

# Fiscal Analysis

## MICHIGAN VEHICLE CODE – FUND RAISING PLATES AND TRAILER REGISTRATION TAXES/FEEES



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<b>Bill/Sponsor</b>	<b>SENATE BILL 785 as passed the Senate, Sen. Bruce Patterson</b>
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<b>House Committee</b>	Transportation
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<b>Analysis</b>	<p><b>Summary</b></p> <p>Senate Bill 785 would amend various sections of the Michigan Vehicle Code related to trailer registration taxes, fees assessed on trailer coach registrations, and fund-raising plates.</p>
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### **Fiscal Impact**

The bill would have an indeterminate fiscal impact. A detailed analysis of the bill follows below.

### ***Trailer Fees/Taxes***

Section 801(1)(l) of the Michigan Vehicle Code provides for a registration tax on pole trailers, semi-trailers, and trailer coaches according to a schedule of empty weights. This section was recently amended by PA 152 of 2003 (SB 554). Those amendments provided that trailer registration plates would expire only when the Secretary of State reissued new registration plates or when the plates were transferred (through sale to another owner). The amendment included language which provided that if the Secretary of State reissues new registration plates for all trailers, a person who had once paid a fee under the subsection would not be required to pay the fee a second time, but would be required to pay only a plate replacement service fee (\$5.00) under Section 804(2).

Senate Bill 785 would change references in the section from “fee” to “tax” – consistent with other references in Section 801. In addition, the bill would add the words “Beginning October 1, 2003,” to clarify the effective date of the provision which exempts persons from paying the taxes under the subsection more than once.

### ***Trailer Coaches***

Trailer coaches are defined in Section 74 of the Michigan Vehicle Code as “*every vehicle primarily designed and used for temporary living quarters, for recreational, camping, or travel purposes and drawn by another vehicle.*”

In addition to the registration taxes established in the Michigan Vehicle Code, Section 801(3) of the Code also imposes on vehicle registrations, including trailer coach registrations, an additional fee. Prior to October 1, 2003, the fee under this section was \$5.00. PA 152 of 2003 amended this subsection to create two separate fees – a \$2.25 regulatory fee to be credited

to the Traffic Law Enforcement and Safety Fund, and a \$5.75 fee to be credited to the Transportation Administration Collection Fund (TACF).

Senate Bill 785 would exempt trailer coaches from the fees imposed under Section 801(3). This treatment of trailer coaches would be consistent with the treatment of pole trailers, and semi-trailers which are not subject to the fees under Section 801(3).

Note that the taxes imposed on trailer coaches under section 801(1)(l) would not be affected, only the fees imposed under Section 801(3).

### ***Fund Raising Plates***

Public Act 77 of 2000 (SB 826) added Section 811e to the Michigan Vehicle Code to provide the Secretary of State authority to develop Michigan university fund-raising and collector plates. The Act also permitted the Secretary of State to develop up to 6 state-sponsored fund-raising plates and matching collector plates at any one time. The Section was subsequently amended by PA 124 of 2001 (SB 602) to permit up to 7 state-sponsored fund-raising plates. The fund-raising plates currently authorized under this section are Agricultural Heritage, Children's Trust Fund, Lighthouse Preservation, Veteran's Memorial, Water Quality, Wildlife Habitat, and "Proud to be an American."

Revenue raised by the fund-raising donations are credited to a state-fund or state-administered fund for all of the university and state-sponsored fund-raising plates authorized in current law, with one exception. Revenue from "Proud to be American" plate donations for are credited equally to the American National Red Cross and the Salvation Army.

For the first nine months of FY 2002-03 (October 1, 2002 through June 30, 2003), the Department of State reports 64,246 transactions for the existing special cause license plates, generating \$928,090 for the special causes. For this same time period, the Department reported 60,445 transactions for the university license plates, generating \$800,545 for the universities. (Information is not yet available for the final quarter of FY 2002-03.)

Eighteen bills have been introduced in the Michigan Legislature which would establish new fund-raising plates for various charities or causes.

*Sunset* - Public Act 77 of 2000 included a repealer; the authority for issuing the fund-raising plates under Section 811e will expire on October 1, 2005. Senate Bill 785 would eliminate this sunset provision.

*Provisions for Issuing Fund-Raising Plates* - Senate Bill 785 would also amend Section 811e to eliminate the seven-plate limit on the number of fund-raising plates which the Secretary of State could develop. It would prohibit the Secretary of State from developing or issuing a fund-raising plate unless authorized by a public act which does all of the following:

- \* Identifies the purpose of the state-sponsored fund-raising plate

- \* Creates a non-profit fund, or designates an existing non-profit fund to receive the money raised through the sales of the fund-raising plates or related collector plates
- \* If a fund is created, names the person or entity responsible for administering the fund

*Start-up fees* – Under Section 811f of the Michigan Vehicle Code, a person issued a fund-raising plate pays the regular registration tax, a \$25.00 fund-raising donation, and an additional \$10.00 service fee. Under Section 811g, a person who purchases a collector plate (which is not a valid registration plate) pays a \$25.00 fund-raising donation, and a \$10.00 service fee. The service fees are credited to the TACF. The Department of State indicates that these service fees cover the marginal costs of producing these plates, but not the start-up costs associated with developing new fund-raising plates. The department indicates that these start-up costs are approximately \$15,000 per new plate issue.

Senate Bill 785 bill would require the payment (presumably by the sponsor of a new fund-raising plate) of a non-refundable \$15,000 start-up fee to be deposited in the TACF for the cost of developing, producing, and issuing fund-raising plates. If the start-up fee is not paid within six months of the effective date of the public act authorizing the new fund-raising plates, the related fund-raising plate could not be created, produced, or issued.

The bill would allow the plate sponsor to redesign a fund-raising plate, with approval of the Secretary of State, not less than 3 years after the Secretary of State first issues a fund-raising plate. The bill would require an additional non-refundable \$2,000 payment for the costs of creating, producing, and issuing the redesigned plates.

*Sales Goals* - The bill (Section 811h) would establish minimum sales goals for fund-raising plates. The sales requirements would be 2,000 plates in the first year, and 500 plates in the second and each subsequent year. The Secretary of State could cease to issue fund-raising plates that failed to meet these goals. The bill would permit the Secretary of State to continue to renew fund-raising plates already issued and to collect the renewal fund-raising donations for those plates.

*Temporary permits* – Section 811f currently permits the Secretary of State to issue a 60-day temporary registration permit to a person whose plates will expire before he or she receives their fund-raising plates. The bill would reduce the maximum length of such permits to 30 days.

*Royalty payments* – Section 811g currently provides for royalty payments received from commercial use of fund-raising plates to be credited to the Michigan Transportation Fund. The bill would provide for credit of such royalty fees to the TACF. The department indicates that no royalties have been under the current fund-raising plate program, and none are anticipated.

*Lighthouse Preservation Plates* – Under Section 811k the Secretary of State currently administers the Lighthouse Preservation Fund. The bill would

transfer authority for this fund to the Department of History, Arts, and Libraries.

*Olympic Education-Training Plates* – Section 811c currently provides for a service fee, in addition to registration taxes, of \$3.00 for the first month, and \$2.00 per month for each additional month of the registration period. The bill would repeal Section 811c and restore authority for the Olympic education-training fund-raising plates in new Section 811p. The new section eliminates the provision for monthly calculation of service fees. The service fees would be the same as those for other fund-raising and collector plates as provided under Sections 811f and 811g.

**Analyst(s)**

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