



**House
Legislative
Analysis
Section**

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**"PROUD TO BE AMERICAN"
SPECIALTY LICENSE PLATE;
DONATIONS TO AMERICAN
NATIONAL RED CROSS**

**Senate Bill 602 (Substitute S-3)
First Analysis (10-3-01)**

**Sponsor: Rep. Shirley Johnson
Senate Committee: Committee on
Transportation and Tourism
House Committee: Transportation**

THE APPARENT PROBLEM:

On Tuesday morning September 11, 2001, nineteen terrorists hijacked four east coast passenger jets fueled for transcontinental flights, and flew three of them into two targets: the twin towers of the 110-story World Trade Center in New York City; and, the Pentagon military headquarters located in Alexandria, Virginia near the nation's capitol. A fourth jet crashed in rural Pennsylvania, 80 miles southeast of Pittsburgh, seemingly enroute to Washington, D.C. The fiery suicide missions killed nearly 6,500 people, collapsing the skyscrapers and a wing of the Pentagon. The hijackers have been linked to an international network of Muslim extremists called Al Qaeda, whose leader is Osama bin Laden, a Saudi Arabian citizen unwelcome in his country and now living in Afghanistan.

Since these attacks, the president of the United States and the country's secretary of state have called on leaders throughout the world to unite in a global network of effective surveillance and intelligence-gathering that would eliminate terrorism. Further, the president has called for international cooperation as the United States moves to apprehend known terrorists and to bring them to justice. Finally, the president has promised military action against the governments of countries that harbor terrorists.

In addition to these international initiatives, the U.S. president has called for more vigilance and heightened internal security throughout the nation. To that end he has created a new cabinet-level post called the Secretary for Homeland Security, and appointed the governor of Pennsylvania to fill it. In addition, the U.S. Congress has pledged \$20 billion in federal aid to rebuild the New York City crash site. Further, the U.S. Congress has debated policies that would put responsibility for the country's airport security into the hands of national law enforcers; and,

armed air marshals on long-distance flights. A more nuanced debate also is underway to consider the need for broader or more effective law enforcement powers that might infringe on the customary civil liberties of American people. Finally, efforts to patrol the nation's borders have been increased in order to prevent illegal immigrants and known terrorists from crossing into the United States from Canada and Mexico.

Throughout this period of national crisis, the outpouring of aid to the victims of the terrorist acts in New York City and Washington, D.C. has been extraordinary. Special funds and fundraising events already have raised millions of dollars, in order to provide for the families of those who lost their lives. What is more, a slow and thorough search of the rubble at the disaster sites will continue for many months, using DNA tests to identify the remains of the thousands who died during the devastating fires that followed the explosions of the jets after impact. The coordination of this relief effort has fallen to the American National Red Cross, the organization that historically provides first-line emergency services throughout the nation.

The many services provided by the American Red Cross during the tragedy are described daily on their web site at www.redcross.org. The services include coordination of a nationwide blood drive; transfer of the initial \$100 million (of more than \$211 million) in donations to help families, including immediate counseling and financial assistance to those affected by the September 11 attack; coordination of pilots in an air life-line emergency operation; a toll-free national information, compassion, and support hotline; support for military families when soldiers report for duty; operation of a respite center for New York City hot-zone rescue workers; treatment of the

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injured in New York City by volunteer Red Cross nurses; grief counseling services to the Boston-area families of the victims of the hijacked flights; and mental health counseling services to any in the nation who are experiencing high levels of stress and anxiety because of the tragedy. In addition to these national and regional services, the American Red Cross is working together in partnership with the international relief efforts of Red Crescent, to assist the thousands of Afghan refugees who are fleeing their homes to avoid possible U.S. military strikes.

In order to enable Michigan citizens to make contributions that support the American National Red Cross during this time of tragedy, legislation has been introduced to allow the production of specialty license plates.

THE CONTENT OF THE BILL:

Senate Bill 602 would amend the Michigan Vehicle Code to require that the secretary of state develop and issue a state-sponsored “Proud to be an American” specialty fund-raising license plate, and a state-sponsored collector plate. Further, the bill would create a Proud to be an American Fund within the Department of Treasury. The bill would take effect October 1, 2001.

Currently under the law, the secretary of state may develop and promote up to six different state-sponsored fund-raising registration plates and matching collector plates, in order to raise funds for state-sponsored goals. The specialty plates were authorized by laws enacted during the last legislative session, in order to raise funds for agricultural heritage, lighthouse preservation, water quality preservation, critical wildlife habitat, the Michigan Children’s Trust Fund, and the Michigan Veteran’s Memorial. Senate Bill 602 would raise the limit the law now places on the number of specialty fundraising plates from six to seven. [In addition, the law allows the secretary to state to develop a Michigan university fundraising specialty plate series.]

