

Date of Hearing: April 21, 2015

ASSEMBLY COMMITTEE ON ARTS, ENTERTAINMENT, SPORTS, TOURISM, AND  
INTERNET MEDIA

Ian Charles Calderon, Chair

AB 932 (Daly) – As Amended April 8, 2015

**SUBJECT:** Specialized license plates: professional sports.

**SUMMARY:** Requires the State Department of Parks and Recreation (DPR) to apply to the Department of Motor Vehicles (DMV) to sponsor a specialized license plate program using professional sport team logos, as specified. Establishes the California State Parks Account (Account) and specifies that revenues from the Account be used by DPR to fund local park and recreation programs.

**EXISTING LAW:**

- 1) Allows any state agency to apply to 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) Prohibits DMV from establishing a specialized license plate program for an agency until it has received not less than 7,500 paid applications for that agency's specialized license plates.
- 4) Requires the agency to collect and hold applications for the plates. Once the agency has received at least 7,500 applications, it must submit the applications, along with the necessary fees, to DMV.
- 5) Prohibits advance payment to DMV of its administrative costs associated with the issuance of a particular specialized license plate from constituting compliance with the 7,500 application threshold requirement.
- 6) 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.
- 7) Allows specialized license plates to feature a distinctive design, decal, or distinctive message in a two-inch by three-inch space to the left of the plate's numerical sequence and a space not larger than 5/8-inch in height below the numerical series.

**FISCAL EFFECT:** Unknown

**COMMENTS:**

- 1) *Author's statement: pro sports specialty license plates are a win win.*

According to the author, "A report by the Resources for the Future found that while parks have grown in popularity and demand, park spending has remained relatively flat and actually decreased during the past two economic recessions. The economic, health, and

environmental benefits of parks is well documented; however it has become increasingly difficult for municipal governments to provide funding for them. California is home to millions of sports fans, and this legislation provides an easy way for drivers to show support for their favorite sports team, and parks and recreational programs simultaneously. In addition, the professional sports charities will be able to grow their programs, which will also provide benefit to the People of California."

2) *Background.*

- a) *Requirements for constitutionality of specialty tags.* Prior to 2007, any new specialized license plate required specific legislative authorization. That practice was held to be unconstitutional by the federal courts in that the Legislature approved some of the plates and rejected others, while using no 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 excludes private organizations from seeking specialized license plates as a forum for private speech, and thus addresses the court's objection.

Plates now created 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. The 7,500-application threshold was previously put into statute for specialized license plates and was arrived at in an attempt to assure 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.

- b) *Professional sports specialty plates elsewhere.* Currently, 25 states and Washington D.C. have implemented specialized license plate programs in some form using professional sport team logos. Revenues from these programs have been used to fund programs such as, youth development, homelessness, and academic scholarships. Overall, information provided by the author demonstrates that these programs using professional team logos have been successful in raising revenue for various social programs.

3) *Process for professional team DMV specialty plate designation.*

To begin the process, professional sports teams interested in participating in the specialty license plate program will contact the Department, and an Memorandum of Understanding (MOU) agreement will be signed between the parties outlining the nature of the charitable activities of the professional sports team (Charity) in order to assure compliance with legal requirements for specialty plates discussed in Comment 2 above, and license fee to be collected on behalf of the Charity.

The Department will then submit a Letter of Intent to DMV which contains a financial plan stating the purpose(s) for which the revenue will be used. The parties will then have 12-months to collect 7,500 applications. Each individual team must submit a request, and gather 7,500 fan applications prior to the striking of the first plate. A process exists for extension of time should a team fail to meet the one year deadline.

Once sufficient commitment applications have been gathered, a license plate prototype must be submitted for approval, and the design, logo, and message on the plate must publicize or promote the official policy, mission, or work of the sponsoring state agency. After plate design approval by DMV and the California Highway Patrol, the DMV will authorize the plate prototype to be manufactured. The implementation cost for the specialized license plates is approximately \$400,000. The cost is recovered from the sale of the license plates. Once the implementation costs have been met, a deduction (Administrative Service Fee) will be taken for ongoing administrative costs from every application thereafter.

