, most law enforcement officials can enter in the license plate number and access data on the registrant. With expanded use of license plate readers by police organizations, more accurate and better information can be made available. It is imperative that the license plates be legible and have emerging technologies embedded within them.

*Safety is of paramount concern for any law enforcement officer initiating a “routine” traffic stop. Officers in patrol vehicles that are not equipped with ALPR technology are not as informed about the vehicle and its occupants as those who have the technology.*

*ALPR technology provides the ability to automatically and rapidly check the vehicle plate number against selected databases. License plates are often “flagged” when the owner is associated with certain information (wanted party, attempt to locate, be on the lookout for, amber alert, stolen car, etc.) With ALPR technology, officers stopping drivers for sometimes minor traffic offenses can be made aware of this type of information.*

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² $2.55 is the actual mail fee collected. The USPS rate is currently $2.29. Section 320.031, F.S., allows a mail fee to be collected for mailing a license plate. The amount of the fee is based on the amount of postage required, rounded to the nearest 5 cents, plus a 25-cent handling charge. The Department determines the amount of postage by physically taking a plate to the United States Postal Service. Some offices may actually incur lower postage based on special rates they may have and there are 16 counties that do not collect mail fees for mail in renewals.

³ Indiana has its distribution centralized and uses an envelope and presort service.

⁴ *International Association of Chiefs of Police, Looking Beyond the License Plate Award Program*
which allows them to use the appropriate officer safety tactics given the information they have, instead of unknowingly walking into a dangerous encounter.⁵

Many of Florida’s expressway/toll authorities are moving to all-electronic, open road tolling. This will remove the traditional toll booths and rely entirely on the vehicle having Sunpass or the owner will be billed via “Toll-By-Plate” where a photo of the vehicle’s license plate is taken and a bill is sent to the registered owner. Motorists will no longer have the option of paying for the tolls roadside. Unless the regular license plate is redesigned, the toll authorities will continue to have large volumes of misread license plates which lead to uncollected tolls.

The Department of Transportation, Florida Turnpike Enterprise (DOT) captures an average of seven million license plate images each month throughout the state at its toll facilities. Currently they reject (aren’t able to send a bill or citation) approximately 15 percent of the vehicles that pass through the toll booth. Rejection reasons include the following:

- No Plate Visible (there is not a plate on the vehicle)
- Other (something triggered the camera other than a vehicle)
- Plate Obscured (intentional covering of a plate)
- Plate Unreadable (reader cannot determine the characters on the license plate)
- Technical Issue (problem with camera)

The below is a breakdown of the total images captured along with the rejections by category for the first three months of 2012.

<table>
<thead>
<tr>
<th>Rejected Category</th>
<th>January 2012</th>
<th>February 2012</th>
<th>March 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Images Captured</td>
<td>6,718,862</td>
<td>6,550,507</td>
<td>7,184,904</td>
</tr>
<tr>
<td>Images Rejected</td>
<td>1,092,487 (16%)</td>
<td>1,029,818 (16%)</td>
<td>1,106,231 (15%)</td>
</tr>
<tr>
<td>No Plate Visible</td>
<td>75,700</td>
<td>74,755</td>
<td>95,136</td>
</tr>
<tr>
<td>Other</td>
<td>159,872</td>
<td>155,640</td>
<td>157,196</td>
</tr>
<tr>
<td>Plate Obscured</td>
<td>9,821</td>
<td>9,139</td>
<td>10,481</td>
</tr>
<tr>
<td>Plate Unreadable</td>
<td>688,844</td>
<td>620,724</td>
<td>673,858</td>
</tr>
<tr>
<td>Technical Issue</td>
<td>158,250</td>
<td>169,560</td>
<td>169,560</td>
</tr>
</tbody>
</table>

The “Plate Unreadable” category includes plates that the camera and readers are unable to read. This category constitutes over 60 percent of all rejected license plates. Based on figures provided by DOT, toll averages are $.91 per toll.

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⁶ “Plate Unreadable” includes both Florida and out of state vehicles. Out of state vehicles constitute less than 1% of this category.
The table below calculates the lost revenue based on the $.91 per toll average:

<table>
<thead>
<tr>
<th>Plate Unreadable #</th>
<th>Lost Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 2012</td>
<td>688,844</td>
</tr>
<tr>
<td>February 2012</td>
<td>620,724</td>
</tr>
<tr>
<td>March 2012</td>
<td>673,858</td>
</tr>
<tr>
<td>QUARTER TOTALS</td>
<td>1,983,426</td>
</tr>
</tbody>
</table>

Using these figures, the department estimates that annually DOT is losing over $7 million annually in tolls due to unreadable license plates. DOT has shared that while the license plate redesign for the regular Florida license plate will not allow for readability of all license plates, they anticipate at least a 50 percent reduction in their license plate unreadable category. The Miami-Dade Expressway, which has open road tolling, estimates it is losing approximately $1.7 million annually due to unreadable license plates and the Orlando-Orange County Expressway Authority estimates it is losing about $820,000 annually, but projects this to be between $3.5 to $4 million once they move to all open road tolling. In total, the state is losing approximately $9 million in tolls due to unreadable license plates, and this number will increase as more toll roads become exclusively open road tolling. The readability of the license plate is also deterring Expressway Authorities from implementing more open road tolling.

Not only is DOT experiencing readability issues causing serious revenue losses, there is significant resources expended in manually processing the difficult to read license plates. Currently, toll authorities have back room processes where a manual verification is performed up to three times prior to a citation being issued to a customer for a toll violation. This process was created because of the large number of customer complaints stating that the wrong customer received the citation. This manual process is a direct result of lack of readability of the current license plate.

The American Association of Motor Vehicle Administrators (AAMVA) recently published a report entitled “Best Practices Guide for Improving Automated License Plate Reader Effectiveness through Uniform License Plate Design and Manufacture.” Recognizing the current and increased reliance on ALPR technology, they included best practices for states in designing license plates to ensure maximum readability by the ALPR. In the report they include the following as typical applications for license plate reader technology:

- Recovery of stolen vehicles
- Amber Alerts
- Open road tolling
- Congestion charging
- Parking enforcement
- Access control
- Traffic studies
- Electronic vehicle registration
- Automatic speed enforcement
- Asset recovery
- Insurance fraud
- On-street parking enforcement
- Travel or journey time calculations
- Security monitoring
To achieve maximum benefits for all stakeholders, replacing all regular license plates quickly is essential. If all license plates are replaced within a year or two, it will increase vehicle registration numbers. Those who have not renewed will have the old license plates, which will make them more obvious to law enforcement and increase compliance. Data provided by other states indicate that vehicle registration noncompliance is generally between three percent and ten percent across the country. Using a conservative percentage of three percent, Florida is not collecting revenues for almost one half million vehicles. Oklahoma indicated that with its recent reissue, they increased registration by three percent. Using a conservative estimate of a three percent increase in compliance, Florida could increase its registration revenue by approximately $34 million. Another important component of increased compliance involves increased safety on our roads. Increasing compliance with registrations could also result in a decrease in uninsured motorists and unlicensed drivers. This makes the roads safer for all motorists.

