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SPECIALTY LICENSE PLATES FOR ATHLETIC TEAMS

**House Bill 5139 (Substitute H-1)
First Analysis (11-4-03)**

**Sponsor: Rep. Tupac Hunter
Committee: Transportation**

THE APPARENT PROBLEM:

During the past decade, drivers have displayed a preference for customized license plates, and most especially plates that commemorate or support special events or affiliations in their lives. This shift in consumer preferences is coupled with a trend in government that encourages bureaucrats to think of their services as products, and that urges officials to think and behave like entrepreneurs—designing and distributing their products in ways that satisfy, and enhance, consumer preferences. Among the products for sale by government is the driver's license plate.

Since 2000, the Secretary of State in Michigan has been authorized to develop a specialty license plate fundraising program that is limited to six public projects that serve all citizens, as well as 15 plates for Michigan's public universities. The six public projects are agricultural heritage, lighthouse preservation, water quality preservation, critical wildlife habitat, the children's trust fund, and the veterans' memorial fund. The sale of specialty license plates raises funds for programs favored by the driving public—when \$25 of every \$35 plate sale is dedicated to the program of their choice. Since 1995, a separate fundraising license plate has been available for those who wish to support the United States Olympic Education Center located in Marquette, Michigan.

Recently, legislation has been introduced that would allow drivers to purchase specialty plates to display support for Michigan's six professional sports teams—the Detroit Red Wings (men's hockey), Pistons (men's basketball), Shock (women's basketball), Fury (men's arena football team), Tigers (men's baseball) and Lions (men's football)—and earmarking the proceeds from the sales of the plates for youth sports and recreational opportunities. In addition, the legislation would set aside two percent of all sales to support amateur sports, by funding the United States Olympic Education Center located in Marquette, Michigan.

THE CONTENT OF THE BILL:

House Bill 5139 would amend the Michigan Vehicle Code to provide for specialty license plates for professional athletic teams, and earmark the revenue for youth athletic programs. The program would be repealed September 30, 2005.

Under the bill, the secretary of state would have the authority to design, develop and issue a state-sponsored professional sports team fund-raising registration plate, and a matching collector plate. The plates would include the logo of one of the following professional sports teams: Detroit Red Wings, Detroit Lions, Detroit Pistons, Detroit Shock, Detroit Fury, or Detroit Tigers.

The bill specifies that a professional sports team that entered into a written agreement with the secretary of state for the development of the specialty plate would agree to have the service fees derived from the sale of the plates bearing its logo deposited into the Professional Sports Team Fund to be created in the state treasury. The service fees collected would be segregated by the secretary of state into a separate account. Then the secretary would transfer the balance of the fees, on a quarterly basis, to the state treasurer who would credit the fee money to the sports team fund.

Under the bill, the Professional Sports Team Fund created in the state treasury would be administered by the state treasurer who would receive money or other assets from any sources for deposit into the fund, direct the investment of the fund, and credit to the fund the interest and earnings from investments. Money in the fund at the close of the fiscal year would not lapse to the general fund.

The bill would require that the Department of Treasury disburse money in the fund on a quarterly basis as follows;

-from the money received from the sale of Detroit Red Wings logo registration plates, 98 percent to the Ilitch Charities for Children and 2 percent to the

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United States Olympic Education Center located in Marquette, Michigan;

-from the money received from the sale of Detroit Lions logo plates, 98 percent to the Detroit Lions Charities and 2 percent to the United States Olympic Education Center in Marquette;

-from money received from the sale of Detroit Fury logo plates, 98 percent to the Palace Foundation and 2 percent to the United States Olympic Education Center in Marquette;

-from money received from the sale of Detroit Piston logo plates, 98 percent to the Palace Foundation and 2 percent to the United States Olympic Education Center in Marquette;

-from money received from the sale of Detroit Shock logo plates, 98 percent to the Palace Foundation and 2 percent to the United States Olympic Education Center in Marquette;

-from the money received from the sale of Detroit Tiger logo plates, 98 percent to the Ilitch Charities for Children and 2 percent to the United States Olympic Education Center in Marquette.

The bill would require that the organizations receiving money under this program use it to purchase equipment or uniforms, or to pay the costs of athletics facilities' improvements, training of athletes, or conducting sports camps.

Currently under the law, the Office of the Secretary of State may, at any one time, develop not more than seven state-sponsored fund-raising registration plates and matching collector plates, as well as plates for the state's 15 public universities. House Bill 5139 would remove the limit of seven state-sponsored plates. Further, the bill would require that a professional sports team enter into a written agreement with the secretary of state, in the same manner as do participating universities, to grant a non-exclusive worldwide license to use the team's designs, trade names, trademarks, emblems, symbols, or images in conjunction with the marketing, promotion, sale, or copyrights of the registration plates; and to grant the authority to merchandise the registration plates or an image of the plate.