After deducting implementation costs and ongoing Administrative Service Fees, the remainder of the monies will be allocated as follows:

- a) Sequential plate configurations go into the Specialized License Plate Fund.
- b) Personalized configurations go into two different funds:
  - i) A Specialized License Plate Fund for your plate program.
  - ii) Environmental License Plate Fund for the portion of fees that is attributable to each.

Upon appropriation of the funds by the Legislature to the California State Parks Account, created by this bill within the Specialized License Plate Fund, the Department will remit the portion of the fee collected on behalf of the Charity pursuant to the MOU.

4) *Department of Parks and Recreation Office of Grants and Local Services (OGAL)*

According to the Department, the following types of services and equipment could be purchased for local parks under the income generated by the bill, based upon the experience of their typical grant programs - which have ranged in size from \$2 million to \$184 million. They also advise that a key component to a successful grant program is to tailor the program to the amount of funding available; if the amount of funding is relatively small, it would be worth considering having a match requirement, limiting the types and locations of eligible entities, and being specific about the types of projects that are eligible. At any amount less than \$10 million, it would be worth considering a match requirement to reduce the number of applications.

OGALS typically limits the maximum grant amount to no more than 10% of the entire program. So, if the program amount is \$2 million, the maximum grant is \$200,000 (this ensures at least ten awards).

Here's the approximate cost of some typical items OGALS funds:

- Programs for children (summer day camps, field trip programs, etc.) - \$25k to \$200k
- Playgrounds (build/replace) - \$50k to \$250k
- Sports field irrigation system - \$50k to \$100k
- Restrooms - \$100k to \$250k
- Sports field lighting - \$150k
- Artificial turf for one soccer field - \$500k to \$750k

5) *Professional sports charities.* According to information found on the Internet, each professional sports team in major sports is involved in local charities. A sample list of sports and teams includes the following charitable efforts:

a) *National Football League (NFL)*

Oakland Raiders. Organizations involved with: Brave Kids, Boys & Girls Club of Oakland, California Department of Social Services, Children's Hospital Oakland, KDOL Sports Forum, food drive, Football 101, Komen Race for the Cure, Menlo Charity Horse Show, Oakland Police Department, Read Aloud Day 2000, Special Olympics, Toys for Tots. Team programs: Battle of the Bay basketball charity game, donations of turkey and ham during Thanksgiving, Football 101, Let Us Play! Sports Camp for girls, Offense-Defense Football Camp, toy drive.

San Diego Chargers. Organizations involved with: California Interscholastic Federation Championship football games, Children's Hospital and Health Center, Pop Warner football, San Diego Blood Bank. Team programs: Alex Spanos All Star Classic (high school all-star football game), Chargers Blood Drive, Chargers Champions (benefiting youth, education and sports in San Diego County), High School Coach of the Week, Toss for Tots (members make a donation for each Chargers touchdown during the season).

San Francisco 49ERS. Charitable arm: 49ers Foundation. Organizations involved with: Brave Kids, The Drug Abuse Resistance Program, Emergency Housing Consortium, Glide Memorial Church, Hamilton Family Center, Make-A-Wish Foundation, Susan G. Komen Breast Cancer Foundation. Team programs: 49ers Academy (personalized education setting for students at risk of dropping out), 49ers Coat Drive, 49ers Food Drive, Bay Area All-Star Scholarship Team (in partnership with the NBA Golden State Warriors, MLB Oakland As, NFL Oakland Raiders, MLB San Francisco Giants and NHL San Jose Sharks awarded to six students), Football 101, Gatorade/49ers Junior Training Camp, High School Coach of the Week, Holiday Hospital Visits, Operation Blessing 2000.

b) *Major League Baseball (MLB)*.

Los Angeles Angels of Anaheim Charity. Through their involvement in a variety of outreach programs and non-profit organizations, Angels Baseball has proven to be a valuable member of the surrounding community. From laying down the foundation one brick at a time with the Angels Brick Project to helping fund local and national youth organizations, the Angels Baseball Foundation focuses on initiatives aimed to create and improve Education, Healthcare, Arts & Sciences, and Community related youth programs throughout the region, in addition to providing children the opportunity to experience the great game of baseball and its countless positive attributes.

