



**House
Legislative
Analysis
Section**

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ISSUE ONE VANITY LIC. PLATE

**House Bill 4599 as enrolled
Third Analysis (3-29-94)**

**Sponsor: Rep. Penny Crissman
House Committee: Transportation
Senate Committee: Transportation &
Tourism**

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. In addition, a second duplicate plate could be obtained by requesting that option on the application and paying an additional service fee of \$5. 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.

The bill also would permit a vanity plate or plates to be obtained for hearses, buses, trailer coaches or trailers (as well as for passenger cars, motorcycles, pickup trucks, vans and motor homes).

MCL 257.803b

FISCAL IMPLICATIONS:

According to the Department of State, the bill would result in a net increase in revenue to the Michigan Transportation Fund of \$133,838 the first year and \$158,838 in subsequent years. These figures assume the department would realize approximately \$120,000 in savings by issuing only one vanity plate, up to \$65,000 in additional revenue from the \$5 fee increase, annual costs of about \$26,000 for adjusting departmental workloads, and first year costs for computer programming of \$25,000. (The MTF is used to pay for transportation projects undertaken by the state and local governments.) (3-29-94)

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 requiring 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 about \$120,000 annually. In addition, raising the fee charged for a vanity plate from \$3 to \$8 would generate possibly up to \$65,000 in new revenue. Most savings realized under the bill as well as new revenue would be used by the Michigan Transportation Fund to pay for state and local transportation projects located throughout the state, while some would go to the Department of State for its administrative expenses in issuing vanity plates.

For:

The bill would make it more convenient for vanity plate purchasers to get their plates renewed each year by providing for renewal tabs (rather than new plates) to be issued annually. 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:

Raising the fee for a vanity plate from \$3 to \$8 is not necessary as the state would realize substantial savings under the bill simply by moving to the issuance of only one vanity plate rather than two. According to the secretary of state, issuing one plate (and charging \$5 for a second plate) would net the state about \$120,000 in savings and additional revenue. The \$5 increase in the plate fee would amount to nothing more than a back-door tax increase for vanity plate buyers.

Response:

Buying a vanity plate, of course, is completely optional.