Today, a customer pays $28 for a new license plate. The department charges customers a fee of $2.80 per year, so after 10 years they have paid the $28 new plate fee. In a 10 year cycle, the customer would have built the credit for the new plate ($28). The new plate would be issued (replacing their 10 year old plate) and we would then begin charging $2.80 each year for the next license plate. Due to the plate cycle having been changed twice in recent years, some customers have not accrued the appropriate credit amounts. If a redesigned plate is distributed within a two year replacement cycle, this method will require those who have not accrued the correct credit to pay the additional amount owed during this replacement cycle vs. when they would have normally paid the amount without implementation of the redesigned plate.

**Conclusion**

The redesign of the regular license plate is a financial and public safety necessity for Florida. The license plate redesign will improve legibility and readability as well as increase available configurations. The department recommends that we change to a digital flat license plate. While the cost per plate will increase, the benefits derived from the plate will also increase.

The issue at hand now is how to deliver 15 million newly designed license plates to vehicle owners as quickly and efficiently as possible and to ensure future redesigns can be handled efficiently as well. The Department must also consider stakeholder needs and customer expectations and service. Section III below addresses methods for delivery of the new license plate.

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7 Oklahoma replaced their plates in a one year period
8 This is not recurring but an initial revenue increase estimate after two year replacement period
III. INVENTORY MANAGEMENT AND DISTRIBUTION METHODS

Objective

The replacement of over 15 million regular license plates presents challenges. The department is exploring current and new inventory management options and issuance processes in order to effectively implement the new design and find the best delivery method. New processes may result in overall efficiencies and allow for an easier redesign in the future. The methods below explore options for manufacturing and distributing the newly redesigned license plates ranging from keeping the current method to a complete centralized method. Since there are so many variations of methods, the final recommendation could be some variation of the options described in this section.

Emphasis was placed on the investigation of the central issuance methods in this study because our stakeholders and customers are familiar with current processes and are not familiar with a central issuance concept. Also, several other states have implemented varying central issuance processes with some degree of success. Indiana recently went to a complete central issuance process where all license plates and registrations are issued from a central location operated by a vendor. Prior to central issuance, Indiana handled registration transactions through state offices around the state. Indiana reports that through central issuance they reduced per transaction costs by $1.20 (average), they were able to reduce required branch square footage in lease negotiations by an average of 144 square feet, they eliminated the cost of shipping plates to branch locations and eliminated the cost of performing inventory management and physical inventories at each branch location.

South Carolina also recently went with a different central issuance model. They too contracted with a vendor to maintain a Fulfillment Center which handles orders and mails license plates to customers. The Fulfillment Center also ships license plates to branch offices for walk-in customers. Georgia contracted with a vendor to move from a manual manufacturing and distribution process to an on-demand fulfillment process. New Jersey has also put out a bid for central issuance of license plates and registration cards.

While these were reviewed, it is noted that the other states do not have the same demographics of Florida. They have fewer residents and operate under different inventory and distribution models than Florida. The department keeps up to date with national trends and is always looking for ways to improve processes. The department is duty-bound to investigate alternative methods if there are potential efficiencies and savings. As indicated to our stakeholders by department leadership no decisions regarding an implementation method for the redesigned license plate were made prior to completion of this study and the submission of this report.

Fact Summary

Currently Florida has over 1,300 distribution locations where customers can obtain a license plate or registration. This includes over 300 tax collector offices and private tag agencies along with over 1,000 dealers. Tax collectors serve as agents of the Department in providing registration services⁹. Tax collectors operate various offices in their counties and some contract with private tag agencies to provide registration services.

⁹ Section 320.03, Florida Statutes
Customers can also obtain license plates or registrations online or by mail-in. Online and mail-in services are referred to as convenience renewals. Convenience renewals allow the customer to not come into an office. The license plate and or registration is mailing to the customer.

**A. Delivery**

- Florida allows customers to choose whether to purchase their license plates and registrations online, by mail or in person.
- The department pays for tax collector equipment, maintenance, database connectivity, systems, inventory, and related supplies.
- Tax collectors serve as agents of the department in issuing registration certificates and license plates.
- The department issues laser printers to the tax collectors to perform registration functions, including decal printing. Higher quality decal printers with thermal transfers are available, but would result in more expense in providing additional printers to the tax collectors.
- Tax collectors are able to provide state work locally and provide “one stop service” to customers for title, registration and driver license needs.
- Some tax collectors allow private tag agencies to process motor vehicle transactions in their county.
- Tax collectors, tag agencies and dealers receive license plate inventory from PRIDE and issue to customers.
- Tax collectors, tag agencies and dealers receive registration forms from the department to issue to customers.
- License plates are delivered to customers either at a tax collector office, a private tag agency, a motor vehicle dealer or mailed to the customer.
- Customers generally only receive a new license plate every 10 years; however, they renew their registrations and receive a registration notice/decal annually (or biennially).
- For Fiscal Year 2011/2012 of the renewals processed – 35% were done by convenience (mail 15% and internet 20%).

**B. Inventory**

- License plates are stored and issued at over 1,300 locations throughout the state (state, tax collector, private tag agencies and dealers).
- Distribution flow of license plates is PRIDE→Tax Collector→TC Offices/Tag Agencies/Dealers.
- Current inventory is over 2.5 million license plates (1.6 million regular) around the state – this equates to just under $4.3 million in inventory sitting around the state.
- The department maintains an inventory subsystem in the Florida Real-Time Vehicle Information System (FRVIS) and a PRIDE inventory payment system.
- The department purchases between 21 and 24 million decals annually – with an estimate of 15% waste (at least 3.1 million wasted decals = $181,350 loss). (Waste is attributed to printer problems, voided transactions and excess inventory in offices.)
- Tax collectors receive license plates, provide quality assurance on shipments, inventory license plates, and repackage license plates for transfer to branch offices and dealers.

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10 In FY 2011/2012, the Department renewed 14,355,403 registrations; 2,172,840 were done by mail (15%) and 2,897,626 (20%) by internet
• Tax collectors must complete the inventory processes daily and conduct annual audits of license plates.
• With change in oversight of the Electronic Filing System (EFS), tax collectors are no longer responsible for auditing license plates provided to EFS dealers.

C. ETR/EFS

• For dealers, electronic reporting of registration information is mandatory which ensures registration information is available when they sell a motor vehicle regardless of whether a new license plate is issued.
• All dealers must either use the Electronic Temporary Registration (ETR) system or the Electronic Filing System (EFS) when they sell a motor vehicle.
• Only those dealers who use EFS have the ability to issue new regular license plates to customers.
• As of June 1, 2012, there were 1,053 authorized EFS agents.
• There are over 12,000 licensed dealers (1,053 of 12,000 licensed dealers or 9% are authorized to issue new license plates).
• EFS dealers can only issue regular license plates (not specialty license plates).
• Approximately 30% of vehicles bought at an EFS dealer are issued a new license plate.
• Approximately 8% of license plates issued and voided through EFS cannot be reused.

