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BILL



ANALYSIS

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Senate Bill 178 (Substitute S-1 as passed by the Senate)
Sponsor: Senator Jim Stamas
Committee: Transportation

Date Completed: 5-1-17

RATIONALE

The Michigan Vehicle Code provides for the creation of State-sponsored fund-raising license plates for the benefit of specific charitable causes. Purchasers of a fund-raising plate must pay a \$25 donation and a \$10 service fee above the cost of a standard plate. The \$25 is then deposited into a designated fund to be used for the cause associated with the plate. If a fund-raising plate fails to meet sales goals specified in the Code, the Secretary of State must cease to issue it. Fund-raising plates are currently available to support agriculture education programs for grades K-12, Boy Scouts of America, the Children's Trust Fund, lighthouse preservation, water quality, wildlife habitat, and several other causes, as well as Michigan's 15 State-supported universities. It has been suggested that license plates featuring the logos of the Detroit Red Wings, Lions, Tigers, and Pistons, as well as Michigan International Speedway, should be created, with the proceeds going to support charitable foundations run by these entities.

CONTENT

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

- **Require the Secretary of State (SOS) to develop and issue fund-raising plates or collector plates recognizing the Detroit Red Wings, the Detroit Tigers, the Detroit Lions, the Detroit Pistons, and Michigan International Speedway (MIS).**
- **Create the "Detroit Red Wings Fund", the "Detroit Tigers Fund", the "Detroit Lions Fund", the "Detroit Pistons Fund", and the "MIS Cares Fund".**
- **Require donations for the proposed plates to be deposited into the respective Fund, to be distributed to the Detroit Red Wings Foundation, the Detroit Tigers Foundation, the Detroit Lions Charities, the Come Together Foundation, and MIS Cares, as applicable.**
- **Require each of those recipients to disburse the money to tax-exempt eligible nonprofit organizations.**
- **Require the SOS to discount a start-up fee to reflect any cost savings realized if multiple new fund-raising plates were developed at the same time.**
- **Specify that the SOS could not cease to issue a fund-raising plate that was available for sale on February 1, 2017, and that failed to meet a sales goal, if the failure occurred before that date.**

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

Fund-Raising/Collector Plates

The bill would require the SOS, by January 1, 2018, to develop under Section 811e and issue under Section 811f fund-raising or collector plates recognizing the Detroit Red Wings, the Detroit Tigers, the Detroit Lions, the Detroit Pistons, and MIS. Each plate would have to bear an appropriate logo. Each of the teams, or a representative or agent of MIS, as applicable, would have to submit a design for its logo to the SOS.

(Section 811e prescribes 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 plate, as calculated by the SOS on January 1 of each year, and requires the fee to be deposited in the Transportation Administration Collection Fund to be used for the cost of creating, producing, and issuing fund-raising plates. Section 811f authorizes the SOS to issue a fund-raising plate instead of a standard registration plate upon application, which must be accompanied by a \$25 fund-raising donation, payment of the regular vehicle registration tax prescribed in the Code, and a \$10 service fee.)

The bill would create the Detroit Red Wings Fund, the Detroit Tigers Fund, the Detroit Lions Fund, the Detroit Pistons Fund, and the MIS Cares Fund within the State Treasury. The State Treasurer could receive money or other assets from any source for deposit into the Funds.

The Treasurer would have to direct the investment of the Funds and credit to them interest and earnings from Fund investments. Money in the Funds at the close of the fiscal year would have to remain in the Funds and not lapse to the State General Fund. The State Treasurer would be the administrator of the Funds for auditing purposes.

The SOS would have to transfer the donation money from the sale of fund-raising plates recognizing the teams and MIS to the State Treasurer, who would have to credit the donation money to the appropriate Fund. The State Treasurer would have to disburse money in the Funds on a quarterly basis to the Detroit Red Wings Foundation, the Detroit Tigers Foundation, the Detroit Lions Charities, the Come Together Foundation, and MIS Cares, as applicable.

Money disbursed to the foundations under the bill would have to be distributed to eligible nonprofit organizations that were exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.

In addition, the bill would require the Secretary of State to discount a start-up fee to reflect any cost savings the SOS realized if multiple new fund-raising plates were developed at the same time.