MCL 257.811e

BACKGROUND INFORMATION:

Detroit Lions Charities is a non-profit organization founded by the Lions in June, 1990, to assist

charitable and worthwhile causes in Michigan. In March 2003, the Detroit Lions Charities awarded 80 grants totaling \$330,584 to non-profit agencies. During its 13-year history, the football organization's philanthropic foundation has made donations of more than \$2.3 million. For more information about Detroit Lions Charities visit their website at www.detroitlions.com

The Pistons-Palace Foundation is a program operated by the Detroit Pistons Community Relations Department which was organized in 1989. That department implements programs to address specific community needs, especially those affecting youth, working to help young people build self-esteem, develop leadership skills, learn the importance of cooperation, and equip themselves with the skills to make the right choices and ensure themselves a better future. The Pistons-Palace Foundation's major endeavor is the PARK Program, which was developed in 1994 by Mayor Dennis Archer and Pistons owner William Davidson. The PARK Program provides clean and safe recreation areas for Detroit youth. The initial project to cleanup the parks was completed in 1999, and afterward a program maintenance endowment fund was established to make about \$2,500 available to each of 33 parks' advisory committees each year, in order to ensure long-term park upkeep. The website is www.nba.com/pistons/community/community/2001

Ilitch Charities for Children is a non-profit organization dedicated to improving the lives of children in the areas of health, education, and recreation. The foundation was established by the Ilitch family in 2000 to make grants to non-profit groups. Since the spring of 2002, the foundation has operated the Little Caesars AAA College Scholarship Program, which provides a \$5,000 scholarship to honor an outstanding male and female hockey player. The pizza chain has been a leader in the amateur sports community for more than 30 years through Little Caesar's commitment to children's hockey and baseball. Nearly 15,000 boys and girls participate in Little Caesars-sponsored sports in the Detroit area every year. Visit these web sites to learn more www.littlecaesars.com/news/community and www.detroitredwings.com/hoht/Ilitch_charities.asp

United States Olympic Education Training Center – Marquette, Michigan. The Olympic Training Center was setup on the Northern Michigan University campus in 1985. Because of the area's extended winter season, the USOEC has successful training programs in biathlon, cross-country, Naturbahn luge, and short track speed skating, as well as a successful

summer boxing program. Most resident athletes attend either Marquette Senior High School, or Northern Michigan University (where out-of-state tuition is waived). In addition, the center offers a Career Bridging Program for any retired Olympic or Pan American athlete, to provide educational opportunities through the university that assist athletes in making a transition from sport to career. The center has a \$1.1 million annual operating budget, about half of which is provided by Northern Michigan University, where a budget committee has recommended that the subsidy be phased out over two years. (*Detroit Free Press* 4-30-03). In addition, the Olympic Education Center is funded from the sale of Olympic Education Center specialty license plates, the first of which went on sale in June 1995. For example, for the third quarter of 2003, more than \$34,000 was generated from plate sales, and transferred to the education center. Visit this website to learn more: www.olympic-usa.org

FISCAL IMPLICATIONS:

The House Fiscal Agency notes that there would be a one-time cost to the state for creating, producing, and issuing the registration plates. According to the Department of State, the start-up cost would be \$15,000 per registration plate.

After initial start-up costs are paid, the sale of registration plate would generate an indeterminate amount of revenue, which would depend on the number of plates sold. Under the bill, the revenue would be granted to two charities, a foundation, and the U. S. Olympic Education Center in Marquette, to be used to support youth sports activities.

From October 1, 2002 through March 31, 2003, the Department of State reported 40,467 transactions for the existing special cause license plates, generating \$587,805 for the special causes. For this same time period, the department reported 39,215 transactions for the university license plates, generating \$517,640 for the universities. Given this information, start-up costs would be offset by revenue generated from sales. (10-29-03)

ARGUMENTS:

For:

The sale of specialty license plates for Michigan's professional sports teams can generate millions of dollars in revenue that the teams' foundations and charities can direct to youth sports and recreational opportunities. Sports and recreational opportunities

are often the first to be eliminated from the city budgets of cash-strapped urban centers, yet those are the communities that experience high rates of poverty, and whose greatest concentrations of youngsters most need program opportunities. Keeping young people physically active helps them improve their health and fitness, while staying involved in positive and purposeful activities with friends. This bill will keep kids physically active and mentally alert, better able to ensure their own positive personal growth and development.

For:

A portion of the proceeds from the sale of these specialty license plates would be dedicated to the United State Olympic Education Center located in Marquette, Michigan. Created in 1985, the center's \$1.1 million annual budget is provided by Northern Michigan University (\$592,000), the U.S. Olympic Committee (\$125,000), and the sale of \$25 tax deductible Michigan license plates (about \$150,000). An additional \$202,000 is from room and board for athletes who qualify for Olympic scholarship money under a federal program. Recently an NMU budget committee recommended that its funds—nearly half the budget—be phased out over two years.

Since 1985, the U.S. Olympic Education Center has housed 561 full-time resident athletes (although the number is closer to 22,000 if one counts short-term athletes who train periodically). In addition to its four full-time resident programs—speed skating, luge, cross-country skiing, and boxing—the center has trained athletes in more than 30 sports. And resident weightlifting and wrestling are considering adding new programs (*Detroit Free Press* 4-20-03)

The U. S. Olympic Center has sent 69 resident athletes to the Olympics since 1988, and 17 of them have returned home with medals. This legislation can guarantee the center's continuation, and allow its program to grow, revitalizing amateur sports programs that train the resident scholar-athletes enrolled at Marquette High School and Northern Michigan University.

Against:

The Michigan State Police point out that specialty license plates make crime reporting far more difficult for on-lookers who, when describing vehicles used in the commission of a crime, often cannot accurately describe the license plate, or its number. In their experience with the specialty plates, the police say that the pleasing artwork and extra graphics are

distracting, causing confusion because they make the license plate number more difficult to see.

Against:

The bill is a good one but it should be amended to ensure that a fixed percentage of the revenue devoted to youth sports programs be dedicated to sports and recreational opportunities for girls. Customarily, football and hockey have far more participants who are boys, than girls. And while the same is true of baseball and basketball, the numbers of girls who participate is higher, and the ratio of boys to girls smaller. In order to help young girls stay physically active and mentally alert this legislation should ensure them parity in funding.

POSITIONS:

The Detroit Pistons support the bill if amended. (11-3-03)

The Department of Michigan State Police opposes the bill. (11-3-03)

Analyst: J. Hunault

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.