D. Financial

• There is a service charge of $5.00 collected for each renewal. If the customer goes into a tax collector office, the tax collector retains $2.50 of the service charge, the remaining $2.50 is remitted to General Revenue – if done online, the department retains $1.50 to pay for the credit card fees, the tax collector is sent $1.00, and the remaining $2.50 is remitted to General Revenue.
  o If the customer comes into the office the $2.50 helps offset the cost for staff, overhead etc. to assist the customer.
  o If the customer renews online, the office only has to print and mail the renewal as well as respond to customer service issues – in addition to the $1.00, the mail fee of $.70 (decals) or $2.55 (license plates) is redirected to them to cover postage.
• Private tag agencies charge fees in excess of what the state or tax collector collect. For registrations, Broward County agencies charge $2 or $3 and Dade County agencies charge $5.
• Florida law allows for a mail-in renewal services fee if requested by applicant.
• The mail service charge authorized in statute is comprised of actual postage costs, rounded to nearest $.05 plus a $.25 handling charge (currently $2.55/license plate and $.70/decal).
• Tax collectors have discretion of whether to charge a customer a mail fee for a mail-in renewal.
E. Miscellaneous

- The department has five full time employees (FTEs) – four in the Division of Motorist Services/one Division of Administrative Services – that work on orders, inventory, PRIDE and RR Donnelly contracts, inventory payments, and annual audits. *It is noted that potential reductions or repurposing of FTEs will depend on the model implemented.*
- The department anticipates a spike in mandatory license plate replacement beginning in FY 2014/2015 due to moving from a six year replacement cycle to the current 10 year replacement cycle.
- Approximately two million replacements or new regular license plates are issued each year. During 2014/15 license plate issuance should increase to at least 4 million license plates per year to account for forced replacements due to changing from a 6 year replacement to a 10 year replacement.

Distribution Methods

Below are summaries for various models of distribution of the license plates along with changes in inventory management and distribution. Section IV below includes impacts to identified stakeholders.

A. Redesign and 10 Year Replacement

This method is the current distribution method for all license plates and registrations.

The immediate benefits to toll authorities, law enforcement and other license plate technology users would be significantly minimized. It would take 10 years for all the regular license plates to be replaced, by which time there may very likely be better license plates and technology available. This would also eliminate the benefit to the state of the increased registration renewal compliance and revenue associated with it. Only those up for renewal or choosing to voluntarily replace (and pay) for the new license plate would have the new design. This would eliminate the additional $34 million in revenue projected due to increased compliance.

PRIDE would still need to replace its equipment to enable it to produce the new license plates. However, they would only need to produce and ship enough to cover renewals for the period, new issuances and extra inventory.

Tax collector offices, private tag agencies and dealers would still have to stock enough new license plates for renewals, new issuances and extra inventory.

As technology evolves, so too may the need for another redesign of the license plate. Utilizing this model would make future redesigns difficult and not all registrants would have paid their license plate fees. This model won’t prepare us for a future redesign and could result in increased costs to the state and possibly the customer.

B. Redesign and Two Year Replacement

This method would allow the department to have all the regular license plates in Florida replaced within the two year period. A two year period would have most registrants (14 million) renewing in the first
year receiving a new license plate. Those with biennial renewals (one million) would be replaced in the following year. Florida would realize immediate benefits for toll authorities, law enforcement and other license plate technology users. Two year replacement would provide a projected increase in registration renewals and the $34 million in revenue and public safety components associated with it.

The current vendor, PRIDE, would be required to change equipment to allow for the production of a digital flat license plate. PRIDE would also have to produce approximately 21 million license plates over a two year period. This includes the 15 million currently on vehicles, 2 million new license plates each year, as well as allow for extra inventory (approximately 2 million) in all offices. The department currently has over 300 offices and 1,000 dealers authorized to issue regular license plates. Because the department does not know where a customer would choose to come to get their new license plate, the department would be required to purchase in advance enough of inventory to ensure all 1,300 distribution offices have adequate supply of the regular license plates. This would result in the State paying in advance for license plates that would remain on shelves to ensure adequate inventory in all offices. The additional 2 million license plates to ensure adequate inventory would cost the department in excess of $4 million.

The initial distribution point is the tax collector who then must get the license plates to other county offices, private tag agencies and dealers in their county. The tax collector office will be responsible for receiving the shipments, inventory, and storage/security of the license plates. The tax collector office may also have customers returning their old license plates, and will need to store these. PRIDE currently picks up discarded license plates from the counties. PRIDE then recycles the license plates.

The tax collectors have indicated their willingness to issue the redesigned license plates over a two-year period. This will be a 300% increase over their highest year in license plate issuances and could present challenges. In earlier years where the state was issuing five million license plates annually, the department was constantly dealing with inventory levels and issues. Additionally, besides the concerns with issuance offices, the department is concerned that PRIDE (or any vendor) would be able to keep 1,300 issuance offices adequately supplied.

Assuming current distribution methods are used for future redesigns of the license plate, the department would have to purchase and distribute excess inventory to stock all of the issuance offices with future redesigns.

C. Transitional Central Issuance – Two Year Replacement

This option would allow for the initial distribution of the redesigned license plate within two years and the license plates mailed to the customer from a central location. After all regular license plates are replaced; tax collectors, private tag agencies and dealers would then issue regular license plates.

This option retains the benefits to toll authorities, law enforcement and other license plate technology users as well as the registration renewal compliance and revenue benefit to the state, but does not provide for a permanent solution to future redesigns.

PRIDE or another contractor would still need to replace its equipment to allow it to produce the new license plates. They would need to produce the 15 million license plates replacements. They would also begin producing inventory to ship and provide to the offices statewide after the two year replacement cycle.
The department would need to find a vendor (PRIDE would be considered during the bid process) to provide for the two year centralized replacement of the license plates. This would be an additional cost to the department and a mail fee would have to be charged. The department would ensure that any contract had provisions to ensure timely mailing of the new license plates.

Tax collector offices, private tag agencies and dealers would have limited inventory initially and would only issue replacements or originals of the new license plates. After the two year period however, they would need an adequate supply as they do currently. There could be unused storage space in offices during the transition, which would need to remain available for license plate inventory after the two year period.

Dealers could continue to transfer metal license plates if it is outside of the customer’s renewal period. However, during the two year period they would issue the customer a temporary tag and the license plate would be mailed to them.

D. Central Issuance of License Plates Only

This method would centralize license plates only (both regular and specialty). A vendor would manufacture all the license plates and be responsible for delivery of the license plate to a customer. Tax collectors, private tag agencies and dealers would still process and issue registration notices for customers in their offices. Registration renewals completed online or by mail would be processed centrally by the vendor.

This method still includes most of the benefits for the department. The department would however continue to supply the tax collector offices with supplies and equipment to issue the registration notices. The issues with the decal printing would remain and thus so would the need for the department to handle over 5,400 technical assistance center (TAC) calls for equipment problems.

Changes from Current System

- License plates are delivered to customers via mail.
- Tax collectors, private tag agencies and dealers would only issue registration notices, not license plates.
- Dealers (both ETR and EFS) could have license plates mailed directly to them to then give to the customers.
- License plates are stored at only one location, rather than 1,300 around the state.
- Distribution flow of license plates is Vendor→Customer or if requested by dealer Vendor→Dealer→Customer.
- Eliminates the 1.5 to 3 million license plates around the state (ranges from $3 million to $6 million).
- The department could repurpose approximately four full time employees (FTEs).
- No reduction in problems with decal printing – continue to have wasted decals, calls to TAC, and maintenance payments to our service provider resulting in additional costs to the department.
- The vendor is now responsible for all shipping, inventory and audits of license plates.
E. Complete Centralization

The complete centralization model changes the inventory management by removing license plates (regular and specialty) and registration notices from offices throughout the state and transferring these to a vendor. The department’s vendor would then manufacture the license plate and registration notice and mail this to the customer after the transaction is processed. This is being referred to as “centralization” as all license plates and decals are stored in one location and sent directly to the customer. The department has been researching and gathering information from other states and stakeholders about various centralization efforts. The department remains open to suggestions on how a vendor accomplishes this and would allow for portions to be subcontracted if needed.

