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Senate Bill 785 (as introduced 10-21-03)
Sponsor: Senator Bruce Patterson
Committee: Transportation

Date Completed: 10-28-03

CONTENT

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

- **Allow the Legislature, by concurrent resolution, to authorize the Secretary of State (SOS) to develop and issue specialty fund-raising license plates and collector plates.**
- **Require a start-up fee of \$18,000 for a fund-raising license plate, and set sales goals for fund-raising plates.**
- **Authorize the SOS to develop, market, and promote a collector plate only with funds available from the collection of service fees.**
- **Reduce the maximum duration of a temporary permit for a fund-raising plate from 60 to 30 days.**
- **Designate the Department of History, Art, and Libraries (HAL) as the entity in charge of administering funds from the sale of lighthouse preservation specialty plates.**
- **Repeal the October 1, 2005, sunset date for current fund-raising license plate provisions.**
- **Repeal a provision related to a monthly fee for an Olympic Education-training Center fund-raising plate.**
- **Establish an effective date of October 1, 2003, on a provision related to the vehicle registration tax for a trailer.**
- **Delete a provision increasing fees for a trailer coach attached to a motor vehicle.**

The bill is described in further detail below.

Fund-Raising License Plates

The Code allows the SOS to develop up to seven State-sponsored fund-raising registration plates. An application for a fund-raising plate must be accompanied by payment of the regular vehicle registration tax in addition to a service fee, as provided in Section 811f. (Under that section, an application for an original fund-raising plate must be accompanied by a \$25 donation, the regular registration tax, and a \$10 service fee. An application for renewal of a fund-raising plate must be accompanied by payment of the regular registration tax and a \$10 donation.)

The SOS must segregate the fund-raising service fees into a separate account for each type of fund-raising plate. After deducting the manufacturing and administrative costs associated with issuing, replacing, and substituting the plates, the SOS must transfer the balance to the State Treasurer, on a quarterly basis. The State Treasurer then must distribute the funds to the designated entity.

The bill would remove the seven-plate limit and allow the State Legislature, by concurrent resolution, to authorize the SOS to develop and issue fund-raising plates and collector plates. At a minimum, the resolution would have to do all of the following:

- Identify the purpose of the fund-raising registration plate.
- Create a nonprofit fund or designate an existing nonprofit fund to receive any money raised through the sale of the fund-raising plate and collector plate.
- If a fund were created, name the person or entity responsible for administering it.

The bill also would require an \$18,000 start-up fee to be paid by a Michigan university or other person in order for the SOS to develop a fund-raising plate. Such a plate could recognize any of the following (for which the Code currently authorizes fund-raising plates):

- A Michigan university.
- A Michigan Olympic education-training center.
- The Michigan Veterans Memorial.
- Michigan water quality.
- Michigan's children.
- Historic Michigan lighthouses.
- Critical nongame wildlife habitat.
- Agricultural heritage.
- American pride.

A fund-raising plate also could recognize any other entity or event, if the Legislature adopted a concurrent resolution as described above.

The Code specifies that the State, through the SOS, owns all right, title, and interest in all fund-raising plates and collector plates, including the right to use, reproduce, or distribute a fund-raising plate or collector plate, or an image of one, in any form. The SOS may authorize the commercial or other use of a fund-raising or collector plate design, logo, or image if written consent is obtained from the Michigan university or person that sponsored the plate, and the user agrees to the terms and conditions the SOS considers necessary, including the payment of royalty fees to the State. Currently, royalty fees must be credited to the Michigan Transportation Fund. Under the bill, royalties would be credited to the Transportation Administration Collection Fund.

The Code allows the SOS to issue a temporary registration permit to a person who applies for a fund-raising plate if his or her current vehicle registration will expire before he or she receives the plate. The temporary registration must expire when the applicant receives the plate or after 60 days, whichever is first. The bill would reduce the number of days to 30.

Start-Up Fee

A start-up fee would have 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 start-up payment were not made within six months of the date the concurrent resolution was adopted, then the related fund-raising plate could not be created, produced, or issued. A start-up fee would be nonrefundable.

At least three years after the SOS first issued one of the fund-raising plates, and upon payment of \$2,000, the Michigan university or other person sponsoring that plate could redesign it as approved by the SOS. The \$2,000 payment would have to be deposited in the Transportation Administration Collection Fund to be used for the cost of creating, producing, and issuing the plates. The payment would be nonrefundable.

