

# Legislative Analysis



## REGISTRATION TAX WAIVER FOR GOLD STAR FAMILY MEMBER OR PURPLE HEART RECIPIENT

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

**House Bill 5239 as introduced**  
**Sponsor: Rep. Bronna Kahle**

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

**House Bill 5240 as introduced**  
**Sponsor: Rep. Steve Marino**

**Committee: Transportation and Infrastructure**  
**Complete to 1-29-18**

### SUMMARY:

House Bill 5239 would amend the Michigan Vehicle Code to exempt an individual who is eligible for a “Gold Star Family” license plate from the registration tax payable under Section 801 of the Code.<sup>1</sup>

House Bill 5240 would amend the Code similarly to exempt from the tax an individual who is eligible for a “Combat Wounded Veteran” (Purple Heart) license plate.

Currently, Section 803e of the Vehicle Code provides for special registration plates for individuals who are World War I veterans, Pearl Harbor survivors, Gold Star family members, or recipients of the Purple Heart medal, as well as for individuals who were prisoners of war or married to a prisoner of war. Application for a special registration plate is made on a form prescribed by the secretary of state and accompanied by a \$5 service fee and any proof of eligibility the secretary of state might require.

Section 803e further exempts the special plate issued to an individual who was a prisoner of war or the spouse of a prisoner of war from the registration tax payable under Section 801. House Bills 5239 and 5240 would also exempt from this tax the special plates issued to, respectively, Gold Star family members and Purple Heart recipients. As currently for the “EX-POW” plates, one person in the household would be entitled to one plate that is exempt; additional plates would be subject to the applicable tax.

MCL 257.803e

### FISCAL IMPACT:

The bills would result in an annual decrease in restricted revenue to the Michigan Transportation Fund (MTF) due to their provision of an increased number of drivers exempt from the vehicle registration tax. The decrease in revenue would depend on the

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<sup>1</sup> A Gold Star family member is an individual who has had an immediate family member die while serving in the U.S. Armed Forces and who is eligible for a gold star lapel button under 10 USC 1126.

number of eligible Gold Star family members and Purple Heart recipients who take advantage of the registration tax exemption. The cost estimates below are calculated from casualty data from the U.S. Department of Veteran Affairs, the National Archives, and iCasualties.org, an independent data tracker often cited by major media outlets. The estimates also use assumptions regarding the percentage of eligible individuals who take advantage of the tax exemption.

Reports estimate Michigan to have been the home to 4,384 service members killed in combat and 12,937 service members wounded in combat since the Korean War. The estimates below assume that one member from each Gold Star family will take advantage of the exemption. While it is expected that at times no members of a Gold Star Family will waive the fee, it is also possible that multiple households, and therefore multiple individuals, will be eligible and will waive the fee. For estimating purposes, casualties from World War II were not included due to the smaller size of this quickly diminishing population.

The estimates also assume that the percentage of eligible individuals who take advantage of the tax exemption will be the same as the percentage of totally disabled veterans who take advantage of the tax exemption already offered to them. The percentage of totally disabled veterans who waive their registration tax fee is approximately 62%. The numbers are then multiplied by \$120, which is roughly the average registration fee. Using these assumptions, the combined total revenue decrease is estimated to be \$1.3 million annually. The results are summarized below.

Bill / Exemption	Revenue Decrease
HB 5239 / Gold Star Family	\$326,000
HB 5240 / Purple Heart	\$962,748
Total	\$1.3 million

Funds in the MTF are distributed to local governments and various state agencies for the primary purpose of road repair and construction. The bills would have no fiscal impact on the Department of State or local units of government.

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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.