The department’s centralization concept includes that once a registration or renewal transaction is completed, this data is forwarded to a vendor who then processes and delivers the item to a customer. This creates a “just in time” system, where inventory of license plates is minimized. The department avoids having to pay $3 to $6 million in advance for inventory to ensure excess is stocked throughout offices in the state. The department also eliminates personnel costs, decal costs, and additional maintenance costs.

Tax collector offices and private tag agencies would see a reduction in customer traffic. While customers will still come into offices for registration transactions, they will leave with a receipt, rather than a license plate or registration notice. This could lead to some customers opting for convenience methods (on-line/mail)\textsuperscript{11}. While a reduction in customer traffic could have a negative revenue effect for tag agencies, there are efficiencies gained and the customer may ultimately end up paying less for their registration.

This concept eliminates our current method of purchasing excess inventory to ensure our 1,300 issuing sites have adequate supplies. It reduces administrative costs/overhead in issuance, shipping, receiving, inventory, quality assurance and related personnel. It will reduce wait times for customers at a tax collector office when customers are made aware that all decals and license plates will be mailed centrally. This process change would incentivize customers to use online and mail renewal services. A reduction in calls to our TAC for decal printing problems would also occur.

Central issuance will result in a change in customer satisfaction and expectations. Initially there will be an increase in customer calls and complaints from those who can no longer receive their license plate or registration notice over the counter. Staffing levels would need to be reviewed to ensure customer issues could be handled. There will also be an increase in inquiries about the status of the mailing of license plates or decals. There is also an increased risk with lost and incorrectly addressed mail. The department is currently in the process of implementing software to help with address verification and interfacing that software with FRVIS. The software will help minimize incorrectly addressed mail. The department would need procedures in place for customers to check the status of their transaction.

The department discussed the issue of returned mail with Indiana. They did not track this specifically, but stated that while the volume of returned mail increased due to additional transactions, they believe that the percentage of returned mail may have decreased. They were also creating an online system to allow employees and customers to see if their mail was returned.

\textsuperscript{11} Indiana reported that after a two year period, their online transactions increased by 11.4%
Changes from Current System

- License plates and registration notices are delivered to customers via mail.
- Dealers (both ETR and EFS) could have license plates mailed directly to them to then give to the customers.
- License plates are stored at only one location, rather than 1,000 around the state.
- Distribution flow of license plates is Vendor→Customer or if requested by dealer Vendor→Dealer→Customer.
- Eliminates the 1.5 to 3 million license plates around the state (ranges from $3 million to $6 million).
- The Department could repurpose approximately four full time employees (FTEs).
- Reduction in problems with decal printing.
- A higher quality decal printer could be used to allow for better decal printing.
- The department could change decals (i.e. color, font) easier.
- The vendor would be responsible for all shipping, inventory and audits.
- The department would no longer have to use field based compliance examiners to assist dealers with inventory audits.
- The department anticipates an increase in convenience renewals - currently 35% are done by convenience (mail 15%) and (internet 20%).

Centralization – Impact to Stakeholders

The department met with impacted stakeholders during the development of our methods to explain what the department was reviewing as well as gather feedback and business requirements. A summary for each identified stakeholder summarized below.

A. Tax Collectors

Central issuance should reduce operating costs in staffing, payroll, buildings and maintenance. It will eliminate their need for inventory management and audit functions as well as mailing staff and equipment. It also eliminates the need and problems associated with printing of decals.

The primary difference in the process is that if a customer completes a registration transaction at the tax collector office, they will be issued a receipt rather than the license plate or registration notice. Tax collectors will initially have frustrated customers who aren’t aware of the changes but this would gradually dissipate as the general public became accustomed to the new process. Tax collectors may need to have temporary increases in staff to handle these customers. Convenience methods (mail-in and online services) may increase as customers may decide to not come into an office which is financially beneficial to the collectors.

B. Dealers

Not all dealers are able to issue license plates and registration notices. However, centralization will affect all dealers. Those who issue license plates and registrations would no longer do this. For the 1,000 dealers with license plates, 600 of those dealers are franchise dealers. The franchise dealers have expressed concerns that not having a license plate to issue to a customer could affect their Customer
Other dealers, mainly independent dealers, currently go to the tax collector office and get the license plate and registration notice to give to the customer (after the sale is complete.) These dealers prefer to have the license plate in their possession until the customer pays all applicable fees. This could be mitigated by having the license plate mailed to the dealer instead of the customer. They could then contact the customer and provide it to them. This would also minimize mailing costs for a vendor as they could mail multiple license plates and registrations to a dealer.

Dealers may also have a need for a longer issuance of a temporary tag. The current temporary tags are only valid for 30 days. Dealers are currently required by law to obtain title for their customers within 30 days of the sale. If a dealer submits the paperwork to a tax collector on the 30th day, there would not be sufficient time for the license plate to be mailed to the customer or the dealer prior to the expiration of the temporary license plate. To mitigate this issue, the department could consider extending the time for a temporary license plate from 30 days to possibly 45 or 60 days giving more than 15 days for the delivery of the metal license plate.

C. Private Tag Agencies

Private Tag Agencies open to the public have similar impacts as those for tax collectors above. The biggest difference for private tag agencies however is revenue. Currently private tag agencies collect the service fees authorized by law for tax collectors, plus an additional private tag agency fee not currently regulated in statute. Service fees authorized by law are collected and remitted to the county tax collector. Central issuance could result in more customers using convenience methods as they will no longer walk out of the office with the license plate or registration notice. Unlike a tax collector, if a customer chooses to renew their registration online vs. using a private tag agency, the private tag agency will not receive any payment. For online transactions the statutorily authorized services fees are split between the department and the tax collector.

Many private tag agencies service special categories and needs of registrants (i.e. rental car companies, dealers and lenders). Special exemptions may need to be carved out of the central issuance process to ensure that private tag agencies can continue to service those niche industries to the same level of service that is received today (see Fleets/Rental Car Companies section below). These exemptions would have to be evaluated to determine whether the benefit and costs are acceptable.

D. Electronic Filing System (EFS) Certified Service Providers

EFS Certified Service Providers provide the electronic means for dealers to conduct title and registration transactions at the dealer location. Those dealers who do not have a contract to use EFS use another system called the Electronic Temporary Registration (ETR) system. The ETR system only allows a dealer to issue a temporary tag or transfer an existing metal license plate. ETR dealers cannot process titles. EFS Certified Service Providers have concerns that if the dealer cannot issue the customer a license plate, there might not be a need to have EFS.

The laws were amended and jurisdiction of EFS was given to the department in December of 2010. Prior
to this, EFS was managed by the Florida Tax Collector Service Corporation through a detailed set of program standards. EFS Certified Service Providers paid the Service Corporation a service charge in part for managing the EFS system. This service charge was removed with the change in jurisdiction to the department. The service providers are now subject to department jurisdiction.

The department administers the EFS program, which includes providing equipment, programming changes, testing etc., with no revenue directly associated with it. The EFS Certified Service Provider is paid by the dealer, who charges an EFS fee to the customer.

The EFS system is outdated and the department is developing a plan to modernize the system. Currently there is still a manual process requiring the dealer to print electronic paperwork and deliver it to the tax collector or private tag agency, who then reviews it and mails it to the department. The department then must scan the documents into the database. A new EFS system would include the ability to generate and submit electronic documents, along with other beneficial changes.

