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BILL



ANALYSIS

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Senate Bill 682 (Substitute S-1 as reported by the Committee of the Whole) *(as passed by the Senate)*  
Sponsor: Senator Tom George, M.D.  
Committee: Transportation

Date Completed: 6-3-10

### **RATIONALE**

One of the first battles in the War of 1812 was the British assault on Fort Mackinac on Mackinac Island, which took place on July 17 of that year. In southeastern Michigan, General Hull surrendered Fort Detroit the next month after initially invading Canada and then withdrawing. Both forts remained in British hands until the end of the war.

Today, over 80% of Mackinac Island is within a State park, and Fort Mackinac is a historic site. The Mackinac Island State Park is operated by an appointed commission and is funded from the State General Fund, although that funding source is under constant pressure because of budgetary shortfalls in recent years. Consequently, some believe that alternative revenue sources are needed to prevent cuts to the park's operating fund. As the 200<sup>th</sup> anniversary of the War of 1812 approaches, some Michigan residents have suggested that a fund-raising license plate commemorating the bicentennial would be a fitting way to generate revenue and recognize Michigan's role in that war.

The Michigan Vehicle Code provides for the creation of up to eight State-sponsored fund-raising license plates for the benefit of specific charitable causes. Purchasers of a fund-raising plate must pay a \$25 donation above the cost of a standard plate. The \$25 is then deposited into a designated fund to be used for the cause associated with the plate.

### **CONTENT**

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

- Remove the current limit on State-sponsored fund-raising license plates.**
- Require the Secretary of State to develop and issue a fund-raising plate recognizing the bicentennial of the War of 1812.**
- Create the "Mackinac Island State Park Commission Fund" and require donations from the sale of the fund-raising plate to be deposited into the Fund, to be disbursed quarterly to the Mackinac Island State Park Commission.**

The Code allows the Secretary of State (SOS), at any one time, to develop up to eight State-sponsored fund-raising registration plates and matching State-sponsored collector plates. The bill would delete that limit.

The bill would require the SOS to design, develop, and issue a fund-raising plate recognizing the bicentennial of the War of 1812, under Sections 811e and 811f of the Code. (Section 811e requires a start-up fee of \$15,000 to be paid for any new fund-raising plate. The fee must be used for the cost of creating, producing, and issuing the plate. Under Section 811f, an application for an original fund-raising plate must be accompanied by a \$25 fund-raising donation, payment of the regular vehicle registration tax, and a \$10 service fee. An application for renewal of a fund-raising

plate must be accompanied by payment of the required registration tax and a \$10 fund-raising fee.)

The SOS would have to transfer the fund-raising donations for the plate to the State Treasurer.

The bill would create the Mackinac Island State Park Commission Fund within the State Treasury. The State Treasurer would have to credit the donation money received under the bill to that Fund, and disburse money in it on a quarterly basis to the Mackinac Island State Park Commission. The State Treasurer could receive money or other assets from any source for deposit into the Fund. The Treasurer would have to direct the investment of the Fund and credit to it interest and earnings from Fund investments. Money in the Fund at the close of the fiscal year would have to remain in the Fund and not lapse into the State General Fund. The SOS would be the administrator of the Fund for auditing purposes.

Beginning not later than February 1, 2011, the Commission would have to submit to the State Treasurer a summary of the preceding year's expenditures of the money received under the bill.

MCL 257.811e et al.

## **BACKGROUND**

The War of 1812 was caused in part by the British practice of seizing American trading vessels and the involuntary impressment of American sailors into the British navy, but territorial disputes along the Canadian border were also a source of conflict. Fort Mackinac was of strategic importance because of its position between Lake Michigan and Lake Huron, although only 60 men were defending the fort when it was attacked, according to the U.S. Army's account of the war in *American Military History*. To gain control of the straits, British troops and a party of Native Americans attacked from nearby St. Joseph Island, capturing Fort Mackinac on July 17, 1812.

## **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 would provide a way for Michigan residents to remember the War of 1812 while also generating revenue to support the Mackinac Island State Park. Many residents enjoy celebrating the State's history and participating in reenactments, festivals, and other historical celebrations. The bill would take advantage of that interest to help recognize the bicentennial of a war in which Michigan played a vital strategic role. The War of 1812 license plates also could help to draw visitors from other states and promote Michigan as a destination for cultural tourism, which is becoming increasingly popular.

The Mackinac Island State Park is currently maintained and operated through appropriations from the General Fund. Given the State's financial difficulties, however, the park's funding may be in jeopardy unless alternative funding sources are identified. Just as the newly created recreation passport will allow Michigan residents to support State parks by purchasing a passport to enter State parks when registering their automobiles, the bill would permit a motorist to choose to support the Mackinac Island State Park by purchasing the War of 1812 license plate. Since the war lasted from 1812 to 1814, the celebrations of the bicentennial will likely span several years.

**Response:** The bicentennial is a one-time event, and once the anniversary passes, demand for the fund-raising plates probably would plummet. It is unlikely that the license plate would provide a long-term stable funding source for the Mackinac Island State Park.

### **Opposing Argument**

The current limit on the number of fund-raising plates was enacted to prevent the proliferation of license plate designs. For law enforcement purposes, it is preferable to minimize the number of different designs, so officers are able to distinguish Michigan plates from out-of-State plates quickly and accurately. A bumper sticker would serve the same functions as the fund-raising plate, providing a fund-raising mechanism for the

Mackinac Island State Park and allowing vehicle owners to commemorate the War of 1812 without impeding the ability of law enforcement officers to identify Michigan plates.

Legislative Analyst: Curtis Walker

### **FISCAL IMPACT**

The bill would create a start-up cost to the Department of State. The start-up fee of \$15,000 prescribed in the Code could be paid to the Department from the proposed Mackinac Island State Park Commission Fund if any money were deposited into it before the fund-raising plate was issued; however, the bill does not include such a requirement. The revenue generated from the fund-raising license plate established under the bill would be deposited into the proposed Fund, after which the State Treasurer would disburse payments from the Fund on a quarterly basis to the Mackinac Island State Park Commission.

The bill would have no fiscal impact on local government.

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.