Sales Goal Failure Revision

Under the Code, the SOS must cease to issue a fund-raising plate or a duplicate replacement of a fund-raising plate for use on a vehicle if that plate fails to meet or exceed the following sales goals:

- In the first year, 2,000 plates.
- In the second and each subsequent year for five years, 500 original plates.
- For each subsequent consecutive two-year period after the five-year period, 500 original plates.

If, on February 28, 2017, the number of fund-raising plates available for sale exceeded a limit of 20 different plates, the SOS may not cease to issue a fund-raising plate that fails or failed to meet a sales goal before April 1, 2017. Under the bill, instead, the SOS could not cease to issue a fund-raising plate that was available for sale on February 1, 2017, and that failed to meet a sales goal if the failure occurred before that date.

MCL 257.811e & 257.811h

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

While the Detroit Red Wings, Tigers, Lions, and Pistons are all well-known sports franchises and MIS is a well-known racetrack, many are unaware of the charitable foundations that the teams and MIS have established to help support and improve their surrounding communities.

The Detroit Red Wings Foundation supports nonprofit charitable organizations that provide athletic and educational programs for children and young people in the Detroit area. The Foundation offers grants for nonprofit organizations that promote hockey, health and nutrition, education, and recreation.

The Detroit Tigers Foundation was created in 2005, with the stated mission "to enhance lives through the game of baseball with a focus on youth, education and recreation", according to the team's website. Reportedly, the Foundation has awarded over \$19.0 million in grants. The Foundation funds field renovations and other projects to benefit baseball programs for youths in the Detroit area, and also donates free game tickets to be distributed to low-income children so those who otherwise might not be able to afford to attend the games can do so. Additionally, the Foundation partners with a number of organizations for the promotion of health.

The Detroit Lions Charities supports charitable causes across Michigan. The *Living for the City* program is focused on supporting "transformational efforts that improve the well-being of metro Detroit's underserved communities". Many of the initiatives funded by the Detroit Lions Charities focus on community development as well as health and wellness.

The Come Together Foundation (formerly known as the Pistons-Palace Foundation) states that its primary mission is to "raise awareness and provide financial support statewide in the areas of volunteerism, youth leadership-athletics, youth leadership-entertainment and NBA League sponsored programs". The Foundation awards grants to Michigan nonprofit organizations whose activities emphasize leadership development, community service, mentoring, and education.

As a fund of the NASCAR Foundation, MIS Cares seeks to "assist and inspire youth within our community". MIS Cares engages in a number of fund-raising events to benefit various charitable causes and community programs. According to the organization's website, its 2016 grant recipients included public and private schools, food pantries, and the Boys and Girls Club of Lenawee, among others.

The activities of these five charitable organizations help strengthen the community, encourage leadership and athleticism among young people, and promote health. The bill would allow the creation of fund-raising license plates that would generate additional revenue for those organizations, giving them the resources to be even more successful in pursuing their respective missions.

Fund-raising license plates have been shown to be an effective means of generating donations for charitable causes. The plates are popular with motorists as a way of supporting a cause while publicly displaying that support. Because the license plates feature a logo or design representing the cause or charitable organization, they also serve to raise its profile, potentially generating additional donations beyond the money raised directly.

The logos of the professional Detroit sports teams could be particularly popular, because they are widely recognized nationwide and are a source of pride for many Michigan residents. The MIS logo also could spur robust sales due to the facility's reputation as the site of high-profile NASCAR races, concerts, and other entertainment events. The fund-raising plates under the bill would give fans an opportunity to display those logos on their license plates, while supporting the work of their charitable foundations.

Response: The proposed plates might support worthy causes; however, for law enforcement purposes, it is preferable to minimize the number of different designs, so officers are able to distinguish Michigan plates from out-of-State plates quickly and accurately.

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would create a start-up cost to the Department of State. The current estimated start-up fee is \$15,000 but would have to be discounted if the Secretary of State realized cost savings from the development of multiple new plates at the same time. As prescribed in the Code, the start-up fee for each new plate would be paid to the Department by the sponsoring entity; however, the bill does not include such a requirement. The State Treasurer would disburse payments from the proposed Funds on a quarterly basis to the Detroit Red Wings Foundation, the Detroit Tigers Foundation, the Detroit Lions Charities, the Come Together Foundation, and MIS Cares, which would be required to distribute the funds to tax-exempt nonprofit organizations.

The bill would have no fiscal impact on local government.

Fiscal Analyst: Joe Carrasco

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.