Once a modernized system is in place, the department would explore the possibility of mandating EFS by all franchised dealers and to charge a fee to be retained by the department for maintenance of the system.

E. Toll Authorities

The benefits for toll authorities are in the redesign. How a registrant receives their license plate or registration notice should not affect them. However, the timeliness of the transition to a new license plate is critical.

F. Law Enforcement

The benefits for law enforcement are primarily in the redesign. However, a possible impact will be registrants who have not received their new license plate or decal yet by mail. The customer will need to carry their receipt. This impact is mitigated because the law enforcement officer has access to Driver and Vehicle Information Database (DAVID), as registration data is entered in real-time, and can be verified.

The department is redesigning DAVID and will ensure that modifications are made to ensure the law enforcement officer can easily verify registration information. One other area that could impact law enforcement (and registration renewal compliance) is the possibility of using different color decals again. Central issuance would minimize the costs and time associated with printing various colors.

G. PRIDE

PRIDE currently distributes license plates throughout the state via truck. Centralization would change the distribution entirely and remove PRIDE from this. PRIDE has expressed interest in bidding for the new contract.
H. fleets/Rental Car Companies

As addressed above, these industries require expedited service and delivery. They primarily work with private tag agencies to ensure this. The department would have to ensure that the vendor or subcontractor responsible had a method for providing expedited service and delivery.

These industries cannot operate using temporary tags because the vehicle could be anywhere in a matter of days. It would be very difficult for them to track the vehicle down to replace the temporary tags. If they are forced to hold off renting or leasing a vehicle while they wait on the registration or license plates, this would be a loss of business and significant loss of revenue to the industry. This would also mean a loss of state sales tax revenue. There also needs to be a way to ensure that license plates can be delivered to an address separate from the registrant address.

The department is also exploring the possibility of expanding the use of the Electronic Filing System (EFS) which could be used for fleets and rental car companies. In addition, other exceptions may be required in order to meet the unique concerns of this industry.

I. Specialty License Plate Organizations

With central issuance, the department could allow dealers to issue any type of license plate. This would then be mailed to the customer. This could increase specialty license plate sales.

Another benefit for the organizations results when they decide to redesign their license plates. Currently they have to wait until inventory is depleted and/or buy back any existing inventory. An issuance on demand system will avoid having excessive inventories of license plates, and allow for an easier redesign.

If specialty license plates were moved from tax collector offices to a central location, we would not have to manufacture new plates for some time. To ensure adequate inventory of each specialty license is available at each of the 300 offices statewide, an excess of license plates must be manufactured.

J. Customers/Public

One of the biggest impacts would be to the customer. Currently customers have three options when they need to obtain or renew their registration. They can go online, where they incur a mail fee, but avoid the costs of traveling to an office. They can mail in their registration, where depending on where they are they may or may not pay a mail fee. With both online and mail-ins, the license plate and registration is mailed to the customer. As noted, currently 35 percent of customers already choose to handle their transactions this way. However, customers can also come into either a tax collector office or a private tag agency and walk away with their license plate and/or registration notice. With central issuance, customers would no longer have the option of walking out with a license plate or registration notice. They can still visit an office or conduct their transactions online. More customers may choose to renew their registration online if they don’t walk out with their license plate or decal. Moving to online can be beneficial for customers as the system is available 24 hours a day, 7 days a week. It also eliminates any waiting in an office and travel time and expenses. Also, customers who use online services as opposed to a private tag agency will not have to pay the additional fees.
With centralization the customer visiting a tax collector office or private tag agency would walk away with a receipt for their transaction. The system would, in real-time, reflect their registration, but it would take a couple of days to have the actual registration notice and license plate processed and mailed to the customer.

Even with current processes, returned mail, including returned license plates, is not uncommon. Customers may blame the tax collector offices for the mailing delays or for lost mail. The department would try and mitigate this by ensuring processes are in place for handling lost mail and the resulting customer issues.
## Pros/Cons for Complete Centralization

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Challenges/Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eliminates the need for the department to pay for and stock excess inventory in each office</td>
<td>Customer satisfaction – change in expectations. Initial increase in fielding complaints.</td>
</tr>
<tr>
<td>Eliminates the need for the vendor to ship 16 to 21 million license plates around the state</td>
<td>Tax collectors will have a reduction in gross revenues, but a positive or neutral net revenue</td>
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<tr>
<td>Reduces waste in decals (Waste is attributed to printer issues and voided transactions.)</td>
<td>Increase in returned mail</td>
</tr>
<tr>
<td>Fewer TAC calls due to decal/print problems (average 455 per month, 38% of all calls)</td>
<td>Less expeditious means to obtain license plates or decals (unless expedited service planned in the delivery options)</td>
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<tr>
<td>Reduction/repurpose of FTE (both state and TC and possibly toll operations)</td>
<td>Possible increased costs initially to the department</td>
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<tr>
<td>Reduced security risk in offices and dealerships</td>
<td>Dealer Customer Satisfaction Index (CSI) could decrease</td>
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<tr>
<td>Just in time inventory – less waste of license plates (no more stocking excess inventory)</td>
<td>Removing operating inefficiencies with no actual cost reductions to customers.</td>
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<td>Allows for envelopes to be barcoded and presorted resulting in postage savings</td>
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<tr>
<td>Avoidance of lost license plate fee charges to the tax collectors, private tag agencies and dealers</td>
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<tr>
<td>Reduction in usage and supplies from DHSMV to tax collector (envelopes, printers, toner)</td>
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<tr>
<td>Wait times in offices reduced</td>
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<tr>
<td>Elimination of audit functions for license plates and decals (department, TC &amp; EFS Agent)</td>
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<tr>
<td>Reduced customer travel time (customers can choose to process online or by mail)</td>
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<tr>
<td>Reduced need for new buildings and equipment</td>
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<tr>
<td>Flat plate technology and central issuance will make it easier for specialty license plate organizations to redesign their license plate</td>
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<tr>
<td>Efficiencies in one point of manufacture, inventory, quality assurance, auditing and issuance</td>
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<tr>
<td>Possible reduction in cost to the customer (by going online they avoid branch fees and possibly private tag agency service fees)</td>
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<tr>
<td>Reduced workload for tax collectors</td>
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</table>
## Stakeholder Impact by Method

