

Date of Hearing: July 10, 2017

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

SB 673 (Newman) – As Amended May 22, 2017

SENATE VOTE: 40-0

SUBJECT: Pet Lover's specialized license plates

SUMMARY: Transfers administration of the Pet Lover's specialized license plate program from the Veterinary Medical Board (VMB) to the California Department of Food and Agriculture (CDFA), and authorizes, instead of requires, CDFA to allocate funds generated by the specialized license plate program to a non-profit organization to administer the grant program funded by license plate revenues.

EXISTING LAW:

- 1) Allows any state agency to apply to the Department of Motor Vehicles (DMV) to sponsor a specialized license plate program.
- 2) Requires DMV to issue specialized license plates for that program if the agency complies with all statutory requirements.
- 3) Requires funds accruing to a sponsoring state agency from the sale of specialized license plates to be expended exclusively for projects and programs that promote that agency's official policy, mission, or work.
- 4) Prohibits a state agency that receives funds from the additional fees collected from the sale of specialized plates from expending more than 25% of those funds on administrative costs, marketing, or other promotional activities annually.
- 5) Requires existing fees for specialized license plates to be imposed for the issuance, renewal, or transfer of the Pet Lover's specialized license plates, and provides that revenue derived from those fees be deposited into the Pet Lover's Fund, after DMV deducts its administrative costs.
- 6) Requires moneys in the Pet Lover's Fund to be allocated to the Veterinary Medical Board (VMB), upon appropriation by the Legislature, and requires VMB to allocate those funds to a non-profit organization it selects to fund grants for no-cost or low-cost animal sterilization services.
- 7) Prohibits the non-profit organization selected by VMB from using more than 5% of the moneys generated by the specialized license plate for administrative costs.
- 8) Requires VMB to determine eligibility requirements for the grants, establish the grant application process, and develop program specifics.
- 9) Authorizes VMB to contract with an entity, including a non-profit organization, to provide advice, consultation, and administrative services for purposes of implementing and administering the grant program.

- 10) Requires VMB to provide oversight for the disbursement of grant funds under the grant program.
- 11) Creates a voluntary deduction on an individual's tax return for the Prevention of Animal Homelessness and Cruelty Fund, with moneys transferred to that fund to be allocated to CDFA for purposes including grants for qualifying animal control agencies or shelters to support spay and neuter services by those entities to prevent and eliminate cat and dog homelessness, as specified.

FISCAL EFFECT: Unknown

COMMENTS: Prior to 2007, any new specialty license plate required specific legislative authorization. That practice was held to be unconstitutional by the federal courts, as the Legislature approved some plates and rejected others, without using any standardized or objective criteria for those decisions. In response to the court decision, AB 84 (Leslie), Chapter 454, Statutes of 2006, established the current specialized license plate program to provide a forum for government speech that promotes California's state policies. AB 84 excluded private organizations from seeking specialized license plates as a forum for private speech, and thus addressed the court's objection. The current specialized license plate program permits a state agency to initiate the development and sponsorship of a specialized plate, thus no additional legislation is required to authorize the creation of a new plate.

Plates created under the current program and the revenue they generate must publicize or promote a state agency, or the official policy, mission, or work of a state agency. Furthermore, the process requires that at least 7,500 paid applications must be received by the state agency prior to notifying DMV. This 7,500-application threshold was previously put into statute in an attempt to ensure that DMV's startup costs would be fully covered by the portion of the registration fee surcharge that is directed to DMV and to avoid a proliferation of different types of plates, which can be troublesome from a law enforcement perspective.

Under the authority granted by AB 84, VMB administratively sponsored the Pet Lover's specialized license plate program, with the plate going into production in 2013 and the revenue generated by the program used to fund low- and no-cost animal sterilization services. Because VMB lacked sufficient staff to administer the plate program itself, it sought assistance from a non-profit organization to provide general administrative support, such as marketing the plate, providing recommendations for grant criteria, and accepting and reviewing grant applications. In 2015, the Governor signed AB 192 (Allen), Chapter 497, Statutes of 2015, which established an expenditure framework for the Pet Lover's specialized license plate program and required VMB to contract with a non-profit for those administrative processes.

According to DMV, there are currently 7,630 registered Pet Lover's license plates, and approximately \$986,000 has been deposited into the Pet Lover's Fund from the revenues generated by the plate since 2013. To date, no money has been allocated for grants related to animal sterilization purposes. When attempting to contract with a non-profit organization to administer the grant program pursuant to AB 192, VMB was advised of the potential for conflicts of interest arising from board members potentially benefiting from the grant funds as providers of animal sterilization services. VMB then directed its staff to seek to transfer administration of the Pet Lover's specialized license plate program to CDFA. This bill would require that transfer. CDFA currently sponsors its own California Agriculture specialized license plate program, and also administers a grant program for funding services including animal shelters and animal sterilization using revenue generated by a voluntary tax deduction. Due to

the similar nature of the grant recipients under both programs, it is likely CDFA would be able to appropriately administer the Pet Lover's grants as well, although this bill also authorizes the department to allocate the funds to a non-profit for the purpose of disbursing grants, which was previously required of VMB under AB 192.

According to the author, this bill "will allow funds to be distributed in accordance with their intended purpose of supplementing low-cost spay and neuter programs throughout the state, and with proper oversight, thereby reducing the number of strays on our streets and animals euthanized in our shelters."

Committee concerns: This bill retains the option of allocating funds generated by the Pet Lover's license plate to a non-profit, although that non-profit would be selected by CDFA under this bill, instead of by VMB as under existing law. It is unclear why a non-profit "middleman" would still be necessary with administrative responsibility of the license plate program transferred to CDFA. Arguments in favor of requiring VMB to contract with a non-profit to provide administrative support under AB 192 were premised on the fact that VMB lacked the staff resources to implement a grant program. While it may have been necessary to augment VMB's ability to establish grant parameters and oversee the grant program, according to the author, CDFA already has an existing framework in place to administer and distribute competitive grants. Because this bill preserves the authorization for a selected non-profit to use 5% of the grant moneys for administrative costs, allowing CDFA to contract with a non-profit could result in up to 5% of the nearly \$1 million generated by the Pet Lover's license plate (almost \$50,000) going to non-profit costs, instead of to funding no- or low-cost animal sterilization services.

Related legislation: AB 1251 (Allen) would require the State Coastal Conservancy to apply to DMV to sponsor an Endless Summer specialized license program to raise money for a coastal conservancy awareness program. AB 1251 was set to be heard by this committee but the hearing was cancelled at the request of the author.

SB 309 (Jackson) would require the State Department of Health Care Services to apply to DMV to sponsor a reproductive freedom license plate program. SB 309 passed out of this committee on June 26, 2017, with an 11-3 vote.

Previous legislation: AB 192 (Allen), Chapter 497, Statutes of 2015, established requirements for of the expenditure of funds generated by the Pet Lover's specialized license plate program by VMB.

AB 485 (Williams), Chapter 557, Statutes of 2015, authorized the addition of the Prevention of Animal Homelessness and Cruelty Fund checkoff to the personal income tax return with revenues funding specified animal homelessness prevention grants administered by CDFA.

SB 1323 (Lieu), Chapter 375, Statutes of 2014, made a one-time appropriation of all funds generated by the Pet Lover's specialized license plate program to VMB for the purpose of funding grants to providers of no-cost or low-cost animal sterilization services.

REGISTERED SUPPORT / OPPOSITION:

Support

PuppySpot
Social Compassion in Legislation
State Human Association of California

Opposition

None on file

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