

Legislative Analysis



FOOD BANK REGISTRATION FEES / DIGITAL LICENSE PLATES

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

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

House Bill 4990 as enacted
Public Act 656 of 2018
Sponsor: Rep. Tommy Brann
House Committee: Transportation and Infrastructure
Senate Committee: Transportation
Complete to 2-16-19

SUMMARY:

House Bill 4990 amends the Michigan Vehicle Code to exempt vehicles owned and operated by a nonprofit food pantry or nonprofit food bank from the registration tax and allow them to be issued registration plates for a fee of \$10 per plate.

Currently under the Vehicle Code, the secretary of state issues to the owner of a vehicle one registration plate upon registration of the vehicle and payment of the applicable registration tax. Vehicles owned by certain entities or used for certain purposes are exempted from the standard registration tax under the Code and charged a fee instead. Examples include vehicles owned by veterans centers or vehicles owned by a nonprofit organization and used to transport equipment used to provide dialysis for children at camp.

Under the bill, a vehicle owned and operated by a nonprofit food pantry or nonprofit food bank is also exempt from the registration tax and instead assessed a fee of \$10 per plate.

The bill further requires the Department of State (DOS) to allow, no later than March 29, 2020, a vehicle registrant to display a ***digital registration plate*** instead of the standard design registration plate. (A ***digital registration plate*** is an electronic display that is mounted on the rear of a vehicle in place of a license plate.) Any data collected by the DOS or a vendee through use of a digital registration plate would be the property of the DOS, and any use of data collected through the digital registration plates would be nonexclusive and governed by the Vehicle Code.

The bill takes effect March 29, 2019.

MCL 257.224 and 257.801

FISCAL IMPACT:

The bill would result in a decrease in revenue to the Michigan Transportation Fund (MTF). Funds from the MTF are distributed to the Michigan Department of Transportation, local governments, and other state agencies to support the cost of road maintenance and other purposes. The bill would also result in a corresponding collective savings to food banks and food pantries.

The amount of decreased revenue would depend on the number of vehicles that would become eligible to register without a registration tax fee as provided by the bill and the registration classification of these eligible vehicles. Data on the number and types of vehicles that would be eligible and could potentially opt to waive the registration fee were not available in time for this analysis. The Food Bank Council of Michigan estimates that there are approximately 60 trucks owned and in use by food banks and approximately 600 vehicles owned by approximately 3,000 food pantries in Michigan. Registration fees vary significantly according to vehicle weights and list prices. The types of vehicles used by food banks and pantries may range between standard passenger vehicles and 53-foot-long truck-trailer combinations, with registration fees ranging from \$100 to \$2,400, respectively.

For the purpose of this analysis, it is assumed that half of the vehicles owned by food pantries are over 8,000 pounds and require a registration fee of \$590. The other half is assumed to be under 8,000 pounds with a list price of \$25,000 and to require a registration of \$154. Similarly, the median weight of vehicles owned by food banks is assumed to be 28,000 pounds and require a registration fee of \$779. Under these assumptions, and also assuming that all eligible vehicles will waive the fee, the bill would decrease MTF revenue by approximately \$270,000. These calculations are for estimating purposes, and the actual loss of revenue may differ substantially.

The bill would also permit an owner of a vehicle to purchase a “digital registration plate” by March 29, 2020. These plates could be purchased by a vehicle owner at a retailer along with a service subscription, and DOS would serve as a conduit between the customer and the plate manufacturer. The plate manufacturer would then send an image of the plate’s registered alphanumeric display electronically through a WiFi connection. There would be no production costs with these plates and likely few administrative costs.

Legislative Analyst: E. Best
Fiscal Analyst: Michael Cnossen

■ 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.