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>A. Redesign and 10 Year Replacement (current method)</th>
<th>B. Redesign and Two Year Replacement</th>
<th>C. Transitional Central Issuance, Two Year Replacement</th>
<th>D. Central Issuance of License Plates Only, Two Year Replacement</th>
<th>E. Complete Centralization, Two Year Replacement</th>
</tr>
</thead>
</table>
| DHSMV       | • Purchasing and stocking excess license plate inventory | • Purchase 15 million new license plates  
             • Purchasing excess license plate inventory of 3 million ($6M)  
             • Increase in registration renewals due to 2-year cycle ($34M)  
             • Purchase of license plates early (out of cycle) to reissue out over two year period ($31.4M)  
             • Able to cover purchasing costs through altering the collection timeline of the ARF catch up | • Purchase 15 million new license plates  
             • No need to purchase excess license plate inventory initially  
             • Increase in registration renewals due to 2-year cycle ($34M)  
             • Approximate annual vendor fee ($2 M)  
             • Purchase of license plates early (out of cycle) to reissue over two year period ($31.4M)  
             • Able to cover purchasing costs through altering the collection timeline of the ARF catch up  
             • Stocking excess inventory after replacement cycle ($6M)  
             • Mail fee redirected from tax collector to the department during transitional period and passed to vendor  
             • IT costs for programming  
             • Surcharge revenue  
             • Reduces opportunity for fraud and theft by securing license plates and in one location | • Purchase 15 million new license plates  
             • Vendor fee (TBD)  
             • Increase in registration renewals due to 2-year cycle ($34M)  
             • Reallocation of resources due to collocating manufacturing, inventory and distribution processes ($207K annually)  
             • Temporary tag issuance increase ($1.7M annually)  
             • Eliminates overstocking of inventory and related production costs  
             • Increase in General Revenue Surcharge revenue  
             • Eliminates two modules of FRVIS, saving programming and maintenance costs  
             • Reduces opportunity for fraud and theft by securing license plates and decals in one location  
             • Specialty license plate inventory will be centralized and distributed on demand ($1.5M)  
             • Reduced risk of theft and fraud  
             • Reduction in supply and equipment costs from DHSMV to tax collectors  
             • Reduces opportunity for fraud and theft by securing license plates and decals in one location  
             • Specialty license plate inventory will be centralized and distributed on demand ($1.5M)  
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<tr>
<td>Tax Collector</td>
<td>• No change</td>
<td>• No change</td>
<td>• No over-the-counter license plate issuance for two years</td>
<td>• May reduce operating costs</td>
<td>• No over-the-counter issuance of license plates or decals</td>
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<td>• No change in over-the-counter services</td>
<td>• No change in over-the-counter services</td>
<td>• May reduce operating costs</td>
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<td>• May increase customer traffic</td>
<td>• May increase customer traffic</td>
<td>• May reduce wait times</td>
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<td>• No change in auditing requirements</td>
<td>• No change in auditing requirements</td>
<td>• Eliminates inventory and auditing requirements</td>
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<td>• May increase customer wait times</td>
<td>• No change in decal issuance</td>
<td>• May increase temporary tags/cost to dealers</td>
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<td></td>
<td>• Need inventory and storage of large amounts of license plates</td>
<td>• No change in auditing requirements</td>
<td>• May increase need for temporary tag inventory</td>
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<td>• Avoidance of unaccounted for license plate fee charges</td>
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<td>• Possible revenue loss</td>
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<td>Dealer</td>
<td>• No change</td>
<td>• No change</td>
<td>• No over-the-counter license plate issuance for two years</td>
<td>• No over-the-counter license plate</td>
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<td>• No change in provision of services</td>
<td>• No change in provision of services</td>
<td>• Eliminates inventory and auditing requirements</td>
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<td>• Possible revenue loss</td>
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<td>Private Tag Agency</td>
<td>• No change</td>
<td>• No change</td>
<td>• No over-the-counter license plate issuance for two years</td>
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<td>D. Central Issuance of License Plates Only, Two Year Replacement</td>
<td>E. Complete Centralization, Two Year Replacement</td>
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<tr>
<td>EFS Service Provider</td>
<td>No change in provision of services</td>
<td>No change in provision of services</td>
<td>No over-the-counter license plate issuance for two years</td>
<td>No over-the-counter license plate issuance for two years</td>
<td>No over-the-counter license plate issuance for two years</td>
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<td></td>
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<td></td>
<td>Could affect dealer decision to have EFS for the two year period</td>
<td>Could affect dealer decision to have EFS over ETR</td>
<td>Could affect dealer decision to have EFS over ETR</td>
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<tr>
<td>Toll Authorities</td>
<td>Increase in toll revenues, but full increase not until 10 years out</td>
<td>Immediate and significant increase in toll revenues</td>
<td>Immediate and significant increase in toll revenues</td>
<td>Immediate and significant increase in toll revenues</td>
<td>Immediate and significant increase in toll revenues</td>
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<tr>
<td>Law Enforcement</td>
<td>Increase in readability of new license plates, but full increase not until 10 years out</td>
<td>Immediate and significant increase in readability of all graphic license plates</td>
<td>Immediate and significant increase in readability of all graphic license plates</td>
<td>Immediate and significant increase in readability of all graphic license plates</td>
<td>Immediate and significant increase in readability of all graphic license plates</td>
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<td>Will be able to easily detect non-registered vehicles after two years</td>
<td>Will be able to easily detect non-registered vehicles after two years</td>
<td>Will be able to easily detect non-registered vehicles after two years</td>
<td>Will be able to easily detect non-registered vehicles after two years</td>
<td>Will be able to easily detect non-registered vehicles after two years</td>
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<tr>
<td>PRIDE</td>
<td>Must change equipment to produce new license plates</td>
<td>Must change equipment to produce new license plates</td>
<td>Must change equipment to produce new license plates</td>
<td>Impact depends on vendor/contract</td>
<td>Impact depends on vendor/contract</td>
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<td>Must be able to produce @ 18 million license plates in short period</td>
<td>Must be able to produce @ 18 million license plates in short period</td>
<td>Must be able to produce @ 18 million license plates in short period</td>
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<tr>
<td>Fleet/Rental Car Companies</td>
<td>Will have to replace a large number of license plates in two years</td>
<td>Will have to replace a large number of license plates in two years</td>
<td>Will have to replace a large number of license plates in two years</td>
<td>Will have to replace a large number of license plates in two years</td>
<td>Will have to replace a large number of license plates in two years</td>
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<td>Specialty License Plate Organizations</td>
<td>Newer, simpler license plate could result in more demand for specialty license plates</td>
<td>Newer, simpler license plate could result in more demand for specialty license plates</td>
<td>Newer, simpler license plate could result in more demand for specialty license plates</td>
<td>Newer, simpler license plate could result in more demand for specialty license plates</td>
<td>Newer, simpler license plate could result in more demand for specialty license plates</td>
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<td></td>
<td>EFS dealers would still only stock regular license plates</td>
<td>EFS dealers would still only stock regular license plates</td>
<td>EFS dealers would still only stock regular license plates</td>
<td>EFS dealers could offer specialty license plates</td>
<td>EFS dealers could offer specialty license plates</td>
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<td>For redesigns, no longer need to deplete or buy back inventory</td>
<td>For redesigns, no longer need to deplete or buy back inventory</td>
<td>For redesigns, no longer need to deplete or buy back inventory</td>
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<td>More customers may choose to renew online - could allow for purchase of specialty license plates online</td>
<td>More customers may choose to renew online - could allow for purchase of specialty license plates online</td>
<td>More customers may choose to renew online - could allow for purchase of specialty license plates online</td>
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<td>Stakeholder</td>
<td>A. Redesign and 10 Year Replacement (current method)</td>
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<td>Customers/Public</td>
<td>• Reduction of incorrect toll notices or other bills/citations due to misread license plates</td>
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<td>• Increased safety on the roads</td>
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<td>B. Redesign and Two Year Replacement</td>
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<td>• Increased safety on the roads</td>
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<td>• Increased wait times in tax collector office</td>
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<td>C. Transitional Central Issuance, Two Year Replacement</td>
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<td>• Increased safety on the roads</td>
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<td>D. Central Issuance of License Plates Only, Two Year Replacement</td>
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<td>• No longer able to obtain license plates over the counter or at dealer</td>
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<td></td>
<td>• Reduced wait time in tax collector offices</td>
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<td></td>
<td>• Reduction of incorrect toll notices or other bills/citations due to misread license plates</td>
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<td></td>
<td>• Could result in more customers using convenience methods which reduces their travel time and costs and possibly fees</td>
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<td>E. Complete Centralization, Two Year Replacement</td>
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<td>• No longer able to obtain license plates and decals over the counter or at dealer</td>
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<td></td>
<td>• Reduced wait time in tax collector offices</td>
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</table>
IV. SUMMARY OF COSTS, SAVINGS, AND REVENUE BY METHOD

A. Redesign and 10 Year Replacement

Benefits to State

• Results in the issuance of a more legible credential.

