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## SPECIALTY FUND-RAISING LICENSE PLATES

**House Bill 4249 (Substitute H-1)**  
**Sponsor: Rep. Mark Schauer**

**House Bill 5040 with committee  
amendments**  
**Sponsor: Rep. Jason Allen**

**House Bill 5041 as introduced**  
**Sponsor: Rep. Scott Shackleton**

**House Bill 5042 with committee  
amendments**  
**Sponsor: Rep. Lauren Hager**

**House Committee: Transportation**

**Senate Bills 180 and 770 as passed by  
the Senate**  
**Sponsor: Sen. George A. McManus, Jr.**

**Senate Bill 826 as passed by  
the Senate**  
**Sponsor: Sen. Bill Bullard**

**Senate Bill 827 with House committee  
amendments**  
**Senate Bill 829 as passed by the Senate**  
**Sponsor: Sen. Bev Hammerstrom**

**Senate Bill 828 as passed by the Senate**  
**Sponsor: Sen. Mike Rogers**

**Senate Committee: Transportation  
and Tourism**  
**House Committee: Transportation**

**First Analysis (11-3-99)**

### ***THE APPARENT PROBLEM:***

Customarily government works to provide for the health, safety, and education of citizens by providing programs and services paid for by citizens' tax dollars. In these circumstances, government bureaucracies seek maximum efficiency in their delivery of services, whereas those in

the private sector sell products and seek to maximize their profits. During recent times, government agencies have been encouraged by the

social choice theorists in schools of public policy and the proponents of their theories, to adopt the customs and behaviors of businesses in the private sector. In doing so, government bureaucrats are advised to think and behave more like entrepreneurs--that is, to regard their services as products, to design and distribute those products in ways that satisfy consumer preferences, and to sell those products so that new streams of revenue flow into government coffers.

One product the Office of the Secretary of State provides to Michigan citizens is their annual license plate. Citizens buy the plate each year in order to lawfully drive their motor vehicles on the roads of this state and others. 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. For example, during the last fiscal year, 7,800 Michigan citizens bought Olympic specialty license plates, the proceeds from which fund the Olympic Training Center at Northern Michigan University, and an additional 1,400 citizens purchased various organizational plates.

Other states provide customized and commemorative license plates to drivers and earmark the revenue for universities and service organizations. According to committee testimony, special and commemorative plates are available in the nearby states of Ohio, Illinois, and Indiana.

To provide Michigan citizens with a wider array of license plates and related products, and to earmark the revenue from the sale of the plate and products for various projects and programs in the public and private sectors, legislation has been introduced to create a specialty fund-raising license plate project in the Office of the Secretary of State.

### ***THE CONTENT OF THE BILLS:***

The bills would create a new fund-raising project in the Office of the Secretary of State. The project would permit the secretary of state to design and sell 21 specialty license plates, the revenue from which would be earmarked for the state's 15 public universities, the Children's Trust Fund (Senate Bills 827 and 829/ House Bill 4249), the Michigan Veterans Memorial (Senate Bill 828), critical nongame wildlife habitat (Senate Bills 180 and 770), the Future Farmers of America Endowment Fund (House Bill 5040), lighthouse renovation (House Bill 5041), and the water quality of the Great Lakes and inland lakes and rivers (House Bill 5042). The main bill in the package, Senate Bill 826, would amend the Michigan Vehicle Code to create the fund-raising

program, and it also would authorize specialty plates for the universities.

Senate Bill 826 would amend the Michigan Vehicle Code (MCL 257.8031 et al.) to do the following:

--Permit the secretary of state to develop a Michigan university fund-raising registration plate and a matching collector plate, limited-term registration plates, and up to six state-sponsored fund-raising registration plates and matching collector plates.

--Permit the secretary of state to issue a fund-raising plate instead of a standard registration plate for use on passenger vehicles.

--Require a person purchasing a fund-raising plate or a collector plate to pay a \$10 service fee and a \$25 fund-raising donation over and above their annual license fee; require a renewal application for a fund-raising plate to include a \$10 donation; and require a person purchasing an original or renewal fund-raising plate to pay the regular vehicle registration tax, as well.

--Allow a collector plate to be displayed on a vehicle's front bumper.

--Require service fees to be credited to the Michigan Transportation Fund, and be used to defray manufacturing and administrative costs associated with fund-raising and collector plates, and provide for the disbursement of the funds.

