

Legislative Analysis



VEHICLE REGISTRATION FEES FOR NONPROFIT FOOD PANTRIES AND FOOD BANKS

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House Bill 4990 (proposed substitute H-2)

Sponsor: Rep. Tommy Brann

Committee: Transportation and Infrastructure

Complete to 5-21-18

SUMMARY:

House Bill 4990 would amend the Michigan Vehicle Code to add a vehicle owned and operated by a nonprofit food pantry or nonprofit food bank to the list of vehicles exempted from the registration tax and issued registration plates for a fee of \$10 per plate.

Currently under the Code, the secretary of state must issue 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 and operated 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 would be exempt from the registration tax and would instead be assessed a fee of \$10 per plate.

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 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 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' long

truck-trailer combinations, with registration fees ranging from \$100 up 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.

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