



Senate Fiscal Agency
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**BILL ANALYSIS**

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Senate Bills 1129 and 1130 (as introduced 2-19-08)

Sponsor: Senator Patricia L. Birkholz (S.B. 1129)

Senator Cameron S. Brown (S.B. 1130)

Committee: Agriculture

Date Completed: 2-29-08

CONTENT

Senate Bill 1129 would amend the Michigan Vehicle Code to do the following:

- Delete the eight-plate limit on State-sponsored fund-raising plates.
- Require the Secretary of State to develop and issue a fund-raising plate recognizing alternative fuel.
- Allocate donation money from the plate to a proposed "Alternative Fuels Fund".

Senate Bill 1130 would amend the Motor Fuels Quality Act to create the Alternative Fuels Fund; and require the Michigan Department of Agriculture to administer the Fund for specified purposes, including the promotion of alternative fuel production and use, grants to improve the production of alternative fuels, and the promotion of vehicles powered by alternative fuels.

Senate Bill 1129 is tie-barred to Senate Bill 1130. The bills are described in detail below.

Senate Bill 1129

Section 811e of the Michigan Vehicle Code allows the Secretary of State (SOS), at any one time, to develop up to eight different State-sponsored fund-raising registration plates. An applicant for a fund-raising plate must pay 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.)

Section 811e also requires a start-up fee of \$15,000 to be paid for any new fund-raising plate authorized under the section. The fee must be deposited in the Transportation Administrative Collection Fund to be used for the cost of creating, producing, and issuing fund-raising plates. If the fee is not paid within 18 months after the effective date of the public act authorizing a fund-raising plate, the plate may not be developed or issued.

The bill would delete the eight-plate maximum on the number of different State-sponsored fund-raising plates that the SOS may develop at any one time.

The bill would require the SOS to develop under Section 811e, and issue under Section 811f, a fund-raising plate recognizing alternative fuel. The Secretary of State would have to design the plate in conjunction with the Michigan Department of Agriculture (MDA).

The SOS would have to transfer the donation money from the sale of alternative-fuel fund-raising plates to the State Treasurer, who would have to credit the money to the proposed Alternative Fuels Fund.

Senate Bill 1130

The bill would create the Alternative Fuels Fund in the State Treasury. The State Treasurer could receive money or other assets from any source for deposit into the Fund. The State Treasurer would have to direct the investment of the Fund and credit to it interest and earnings from investments. Money in the Fund at the close of the fiscal year would remain in it and not lapse to the General Fund.

Beginning not later than February 1, 2009, the State Treasurer would have to disburse money in the Alternative Fuels Fund to the MDA on a quarterly basis. The MDA would have to submit to the Treasurer a summary of expenditures during the preceding year of money received under the bill. The MDA would have to be the administrator of the Fund for auditing purposes.

The MDA would have to administer the Fund to do one or more of the following:

- Promote the development and use of alternative fuels.
- Award grants to selected recipients to improve the production of alternative fuels in Michigan.
- Encourage the development of motor fuel quality standards for alternative fuels under the Motor Fuels Quality Act.
- Provide incentives to retailers that sell alternative fuels.
- Promote the sale of vehicles that can be powered by alternative fuels.

"Alternative fuels" would include, but not be limited to, biodiesel, biodiesel blend, hydrogen fuel, and E85 fuel. "E85 fuel" would mean that term as defined in Section 78 of the Michigan Strategic Fund Act (i.e., a fuel blend containing between 70% and 85% denatured fuel ethanol and gasoline that is suitable for use in a spark-ignition engine and meets American Society for Testing and Materials D-5798 specifications).

MCL 257.811e et al. (S.B. 1129)
Proposed MCL 290.645a (S.B. 1130)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

Senate Bill 1129

The bill would create a start-up cost to the Department of State. The start-up fee of \$15,000 prescribed in the Code would be paid to the Department from the Alternative Fuel Fund proposed by Senate Bill 1130.

The bill would have no fiscal impact on local government.

Senate Bill 1130

The revenue generated from the fund-raising license plate established under Senate Bill 1129 would be deposited into the proposed Alternative Fuels Fund. The Fund would be used to promote alternative fuels through grants and incentives.

Fiscal Analyst: Joe Carrasco
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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.