



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

## BILL ANALYSIS



Telephone: (517) 373-5383  
Fax: (517) 373-1986

House Bill 4495 (Substitute S-1)  
Sponsor: Representative Peter J. Lucido  
House Committee: Transportation and Infrastructure  
Senate Committee: Transportation

Date Completed: 9-4-18

**CONTENT**

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

- **Require the Secretary of State (SOS) to develop and issue a Kiwanis International Michigan District fund-raising plate or collector plate.**
- **Create the "Kiwanis International Michigan District Fund" within the State Treasury and require the money from the sale of the plates to be deposited into the Fund.**
- **Require the money in the proposed Fund to be disbursed on a quarterly basis to the Kiwanis International Michigan District.**
- **Revise the Code's definition of "nonprofit".**

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

Specifically, the bill would require the SOS, by August 1, 2019, to develop under Section 811e and issue under Section 811f a fund-raising plate or collector plate recognizing the Kiwanis International Michigan District. The fund-raising plate or collector plate would have to bear an appropriate logo, the design of which the Kiwanis International Michigan District would have to submit to the SOS.

(Section 811e of the Code 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. 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. The SOS may not develop or issue a fund-raising plate unless a public act authorizing the plate identifies its purpose; creates a nonprofit fund or designates an existing nonprofit fund to receive the money raised through the sale of the plates and matching collector plates; and, if a fund is created, names the person or entity responsible for administering it.

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.

Section 811g allows the SOS to develop, market, promote, and sell a collector plate. The SOS may do so only with funds available from the collection of service fees under the Code.)

The bill would create the Kiwanis International Michigan District Fund within the State Treasury. The State Treasurer could receive money or other assets from any source for deposit into the Fund. The State Treasurer would have to direct the investment of the Fund, and would have to credit to it interest and earnings from Fund investments. Money in the Fund at the close of the fiscal year would have to remain in the Fund and could not lapse to the General Fund. The State Treasurer would be the administrator of the Fund for auditing purposes.

The SOS would have to transfer the donation money from the sale of Kiwanis International Michigan District fund-raising plates to the State Treasurer, who would have to credit the donation money to the proposed Fund. The State Treasurer would have to disburse money in the Fund on a quarterly basis to the Kiwanis International Michigan District.

Currently, the Code defines "nonprofit" as that which is exempt from taxation under Section 501(c)(3) of the United States Internal Revenue Code. Under the bill, the term instead would mean that which is eligible for a charitable deduction under the U.S. Internal Revenue Code.

(Organizations listed under Section 501(c)(3) of the Internal Revenue Code are exempt from taxation, unless the exemption is denied. The list includes corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition, or for the prevention of cruelty to children or animals.)

MCL 257.811d  
Proposed MCL 257.811gg

## **BACKGROUND**

According to its website, Kiwanis International is a global community of clubs, members, and partners "dedicated to improving the lives of children one community at a time". Clubs are located in 80 nations and members, which exceed more than 600,000, stage nearly 150,000 service projects and raise approximately \$100.0 million annually for communities, families, and projects. The organization is divided into four levels: the club level, the division level, the district level, and finally the international level. Kiwanis International was founded in 1915 in Detroit, Michigan.

Legislative Analyst: Drew Krogulecki

## **FISCAL IMPACT**

The bill would create a start-up cost to the Department of State; however, the start-up fee prescribed in the Code would have to be paid to the Department from the Kiwanis International Michigan District Fund proposed in the bill. The start-up fee is determined by the latest three-year average, which for FY 2017-18 is estimated at \$90,000. The revenue generated from the Kiwanis International Michigan District fund-raising license plate established under the bill would be deposited into the proposed Fund, after which the State Treasurer would disburse payments from the Fund on a quarterly basis to the Kiwanis International Michigan District.

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.