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BILL



ANALYSIS

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House Bill 5447 (Substitute H-3 as passed by the House)
Sponsor: Representative Peter Pettalia
House Committee: Transportation and Infrastructure
Senate Committee: Transportation

Date Completed: 10-10-16

CONTENT

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

- **Revise the start-up fee required for a fund-raising plate, from \$15,000 to an amount equal to a three-year average of the cost to the Secretary of State (SOS) of developing a new fund-raising plate.**
- **Limit to 10 the number of different State-sponsored fund-raising plates that the SOS may develop, produce, or issue at any one time; and provide that the limit would not apply to fund-raising plates available on the bill's effective date or university plates.**
- **Require a State-sponsored fund-raising plate to meet or exceed a sales goal of 500 original plates for each consecutive two-year period after the first five years the plate was sold.**
- **Require, instead of allow, the SOS to cease issuing a fund-raising plate that failed to meet a sales goal, unless the failure occurred before the bill's effective date.**
- **Prohibit a nonprofit fund from spending outside of the State money received from the sale of a fund-raising plate and matching collector plate.**
- **Delete the sunset of October 1, 2019, on provisions that require the SOS to credit certain fund-raising plate fees to the Transportation Administration Collection Fund.**

The bill would take effect 90 days after it was enacted.

Start-Up Fee

Under the Code, a start-up fee of \$15,000 must be paid for any new fund-raising plate. The SOS must deposit the fee in the Transportation Administration Collection Fund through October 1, 2019, 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 that authorizes the development and issuance of a fund-raising plate, the SOS may not create, produce, or issue the related plate. A start-up fee is nonrefundable. The bill would delete the sunset of October 1, 2019, on the deposit of fees to the Fund.

Also, instead of requiring a \$15,000 start-up fee, the bill would require a start-up fee for any new fund-raising plate in an amount equal to a three-year average of the cost to the SOS of developing a new fund-raising plate, as calculated by the SOS on January 1 of each year. The SOS 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.

Number of Plates

The Code authorizes the SOS to develop different State-sponsored fund-raising plates as described in the Code, and matching State-sponsored collector plates. Under the bill, the SOS could develop, produce, issue, or make available for sale not more than 10 different State-sponsored fund-raising plates, and matching State-sponsored collector plates, at any one time. This limit would not apply to a fund-raising plate that was available for the sale on the bill's effective date if that complied with the requirements of the Code. The limit also would not apply the development of limited-term registration plates that recognize a Michigan university or an accomplishment or occasion of a Michigan university.

SOS Plate-Development Requirements

Under the Code, the SOS may not develop or issue a fund-raising plate unless a public act authorizing the fund-raising plate, at a minimum, does all of the following:

- Identifies the purpose of the fund-raising plate.
- Creates a nonprofit fund or designates an existing nonprofit fund to receive the money raised through the sale of fund-raising plates and matching collector plates.
- If a fund is created, names the person or entity responsible for administering the fund.

The bill would prohibit a nonprofit fund from spending money received from the sale of a fund-raising plate and matching collector plate outside of the State.

Plate Sales Goals

The Code requires a fund-raising plate to meet or exceed the following sales goals:

- 2,000 plates, in the first year.
- 500 original plates in the second year and each subsequent year for five years.

Under the bill, for each consecutive two-year period subsequent to the five-year period, the plate also would have to meet or exceed a sales goal of 500 plates.

Under the Code, the SOS may cease to issue a fund-raising plate or to issue a duplicate replacement of a fund-raising plate for use on a vehicle if that fund-raising plate fails to meet a sales goal. Under the bill, the SOS would be required to cease issuing a fund-raising plate or issuing a duplicate replacement of a fund-raising plate that plate failed to meet a sales goal. The SOS could not cease to issue a fund-raising plate that failed to meet a sales goal if the failure occurred before the bill's effective date.

The Code also allows the SOS to cease to sell a collector plate that matches a discontinued fund-raising plate. The bill would require the SOS to cease to sell a collector plate that matched a discontinued fund-raising plate.

Deposit of Fees

Under the Code, at least three years after the SOS first issues a fund-raising plate, and upon the payment of \$2,000, the university or other person sponsoring the plate may redesign it as approved by the SOS. The SOS must deposit this revenue in the Transportation Administration Collection Fund (TACF) through October 1, 2019.

The Code also requires the SOS to collect a \$10 service fee for each fund-raising plate issued and collector plate sold. The SOS must credit those service fees to the TACF through October 1, 2019.

In addition, the Code requires the start-up fee for the creation, production, and issuance of a new fund-raising plate to be deposited into the TACF through October 1, 2019.

The bill would delete the sunset on the deposit of these fees to the Fund.

MCL 257.811e & 257.811h

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The Department of State indicates that the bill would have a positive but minimal fiscal impact on the Department. The proposal to require the Department to calculate the start-up fee for a new fund-raising plate using a three-year average would better reflect the Department's actual cost to create a new plate. According to the Department, the latest three-year average cost is estimated at \$100,000, which would result in a small saving to the Department. The impact on the Transportation Administration Collection Fund as a result of the cost savings due to three-year averaging also would be minimal.

The bill would have no fiscal impact on local government.

Fiscal Analyst: Joe Carrasco