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BILL



ANALYSIS

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House Bill 4963 (as reported without amendment)
Sponsor: Representative David Law
House Committee: Transportation
Senate Committee: Transportation

Date Completed: 9-15-05

RATIONALE

The Michigan Vehicle Code authorizes the Secretary of State (SOS) to develop and issue up to seven State-sponsored fund-raising registration plates, a fund-raising plate for the Michigan Olympic Education-Training Center, and plates recognizing Michigan universities, as well as matching collector plates. Currently, the SOS issues fund-raising plates for the Michigan Veterans Memorial, Michigan water quality, Michigan's children, historic Michigan lighthouses, critical nongame wildlife habitat, agricultural heritage, and American pride. The provisions authorizing the SOS to develop and issue these plates currently are set to be repealed on October 1, 2005. It has been suggested that the sunset be eliminated so that the option to purchase specialty fund-raising license plates continues to be available to Michigan residents.

CONTENT

The bill would amend the Michigan Vehicle Code to repeal the October 1, 2005, sunset on the Code's provisions regarding fund-raising specialty license plates.

Under the Code, an application for a fund-raising plate must be accompanied by payment of the regular vehicle registration tax in addition to a service fee, as provided in Section 811f. (Under that section, an application for an original fund-raising plate must be accompanied by a \$25 donation, the regular registration tax, and a \$10 service fee. An application for renewal of a fund-raising plate must be accompanied by

payment of the regular registration tax and a \$10 donation.)

The SOS must segregate the fund-raising service fees into a separate account for each type of fund-raising plate. After deducting the manufacturing and administrative costs associated with issuing, replacing, and substituting the plates, the SOS must transfer the balance to the State Treasurer, on a quarterly basis. The State Treasurer then must distribute the funds to the designated entity.

The bill would repeal a sunset date of October 1, 2005, for Sections 6d, 17b, 30b, and 811d through 811n. Those sections contain certain definitions; provide for the application process and fees for a fund-raising license plate and matching collector plate; and allow the SOS to issue fund-raising plates recognizing water quality, Michigan's children, Michigan lighthouses, nongame critical wildlife habitat, and agricultural heritage.

MCL 257.625 et al.

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

Specialty license plates provide funding for universities and several other worthy causes. Sales generated \$2.4 million in fiscal year 2003-04. For some of the causes that receive support from the plates, this money is critical. For example, the

Lighthouse Preservation Grant Fund, into which money from the sale of Michigan lighthouse plates is deposited, is the only source of State funding for the rehabilitation of the structures, which occupy an important position in Michigan's history and tourism economy. Furthermore, since residents who purchase specialty plates pay a donation in addition to the standard costs, the plates generate revenue without costing the State anything. Eliminating the sunset on the specialty license plate program would ensure that drivers could continue choosing to provide vital support to causes they deem worthy.

Legislative Analyst: Julie Koval

FISCAL IMPACT

The Department of State reports that in FY 2003-04, there were 196,598 fund-raising plate transactions generating \$1.2 million for special causes and \$1.2 million for 15 State universities.

If the sunset is not eliminated, the Department of State will have to replace fund-raising plates with standard issue plates at the next renewal date, and special causes and universities will not have the fund-raising plate option to generate revenue.

Fiscal Analyst: Bill Bowerman

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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.