



**House  
Legislative  
Analysis  
Section**

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**ISSUE ONE VANITY LIC. PLATE**

**House Bill 4599 with committee  
amendments  
First Analysis (6-15-93)**

**Sponsor: Rep. Penny Crissman  
Committee: Transportation**

***THE APPARENT PROBLEM:***

The Michigan Vehicle Code currently allows a person to purchase personalized "vanity" registration plates for his or her motor vehicle, and provides for the secretary of state to issue two plates after a person has paid the appropriate fees. Prior to 1980, the secretary of state issued two license plates which were to be displayed on the front and back of most vehicles. But because it was struggling through a difficult recession and the state's budget was tight, the state switched to a single license plate system and began issuing renewal tabs annually. By adopting a system where only one plate is issued for a vehicle at registration and renewal tabs purchased for it annually thereafter, the state was able to save a significant amount of money. At a time when Michigan again faces a tight budget situation, the secretary of state has requested moving to a single plate and renewal tab system for vanity plates, too.

***THE CONTENT OF THE BILL:***

Under the vehicle code, the secretary of state must issue two vanity plates per vehicle to someone who pays a service fee of \$3 for the first month and \$2 per month thereafter during the registration period. (For motorcycles, however, the secretary of state may issue only one vanity plate.) The bill would amend the act to allow the secretary of state to issue only one vanity plate to a person after he or she paid a service fee of \$8 for the first month and \$2 per month thereafter. The application fee to renew a vanity plate would be \$25 in addition to the regular vehicle registration fee. In addition, a duplicate plate could be ordered if accompanied by a fee that was half of the annual renewal fee. Language pertaining to the issuance of one vanity plate for a motorcycle, including a provision that prohibits a motorcycle vanity plate from duplicating another motorcycle plate, would be deleted.

Upon the issuance or renewal of a vanity plate the secretary of state could issue a tab or tabs

designating the month and year of its expiration. When the plate was renewed, the secretary of state would have to issue a new tab or tabs for the rear plate designating the plate's next expiration date. The secretary of state could not, upon renewal, issue the owner a new exact duplicate of the expired plate unless the plate was illegible and the owner paid the service fee and registration fee for an original vanity plate.

MCL 257.803b

***FISCAL IMPLICATIONS:***

According to the Department of State, the bill would result in cost savings of about \$100,000 per year, which would be credited to the Michigan Transportation Fund and distributed for transportation projects undertaken by the state and local governments. (6-15-93)

***ARGUMENTS:***

***For:***

In 1980, the state moved from a two-plate vehicle registration system, where brand-new plates were issued annually, to a system where only one plate is issued (for display on the back of a vehicle) the first year and renewal tabs issued each year thereafter that are attached to the original plate. Moving to a one-plate system saved the state a significant amount of money it otherwise would have spent on manufacturing two plates for each vehicle every year. The personalized, "vanity" plate was introduced in 1982 to allow drivers to pay a little more for a plate that carried a personal, seven-digit message (using either numerals or letters, or both), but the secretary of state is required to issue two plates upon application even though drivers now need only one of them on a vehicle. In addition, two vanity plates are manufactured and issued each succeeding year to the same driver at a great cost to

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the state (seven times more than regular plates, according to the secretary of state). By providing for the secretary of state to issue only one vanity plate and renewal tabs annually after the original plate was bought, the bill would help the state save, by some estimates, over \$100,000 annually. Most of the revenues from the sale of vanity license plates, as well as general plates' sale revenue, goes into the Michigan Transportation Fund to be used by the state and its local governments to fund transportation projects, while a portion goes to the secretary of state to cover its administrative expenses in issuing the plates. As the state continues to struggle balancing its budget, it seems appropriate to allow the secretary of state to issue only one original vanity plate along with renewal tabs and to raise the fees required for one, especially since buying a vanity plate is completely optional.

***For:***

The bill would make it more convenient for vanity plate purchasers to get their plates renewed each year by providing for renewal tabs to be issued annually rather than new plates. Not only is the secretary of state able to issue renewal tabs two to three weeks sooner than actual plates, but drivers could apply for and receive the tabs by mail without having to spend time traveling in person to a secretary of state branch office.

***For:***

The bill as reported from the House Transportation Committee includes a provision that would allow a driver to purchase a second vanity plate, but would set the fee for it at half the cost of the original plate (which under the bill would be \$12.50). Thus, a driver could continue to purchase and use two vanity plates but would have to pay a higher fee for the luxury of owning an extra plate. Charging more for the second plate seems a justifiable way for the state to earn additional money for offering a perk that is, for drivers who wish to make a personal statement on their vehicles and elsewhere, entirely optional.

***Response:***

While it is difficult to argue against charging more for a second, optional plate, charging half as much as the cost of the first for the extra plate seems excessive, especially when one considers that most of the cost to the state for producing a vanity plate involves building its mold. Once a vanity plate mold has been made, the plate can be reproduced at little cost. Setting the fee for a second vanity plate too

high could discourage current and potential vanity plate users who otherwise might be interested in a second plate from buying one simply because it would not be worth it. Current vanity plate buyers, assuming the bill was adopted, may not even be very willing to pay a higher fee just to receive only one plate.

***Against:***

By switching to a system of issuing only one vanity plate per applicant and allowing the secretary of state to issue renewal tabs for them, the bill would help save the state potentially \$100,000 per year; as the savings from this switch alone would help save the state money, it is unnecessary to also raise the fee charged for a vanity plate. Buyers already pay more for these plates than those who purchase regular plates. It would seem more fair to leave the fee as it is currently while switching to a one-plate, tab-renewal system now, and then maybe raise the fee for the plate later on. Raising the fee now, while simultaneously moving to a one-plate system, could leave the state open to charges of price-gouging.

***POSITIONS:***

The Department of State supports the bill. (6-15-93)

The Department of Transportation has indicated its support for the bill as it was originally introduced. (5-21-93)