

VEHICLE FUND-RAISING PLATES

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House Bill 5447 (reported from committee as Substitute H-3)

Sponsor: Rep. Peter Pettalia

Committee: Transportation and Infrastructure

Complete to 5-9-16

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

Under the Michigan Vehicle Code, the secretary of state may develop fund-raising plates (and matching collector plates) as outlined in the code. A new plate cannot be developed or issued unless the legislature passes a public act that identifies the purpose of the plate, creates or designates a nonprofit fund to receive revenue, and specifies who is to administer the fund.

House Bill 5447 would do the following (MCL 257.811e and 811h):

Number of plates

The bill would limit the number of plates available at any one time to no more than ten. The code currently says the secretary of state may "develop" different state-sponsored fund-raising plates. The bill says the secretary of state may "at any one time, develop, produce, issue, or make available for sale" not more than ten different plates. (There had been a limit of eight plates until 2011, when the limit was lifted.)

The limit would not apply, however, to a fund-raising plate available for sale on the effective date this amendatory act were added if that plate complies with the requirements of the section.

Currently, a fund-raising plate created after January 1, 2007, must meet certain sales goals as specified in the code: 2,000 plates in the first year, and 500 in the second and each subsequent year for five years. The bill would make this apply to all plates and would further add the requirement, after the first five years, that 500 plates be sold for each subsequent two-year period.

Currently, if sales goals are not met, the secretary of state can cease issuing the plates. Under the bill, the secretary of state would have to cease selling the plates if sales goals are not met. However, the secretary of state could not cease to issue a fund-raising plate that failed to meet a sales goal if the failure occurred before the effective date of this bill.

Start-up fee

Currently, a start-up fee of \$15,000 must be paid for any new fund-raising plate, and through October 1, 2019, with such fees to be deposited in the Transportation Administration Collection Fund. Under the bill, the start-up fee would be "in an amount equal to a three-year average of the cost to the secretary of state of developing a new fund-raising plate, as calculated annually by the secretary of state of January 1 of each year."

The bill also says the secretary of state would have to use the three most recent preceding years in which it developed at least one fund-raising plate when calculating the three-year average.

Various fees

Various fees related to fund-raising plates (start-up fees, service fees, royalty fees) are to be deposited in the Transportation Administration Collection Fund through October 1, 2019, to be used for the cost of creating, producing, and issuing fund-raising plates. The bill specifies that a non-profit fund could not expend money received from the sale of a fund-raising plate and matching collector plate outside of this state. The bill would also remove the sunset date so that fees would go to that fund indefinitely.

FISCAL IMPACT:

The bill would have a nominal yet positive fiscal impact on the Department of State. The change in calculating the start-up fee for a new fundraising plate to a three year average should better reflect the actual cost to the department in creating a new plate. The department estimates the start-up costs for a new plate to be in the six-figure range (above \$100,000). This should result in a decrease in cost for the department. The resulting impacts to the Transportation Administration Collection Fund would be minimal. There would be no fiscal impact to local governments.

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