



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 5426 (Substitute S-3 as reported)
Sponsor: Representative Beverly Bodem
House Committee: Conservation, Environment and Great Lakes
Senate Committee: Transportation and Tourism

Date Completed: 10-28-96

RATIONALE

According to the Department of Environmental Quality, 20 other states sell specialized license plates to fund environmental programs. Typically, these plates feature a particular bird or animal, such as a loon or a timber wolf, and the revenue generated from their sale is dedicated to a specific purpose, such as wildlife, state parks, nongame programs, or land purchases. The license plate programs offer a way in which citizens can express their support for particular causes, and they provide an additional funding source for natural resources projects. Although Michigan does not have a similar program, a number of people have expressed an interest in establishing one.

CONTENT

The bill would amend the Michigan Vehicle Code to do the following:

- **Require the Secretary of State to develop an environmental quality registration plate and permit the Secretary of State, beginning January 1, 1998, to issue this plate for use on certain motor vehicles instead of a standard registration plate.**
- **Establish service fees that would have to be paid in addition to the regular vehicle registration tax.**
- **Create the "Watershed Protection Fund" and require service fees generated from the sale of the environmental quality registration plates, after the payment of administrative expenses, to be deposited in this Fund for uses specified in the bill, including the development and implementation of a watershed plan to assist in pollution protection on a watershed basis.**

- **Provide that the Secretary of State would not have to implement the bill until the Legislature appropriated funds for the plate's development and manufacture.**

Under the bill, the Secretary of State would have to develop an environmental quality registration plate, which would mean a registration plate containing a specialized design pertaining to the protection of the State's environment. Beginning January 1, 1998, the Secretary of State, upon application, could issue the plate to an applicant for use on a passenger motor vehicle, pickup truck, van, motor home, hearse, bus, trailer coach, or trailer for which the registration plate was issued instead of a standard registration plate. An environmental quality registration plate could be issued to State-owned vehicles. Environmental quality registration plates would have to bear letters and numbers as the Secretary of State prescribed. The plate design would have to be determined by the Secretary of State after consultation with and advice from the Director of the Department of Environmental Quality (DEQ). The word "Michigan" and other unique identifiers as specified by the Secretary of State would have to appear on each environmental quality registration plate.

An application for this plate would have to be submitted to the Secretary of State pursuant to the procedures prescribed in the Code for vehicle registration. Except as provided in the bill, an application for an original or renewal environmental quality registration plate would have to be accompanied by payment of the regular vehicle registration tax in addition to a service fee as follows:

- \$3 for the first month and \$2 for each additional month of the registration period for an original environmental quality registration plate.
- \$15 for a renewal of this plate.

The expiration date for an environmental quality registration plate would be pursuant to the Code's provisions on the expiration of a motor vehicle registration. Upon an environmental quality plate's issuance or renewal, the Secretary of State could issue a tab or tabs designating the month and year of expiration.

The Secretary of State could issue a temporary registration permit to a person who submitted an application and the proper payments for an environmental quality registration plate, if the applicant's current vehicle registration were to expire before he or she received an environmental quality plate. The temporary registration would expire upon receipt of an environmental quality plate or 60 days after the issuance, whichever occurred first. The temporary permit would have to be issued without a separate fee.

Rights to the imitation, imprint, representation, facsimile, or copy of the environmental quality plate would remain with the State of Michigan. Authorization for commercial use of the plate design would require written consent by the Secretary of State and the Director of the DEQ and payment to the Watershed Protection Fund of a commercial use fee as determined by the DEQ. The DEQ would be responsible for all costs associated with advertising, promotion, marketing, and otherwise encouraging the purchase of environmental quality registration plates. The Secretary of State and the DEQ would have to execute an agreement regarding those costs.

The Secretary of State would have to deposit with the State Treasurer each service fee collected pursuant to the bill. The State Treasurer would have to credit the money to the Watershed Protection Fund, which would be created as a restricted fund in the State Treasury. Money in the Fund would have to be distributed, by appropriation, first to the Secretary of State for reimbursement of all manufacturing and related administrative costs incurred by the Secretary of State, including administrative costs associated with issuing, replacing, and substituting plates, and second, to the DEQ. The Watershed Protection Fund would have to be administered by the Director of the DEQ.

After the costs of the Secretary of State and the DEQ were deducted, revenues deposited in the Watershed Protection Fund from sales of the environmental quality registration plate would have to be dedicated to point and nonpoint source pollution prevention, groundwater and wellhead protection, watershed plan development, and watershed plan implementation to assist in pollution protection on a watershed basis.

The Secretary of State would not have to implement the bill until after the Legislature appropriated to the Secretary of State the costs, as determined by him or her, associated with the design, development, and manufacture of environmental quality registration plates.

Proposed MCL 257.811d

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The bill proposes an entirely voluntary method of funding programs that would protect groundwater and prevent pollution. By buying and displaying environmental quality plates, Michigan citizens could show their support--both graphically and fiscally--for the State's water resources. The plates could increase public awareness of the importance of clean water, as well as supply an additional source of revenue for watershed programs. Natural resources-related plates have proven popular in other states, and surveys conducted for the Michigan Department of Natural Resources have indicated a high level of citizen interest in this type of program.

Response: The version of the bill that passed the House would have dedicated license plate revenue to the Nongame Fish and Wildlife Trust Fund, which engages in the management and support of nongame and endangered species and their habitat. This allocation of funding reflected the interests of citizens, conservation groups, and natural resources managers, and would be more consistent with other states' programs. The proposed Watershed Protection Fund, on the other hand, would be a new entity with vaguely defined goals. Since both nongame and water are part of the State's natural resources, perhaps a solution would be to divide license plate revenue between the two Funds.

Legislative Analyst: S. Margules

FISCAL IMPACT

The bill would result in indeterminate additional revenue to the Department of Environmental Quality for watershed protection programs, dependent upon the number of environmental quality registration plates sold. Department of State costs would be covered by a portion of the additional fee, dependent upon actual production costs and volume sold.

When introduced last January, the Department of Natural Resources estimated that the bill would generate an additional \$1 million annually. This estimate assumed the sale of 50,000 plates, or less than 1% of the 5.9 million registered vehicles in the State. As a reference, the sale of wildlife-oriented license plates in other states has generated between \$4,000 and \$5.5 million, with plate fees ranging from \$17 to \$50 (averaging \$29), and demand ranging from less than 1% to almost 16% of passenger vehicle registrations. The wide range in participation rates in other states suggests that potential revenues could be as low as \$240,000 to over \$18 million. Similar data on environmental license plates are not available at this time.

Fiscal Analyst: G. Cutler
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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.