Sales Goals

A fund-raising plate would have to meet or exceed the sales goals of 2,000 plates in the first year and 500 original plates in the second and each subsequent year. Currently, the SOS may cease to issue a particular fund-raising plate or a duplicate replacement of a plate if fewer than 500 of that particular plate were issued in the previous 24 months. Under the bill, the SOS could cease to issue a fund-raising plate if the specified sales goals were not met.

Lighthouse Preservation Plates

The SOS currently may issue a lighthouse preservation fund-raising plate and matching collector plate, for which the service fees are deposited into the Lighthouse Preservation Grant Fund within the Department of Treasury.

Under the bill, HAL, rather than the SOS, would administer the Fund, and could spend money through discretionary historical grants to preserve Michigan lighthouses. Currently, the SOS may use not more than 10% of the Funds for costs that occur from Fund administration and grant project coordination; the bill would retain this provision for HAL.

The bill also provides that HAL, rather than the SOS, could award grants for the preparation of plans and specifications for restoration and stabilization, rehabilitation, or other preservation work on a Michigan lighthouse, and would have to allocate grant funds pursuant to eligibility and scoring requirements that HAL would establish. The bill would require HAL to continue transferring the fund-raising donations to the State Treasurer for credit to the Fund, as the SOS does currently.

Olympic Education-Training Center Plate

Currently, an application for an Olympic Education-Training Center registration plate must be accompanied by payment of the regular registration tax and \$3 for the first month and \$2 per month for each additional month of the plate's registration period. The bill would delete the monthly payment requirements.

October 1, 2005, Sunset Date

The bill would repeal a sunset date of October 1, 2005, for Sections 6d, 17b, 30b, and 811d through 811n. Those sections contain certain definitions; provide for the application process and fees for a fund-raising license plate and matching collector plate; and allow the SOS to issue fund-raising plates recognizing water quality, Michigan's children, Michigan lighthouses, nongame critical wildlife habitat, and agricultural heritage.

Trailer Registration Tax & Fees

Under Section 801 of the Code, the SOS must collect a vehicle registration tax according to a fee schedule based on the vehicle's weight. For each pole trailer, semitrailer, trailer coach, or trailer, the tax is as follows: for a vehicle weighing up to 2,499 pounds, \$75; for a vehicle between 2,500 and 9,999 pounds, \$200; and for a vehicle weighing over 10,000 pounds, \$300. The Code specifies that a registration plate issued for a trailer expires only when the SOS reissues a new registration plate for all trailers. If the SOS reissues a new registration plate for all trailers, a person who has once paid the tax cannot be required to pay it for that vehicle a second time, but must pay the cost of the reissued plate. The bill would add an effective date of October 1, 2003, for this provision.

Under the Code, for a trailer coach attached to a motor vehicle, the tax must be assessed as described above. Until October 1, 2009, the Code mandates the following fee increases for such

a vehicle and for other types of vehicles (e.g., trucks, buses, semitrailers, hearses, and publicly owned vehicles):

- A regulatory fee of \$2.25, which must be credited to the Traffic Law Enforcement and Safety Fund and used for the purpose of regulating highway safety.
- A fee of \$5.75, which must be credited to the Transportation Administration Collection Fund.

The bill would exempt a trailer coach attached to a motor vehicle from the fee increases.

(The Transportation Administration Collection Fund was created within the Department of Treasury on October 1, 2003. Money in the Fund at the close of the fiscal year lapses to the Michigan Transportation Fund. The Department of State must spend money from the Fund, upon appropriation, to pay the necessary expenses it incurs in the administration and enforcement of the Code's registration fee provisions. The Department of Treasury must spend money from the Fund, upon appropriation, to defray the cost of motor fuel tax collection.)

MCL 257.217d et al.

Legislative Analyst: Julie Koval

FISCAL IMPACT

For the first two quarters of FY 2002-03 (October 1, 2002, through March 31, 2003), the Department of State reported 40,467 special cause transactions that generated \$587,805 for the special cause, and 39,215 university transactions that generated \$517,640 for the universities. The new start-up fee and redesign fee for fund-raising plates would offset costs of creating, producing, and issuing fund-raising plates which are currently absorbed by the Department of State. The bill also would exclude the permanent trailer plate from the service fee and regulatory fee.

Fiscal Analyst: Bill Bowerman

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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.