Los Angeles Dodgers Charity. Founded in 1998, the Dodgers Dream Foundation (DDF) was created to provide educational, athletic and recreational opportunities for the youth of the Greater Los Angeles community. The Foundation places special emphasis on helping traditionally under-served youth.

Oakland Athletics Charity. The Oakland Athletics host numerous community events including Golf Classics, Awareness Days, as well as support youth baseball programs and educational endeavors.

San Diego Padres Charity. The Padres Foundation for Children, established in 1995 by Padres Chairman John Moores, is the primary source of funding for the club's outreach initiatives in the areas of children's health, education and youth baseball/softball. The Foundation raises funds through corporate sponsorships and through a number of programs in which fans can participate, including Scoreboard Surprises, an online charitable auction, and the annual Shirts Off Their Backs fundraiser.

San Francisco Giants Charity. The Giants' work in the community translates into a variety of unique and progressive programs dedicated to addressing some of the most pressing needs of Northern California children and their families, including health, violence prevention, youth fitness and recreation, education and literacy.

c) *National Basketball Association (NBA).*

Since the NBA launched its NBA Cares initiatives in 2005, the league, its teams and players have raised and donated more than \$242 million to charity; completed more than 3 million hours of community service; and created nearly 1,000 places where children and families can live, learn or play. The league counts KaBoom!, Special Olympics, YMCA, Boys and Girls Clubs of America, UNICEF, the Make-A-Wish Foundation, Share Our Strength and GLAAD among its social responsibility partners.

6) *Extra fees paid above DMV registration for specialty license plates are tax deductible.*

According to a 2009 FTB Information Letter requesting clarification on the deductibility of special interest license plate fees as a charitable contribution under California law, "When a taxpayer, with the intention of making a gift, purchases an item of value from a qualified charity, the excess of the payment over the value received is a charitable contribution. As a result, taxpayers who pay the additional fee are entitled to treat as a charitable contribution the difference between the amounts paid for the Arts Council license plate and a regular California license plate...This same conclusion is applicable to registrants that purchase environmental license plates as well as other similarly situated registrants when purchasing other special license plates that support other charitable purposes."

7) *Committee comment: no definition of professional sports.* Other states which have enacted similar legislation have offered a rather broad definition of professional sports, for instance New Jersey law provides, "As used in this act, 'professional sports team' includes, but is not limited to, teams and franchises associated with the National Hockey League; Major League Baseball Properties, Inc.; NASCAR; NFL Properties, LLC; and National Basketball Properties, Inc." By contrast Ohio offers plates of specific teams and not sports per se, such as the Cincinnati Reds, Cincinnati Bengals, Cleveland Browns, Cleveland Indians and Columbus Blue Jackets. As the bill moves forward the author may wish to consider adding some parameters to the teams who may participate in the specialty plate program.

8) *Prior and related legislation.*

a) AB 270 (Nazarian), would require the State Department of Public Health to apply to the DMV to sponsor a diabetes awareness, education, and research specialized license plate program (program), as specified. Currently pending before the Assembly Appropriations Committee.

According to the Assembly Transportation Committee, over the past 5 years 13 bills have been introduced directing a state agency to sponsor a specialized license plate for a variety of causes. Of the 13 bills, eight passed the Legislature and were signed by the Governor. Most recently:

- b) AB 482 (Atkins), Chapter 590, Statutes of 2014, aka, the Snoopy Plate, heard and passed out of this committee, supporting small capital projects in museums.
- c) AB 1096 (Nestande), Chapter 353, Statutes of 2014, supporting Salton Sea restoration.
- d) AB 2450, (Logue), Chapter 359, Statutes of 2014, supporting kidney disease research.
- e) AB 49 (Buchanan), Chapter 351, Statutes of 2014, supporting breast cancer awareness.
- f) AB 2321 (Gomez), Chapter 358, Statutes of 2014, supporting domestic violence prevention.

**REGISTERED SUPPORT / OPPOSITION:****Support**

Anaheim Ducks  
Los Angeles Angels  
Los Angeles Dodgers  
Oakland A's  
San Diego Padres  
San Francisco Giants

**Opposition**

There is no opposition on file.

**Analysis Prepared by:** Dana Mitchell / A.,E.,S.,T., & I.M. / (916) 319-3450