B. Redesign and Two Year Replacement

Benefits to State

• Increases the effectiveness of law enforcement in identifying registration/renewal compliance.
• Reissues in other states have resulted in at least a 3% increase in vehicle registrations: $34 M. The full amount will be in year one; however, there is an expectation that it could increase compliance in future years as well.
• Enables the issuance of a more legible credential.
• Increases Toll Authority annual revenues, reducing probability of license plate misreads by a minimum of 50%: $4 M (Turnpike only estimate, this number will grow as open road tolling expands).
• Eliminates waste of current graphic license plate inventory by redistributing current stock throughout neighboring counties prior to reissue: $2 M.
• Shifts revenue from the Highway Safety Operating Trust Fund to General Revenue.

State Costs

• Stocking new design license plates in Tax Collector Offices to meet demand: $3 M (two month supply)/$6 M (four month supply).
• Purchase of license plates early (out of cycle) to reissue over two year period: $31.4 M (paid for through altering the collection timeline of the annual replacement fee catch up that resulted from the six – 10 year license plate cycle change).
• Programming cost to complete reissue over two year period: $40 K.

C. Transitional Central Issuance with Two Year Replacement

Benefits to State

• Enables the issuance of a more legible credential.
• Increases the effectiveness of law enforcement in identifying registration/renewal compliance.
• Reissues in other states have resulted in at least a 3% increase in vehicle registrations: $34 M.
• Increases Toll Authority annual revenues, reducing probability of license plate misreads by a minimum of 50%: $4 M (Turnpike only estimate, this number will grow as open road tolling expands).
• Eliminates waste of current graphic license plate inventory by redistributing current stock throughout neighboring counties prior to reissue: $2 M.
• Shifts revenue from the Highway Safety Operating Trust Fund to General Revenue.

State Costs

• Average annual vendor fee to centralize reissuance and ship directly to customer: $2 M.
• Purchase of license plates early (out of cycle) to reissue over two year period: $31.4 M (paid for through altering the collection timeline of the annual replacement fee catch up that resulted from the six – 10 year license plate cycle change).
• Programming cost to complete reissue over two year period: $40 K.
• Stocking of license plates in Tax Collector Offices after two year rollout to meet demand: $1.2 M (two months)/$2.5 M (four months).
• Mail fee currently collected by Tax Collectors would be collected by state and passed onto vendor during the reissue.

D. Central Issuance of License Plates Only

Benefits to State

• Enables the issuance of a more legible credential.
• Increases the effectiveness of law enforcement in identifying registration/renewal compliance.
• Reissues in other states have resulted in at least a 3% increase in vehicle registrations: $34 M.
• Increases Toll Authority annual revenues, reducing probability of license plate misreads by a minimum of 50%: $4 M (Turnpike only estimate, this number will grow as open road tolling expands).
• Eliminates stocking new design license plates in Tax Collector Offices to meet demand: $3 M (two month supply)/$6 M (four month supply).
• Eliminates waste of current graphic license plate inventory by redistributing current stock throughout neighboring counties prior to reissue: $2 M.
• Current specialty license plate inventory will be centralized and distributed on demand: $1.5 M12.
• Shifts revenue from the Highway Safety Operating Trust Fund to General Revenue.
• Temporary Tag issuance could increase: $1.7 M annually.
• Reduces opportunity for fraud and theft by securing license plates in one location.

12 The department has already purchased these plates. By centralizing them, we can use up our current inventory before we purchase new plates.
• Efficiencies of a single location for manufacturing, inventory, and distribution processes: $207
  k\(^{13}\) (annual savings resulting from the elimination of the administrative fee added to the license
  plate cost to ship license plates to the county).
• Eliminates need to rewrite FRVIS Inventory System.
• Eliminates need to rewrite Accounts Payable License Plate Payment System.

State Costs

• Purchase of license plates early (out of cycle) to reissue over two year period: $31.4 M (paid for
  through altering the collection timeline of the annual replacement fee catch up that resulted
  from the six – 10 year license plate cycle change).
• Average vendor fee to mail license plates directly to customer: $1 M annually.
• Programming cost to complete reissue over two year period: $40 K.
• Mail fee currently collected by Tax Collectors would be collected by state and passed to vendor.

E. Complete Centralization

Benefits to State

• Enables the issuance of a more legible credential.
• Increases the effectiveness of law enforcement in identifying registration/renewal compliance.
• Reissues in other states have resulted in at least a 3% increase in vehicle registrations: $34 M.
• Increases Toll Authority annual revenues, reducing probability of license plate misreads by a
  minimum of 50%: $4 M (Turnpike only estimate, this number will grow as open road tolling
  expands).
• Eliminates stocking new design license plates in Tax Collector Offices to meet demand: $3 M
  (two month supply)/$6 M (four month supply).
• Eliminates waste of current graphic license plate inventory by redistributing current stock
  throughout neighboring counties prior to reissue: $2 M.
• Current specialty license plate inventory will be centralized and distributed on demand: $1.5 M.
• Shifts revenue from the Highway Safety Operating Trust Fund to General Revenue.
• Temporary Tag issuance could increase: $1.7 M annually.
• Eliminates waste of decals: $181 K annually. (Decal waste is attributed to printer problems and
  voided transactions.)
• Efficiencies of a single location for manufacturing, inventory, and distribution processes: $465 K
  (annual savings resulting from staff reduction and elimination of the administrative fee currently
  added to the license plate cost to ship license plates to the county).
• Reduction in supply and equipment cost from DHSMV to tax collectors.
• Reduces opportunity for fraud and theft by securing license plates in one location.

\(^{13}\) This is the $.05 administrative fee that PRIDE adds to the cost of the plate that pays for them to ship the plates. We applied
the $.05 to the total number of plates estimated to be purchased in the year and then took an average of 10 years.
• Eliminates need to rewrite FRVIS Inventory System.
• Eliminates need to rewrite Accounts Payable License Plate Payment System.

State Costs

• Purchase of license plates early (out of cycle) to reissue over two year period: $31.4 M (paid for through altering the collection timeline of the annual replacement fee catch up that resulted from the six – 10 year license plate cycle change).
• Average vendor fee to mail license plates and registrations directly to customer: $5 M annually.
• Programming cost to complete reissue over two year period: $40 K.
• Mail fee currently collected by Tax Collectors would be collected by state and passed to vendor.

V. DEPARTMENT RECOMMENDATION

The redesign of the license plate is a necessity. The method of getting all the license plates replaced and maximizing efficiencies poses challenges and opportunities. The department placed great emphasis on the investigation of central issuance and discovered many efficiencies. The department has demonstrated that cost savings, additional revenue, and cost avoidance can be gained by a central issuance process over current methods. The department does not believe that those financial realities and the significant increase in risk justify an immediate full-scale change in how the motorists of Florida and our stakeholders are served.

