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ISSUE ONE VANITY LIC. PLATE

House Bill 4599 as passed by the House
Second Analysis (8-30-93)

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. 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. (8-30-93)

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 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.

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. (8-30-93)