Under the law, a person who purchases a specialty fund-raising plate or a collector plate is required to pay a \$25 fund-raising donation, the regular vehicle registration tax, and a \$10 service fee. Further, a person renewing the fund-raising plate must pay the regular vehicle registration tax, and a \$10 fund-raising donation. Senate Bill 602 would retain these provisions and extend them to include the Proud to be an American specialty fundraising plate.

Under Senate Bill 602, the state treasurer could receive money or other assets from any source for deposit into the Proud to be an American fund, and would direct investment of those funds, as well as credit to the fund the interest and earnings from fund investments. Money in the fund at the close of the fiscal year would not lapse to the general fund. The bill also specifies that the state treasurer would be required to disburse money in the fund on a monthly basis to the American National Red Cross, as represented by the Michigan State Service Council.

Senate Bill 602 would require that the American National Red Cross spend the money for disaster preparedness and disaster relief in the United States. Under the bill, the Red Cross would be required to provide an annual accounting of the use of the money to the state treasurer.

MCL 257.217m and 257.217n

FISCAL IMPLICATIONS:

The House Fiscal Agency notes that a person who purchases the “Proud to be an American” fund-raising plate or collector plate is required to pay a \$25 donation, the regular vehicle registration tax, and a \$10 service fee. Any renewal requires the registration tax and a \$10 fund-raising donation. The agency further notes difficulty calculating a revenue estimate since the number of potential buyers is not known. The Department of State reports that historically the range of buyers for individual plates has been broad—ranging from 2.3 million buyers for the “automobile centennial plate” during its first year, to a more recent sales estimate for fiscal year 2000-2001 in which the total number of fundraising plate sales is expected to be 75,000. The fiscal agency notes that given the current sales of flags and other patriotic collateral items nationwide, the demand for the plate could be high.

The agency notes that there likely would be no costs incurred by the state in starting up the seventh specialty plate program, since the \$10 service fee charged for the plate covers its creation, and also the mailing and administrative costs.

The House Fiscal Agency concludes that the exact projection of costs and revenues to the state and local units of government is indeterminate. (10-2-01)

ARGUMENTS:**For:**

Purchase of a “Proud to be an American” specialty license plate or collector plate will enable Michigan citizens to demonstrate their financial support for rescue and relief operations that have been undertaken by the American Red Cross following the September 11 national tragedy. A contribution that is made to the Red Cross via the state-sponsored program will reassure donors that their contributions will be directed to the programs that count, since the American Red Cross coordinates the emergency aid efforts both nationally and internationally.

According to the *New York Times* in an article entitled “Reports of Scams Preying on Donors Are on Rise” (9-28-01), the American Red Cross alone collected about \$211 million in the first two weeks after the crisis, far more than the organization had collected in previous disasters. However, the day after the terrorist attacks with millions of Americans opening their wallets to help victims, reports of con artists trying to prey on donors were increasing. Fraudulent charities have been reported to the Federal Bureau of Investigation, the Federal Trade Commission, and the U.S. Post Office. Indeed, according to the national charity watchdog organization run by the Better Business Bureau, reports of questionable practices began just hours after the attacks, and the number of inquiries from consumers about questionable fund-raising efforts has increased by about 40 percent since September 11.

This legislation ensures that donations will reach their intended purpose. In doing so, it enables Michigan citizens to demonstrate their solidarity in a human network that spans cultures—to become an active participant in a global network in which peace-seeking citizens of countries throughout the world spurn senseless acts of violence.

Against:

A concern about this legislation has been expressed by some legislators during committee debate. Heretofore, the Office of the Secretary of State has opposed adding specialty license plates to the series of six specialty plates and the university plates already authorized by the legislature in bills that were enacted during the last legislative session. Despite the opposition from the executive agency, legislators have introduced bills during this legislative session that if enacted would authorize specialty fundraising plates for Ducks Unlimited, Habitat for Humanity,

the Very Special Arts, White-tailed Deer, the United States Peace Corps, Ex-POWs, Michigan Zoos, Choose-life Pregnancy Services, Pro-choice Services, Breast Cancer, and Public Education. Those who promote this wide array of specialty plates generally argue that drivers should have many options when choosing a fund-raising cause. In order to make many plates available, they have encouraged the secretary of state to develop a politics-free process—one that would eliminate the possibility for political grandstanding because it would allow many choices for charitable contributions.

Response:

During committee testimony, a representative of the Office of the Secretary of State testified that the agency continues to oppose a broad array of specialty fundraising plates. The agency has taken that position in an effort to heighten the appeal for a limited number of options, thus ensuring the successful fundraising on behalf of a targeted group of organizations that promote state goals. A spokesperson for the office said that the “Proud to be an American” specialty license plate is an exception to their current policy, because of the extraordinary nature of the nation’s crisis and the high costs that are bound to accompany the long-term efforts to provide disaster relief, response, and renewal.

POSITIONS:

The Office of the Secretary of State supports the bill. (10-3-01)

Analyst: J. Hunault

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.