The department suggests that a more deliberate approach to newer distribution methods is desirable while maintaining the primary goal of delivering a newly redesigned license plate. The goal would be to achieve a centralized model prior to the next redesign or upgrade in license plate technology so the department and its stakeholders are not faced with these same issues as today. As such, the department will seek the necessary legislative and budget authority in the 2013 Legislative Session to implement a variation of C. Transitional Central Issuance, Two Year Replacement. This method will be named Two Year Replacement with Central Issuance of Convenience Renewals.

With this recommendation, the department achieves its goals of providing a redesigned license plate to the motoring public, gaining benefits for the department and stakeholders, providing choices for our customers, and maintaining solid relationships with our stakeholders. The recommended method will maintain our current distribution and issuance methods with the exception of all mail-in and online renewals. For mail-in and online renewals, the license plate and registration will be issued and mailed from a central location.

Although the tax collectors have indicated willingness to be up to the challenge of issuing the nearly 16 million license plates needed in the first year, the department believes that the risk is too high for successfully maintaining inventory to all of the 300 tax collector (and private tag agencies) offices and 1,000 dealers. Approximately 35% of all renewals are processed through convenience methods (online or via mail). By diverting the convenience renewals to be issued using a central process, the department could reduce the number to be issued by the tax collectors by approximately 5.4 million. That would leave approximately 10 million to be issued by the tax collectors and the dealers. With some
promotional campaigns with renewal notices and public service announcements to promote online and mail-in renewals, the numbers of license plates that the tax collectors would have to issue could be reduced even further.

The mail fee that is charged for online renewals and most mail-in renewals would need to be diverted to the department. The department recommends that the tax collectors continue to retain the $1.00 service fee for online renewals and the $2.50 service fee for mail-in renewals. As with current methods, this method provides the customer with the same choices. The customer has the choice of paying the mail fee for the convenience of online or mail or to choose to renew in person and not pay the mail fee (which will probably be more expensive to the customer).

Also part of this recommendation, the department is proposing the following changes.

- Eliminate the county name option at the bottom of the license plate (41% of license plates have the county name). Doing this would substantially enhance the department’s ability to keep the tax collectors sufficiently stocked with inventory.
- Reduce the excessive inventory in the 1,300 issuance offices from a four to a two month supply.

Another advantage of this recommendation is the legislative and budget changes required to implement this option are significantly less than the centralized method; thus, greatly increasing our chance of success.

Beyond the 2013 Legislative Session, the department plans to continue in a more deliberate manner with efforts to achieve a centralized distribution model and to gain the savings along with it. The best method would be to integrate the centralized distribution concept into our Motorist Modernization Project, which has just gotten underway. The department has begun a project to modernize all of our systems, which includes FDLIS and FRVIS. As our current technology continues to become increasingly obsolete, available technical support will decrease. Legislative changes and maintenance will take longer to accomplish. Efficiencies that take advantage of new technologies will be harder if not impossible to achieve. A large number of resource hours are spent maintaining our aging systems and these maintenance hours will increase as staff members with the expertise on these systems begin to retire from the workforce. As with centralization, the department plans to divide the project into manageable phases over several years. By integrating the centralized distribution concept into the Motorist Modernization Project, the department will maximize the use of IT resources. Instead of modifying the current legacy systems, resources could concentrate on developing new programs for our new systems. Other advantages of a modernized system are:

- A customer centric view of all data whether a customer is an individual, business or government entity.
- Enhanced revenue collection.
- Better tax collector support and greater assurance that correct and accurate credentials are issued.
- Enhanced protection of personally identifiable information.
- Improved interactions with business partners and industry organizations.
- Facilitating collaboration with and data exchange between local, state and federal agencies, multiple levels of law enforcement, private partners and industry organizations.
- Providing accurate reports for statistical analysis and revenue projections.
Integrating the central issuance concept into modernization will enable the department to engineer new systems to continue to provide information and services to our stakeholders and provide superior services to the citizens of Florida.
Department Recommendation Summary

Benefits to State

- Increases the effectiveness of law enforcement in identifying registration/renewal compliance.
- Reissues in other states have resulted in at least a 3% increase in vehicle registrations: $34 M.
- Enables the issuance of a more legible credential.
- Increases Toll Authority annual revenues, reducing probability of license plate misreads by a minimum of 50%: $4 M (Turnpike only estimate, this number will grow as open road tolling expands).
- Eliminates waste of current graphic license plate inventory by redistributing current stock throughout neighboring counties prior to reissue: $2 M.
- Shifts revenue from the Highway Safety Operating Trust Fund to General Revenue.

State Costs

- Average annual vendor fee to centralize convenience issuance and ship directly to customer: $1.8 M.
- Purchase of license plates early (out of cycle) to reissue over two year period: $31.4 M (paid for through altering the collection timeline of the annual replacement fee catch up that resulted from the six – 10 year license plate cycle change).
- Programming cost to complete reissue over two year period: $40 K.
- Stocking of license plates in Tax Collector Offices after two year rollout to meet demand: $1.2 M (two months)/ $2.5 M (four months).
- Mail fee currently collected through convenience methods would be collected by state and passed onto vendor during the reissue.
VI. OTHER RECOMMENDATIONS

During the exercises of redesigning the license plate and exploring new distribution methods, stakeholders proposed other cost saving measures for consideration that were not related to these exercises. The department has not explored these costs saving measures, but felt it necessary to include them in this report so as to document them for future consideration. Below are a few recommendations from the department and our stakeholders.

- Improve the receiving and payment process through enhancements to the FRVIS system.
- Add additional functionality to GoRenew.com such as replacement license plate transactions.
- Eliminate the decal altogether (a project on its own).
- Simplify registration and transfer fees for non-privately owned vehicles by consolidating the weight ranges for fees.

VII. REDESIGN IMPLEMENTATION PLAN

February 2012 – First License Plate Review Committee meeting
April 2012 – Begin communication with stakeholders and partners
May 2012 – Submit Project Charter to ABLE
June 2012 – License Plate Redesign Committee Meeting
August 2012 – Department completes draft concept paper and distributes to stakeholders
September 2012 – Complete concept paper and distribute to stakeholders
September/October 2012 – Submit Legislative Budget Request and statutory changes to Governor and Cabinet
October/November 2012 – Department conducts online voting on license plate designs
November/December 2012 – New license plate design selected
March/May 2013 – Legislative Session
July/August 2013 – Department releases ITN for bid (if applicable)
September/October 2013 – Vendor selected
TBD Fiscal year 2013/2014 (Jan. 2014) and 2014/2015 – New license plates distributed
VIII. DISTRIBUTION MODELS

Under our current model for manufacturing and distributing license plates, there are basically five steps:

1. PRIDE receives supplies and manufactures the license plate.
2. PRIDE ships license plates to four regions of the state.
3. The four regions then deliver to the main tax collector office in each county (and to headquarters in Tallahassee).
4. The Tax collector then either ships or offices and dealers in their county pick up their supply of license plates.
5. Customer either receives the license plate in the office or it is mailed to them from the tax collector.
The flow chart here depicts the current manufacture and distribution of a license plate from the supplier to the customer:

The model below shows the reduction in steps for both the state and offices (tax collector, dealer or Private Tag Agency) in a centralized process. The vendor performs all the storing, manufacturing, quality assurance, inventory, and shipping of the license plates.