--Permit the secretary of state to authorize the commercial use of a plate design upon consent of the pertinent state university or sponsoring entity.

Senate Bill 826 is tie-barred to House Bills 5040, 5041, 5042, which would provide for the issuance of an agricultural heritage specialty plate, a lighthouse preservation plate, and a water quality preservation plate, respectively. The bill also is tie barred to Senate Bill 770, which would provide for the issuance of a critical wildlife habitat specialty plate, as well as Senate Bills 827 and 828, which would direct funds to the Michigan Children's Trust Fund, and to the Michigan Veteran's Memorial, respectively.

Sections of the bill and the bills to which it is tie-barred would be repealed five years after their effective dates. The bills would take effect October 1, 2000.

House Bill 5040 would require that the agricultural heritage fund-raising registration plate and a matching state-sponsored collector plate be of a design specified

in Senate Bill 826. Further, it would require that donations collected from plate sales be transferred by the secretary of state to the state treasurer, who in turn would be required to disburse the donation money to Michigan State University development, designated for the Future Farmers of America Vision 2000 Endowment Fund, for the purpose of providing grants for agri-science, natural resources, and environmental K-12 educational programs. Under the bill, “state-sponsored agricultural heritage fund-raising registration plate” would mean a registration plate containing a specialized design pertaining to the agricultural heritage of this state.

House Bill 5041 would require that the Michigan lighthouse fund-raising registration plate and a matching state-sponsored collector plate be of a design determined by the secretary of state. Further, it would establish a Michigan lighthouse preservation grant fund as a separate fund in the Department of Treasury, for which the state treasurer could receive money or other assets from any source. Under the bill, the state treasurer would direct investment of the fund, credit interest and earnings from fund investments to the fund, and annually present to the secretary of state an accounting of the amount of money in the fund. Money in the fund at the close of a fiscal year would remain in the fund and not lapse to the general fund.

Under House Bill 5041, the secretary of state would administer the fund and could expend money from it to make discretionary historical grants to preserve Michigan lighthouses. The secretary of state could not use more than 10 percent of the funds for administrative or grant coordination costs. Grants could be awarded for the preparation of plans and specifications for restoration and stabilization, and for stabilization, rehabilitation, or other preservation work on a Michigan lighthouse, but grants could not be awarded for operational purposes. Under the bill, the secretary of state would be required to establish and apply eligibility and scoring requirements when allocating grants funds. To award grants, the secretary of state would be required to solicit applications from eligible recipients, score applications based on the established criteria, and award grants through executed contracts. The bill would require that all plans and work performed on a grant be consistent with the United States Secretary of the Interior’s standards for rehabilitation and guidelines for rehabilitating historic buildings.

Further, House Bill 5041 would require that donations collected from plate sales be transferred by the secretary of state to the state treasurer, who in turn would be required to credit the donation money to the Michigan Lighthouse Preservation Grant Fund. Under the bill, a “state-sponsored lighthouse fund-raising registration plate” would mean a registration plate containing a

specialized design pertaining to historic Michigan lighthouses.

House Bill 5042 would require that the water quality fund-raising registration plate and a matching state-sponsored collector plate be of a design determined by the secretary of state, after consultation with the director of the Department of Environmental Quality.

Under House Bill 5042, the Department of Environmental Quality would establish and administer a Water Quality Protection Fund Grant Program, set its policies, and could promulgate rules to implement the program. The program would provide grants to local units of government for the purpose of protecting the water quality of the Great Lakes and of inland lakes, rivers, and streams.

Further, House Bill 5042 would establish a water quality protection fund as a separate fund in the Department of Treasury, for which the state treasurer could receive money or other assets from any source. Under the bill, the state treasurer would direct investment of the fund, and credit interest and earnings from fund investments to the fund. Money in the fund at the close of a fiscal year would remain in the fund and not lapse to the general fund. Money from the fund could be expended, upon appropriation, only for the purpose of protecting the water quality of the Great Lakes, and of inland lakes, rivers, and streams.

Under the bill, “local unit of government” would mean a county, city, village, or township; an agency of a county, city, village, or township; the office of a county drain commissioner; a soil conservation district; a watershed council; a local health department; a community college or junior college; a public or private four-year institution of higher education located in the state; and an authority or other public body created by or pursuant to state law. “Water quality fund-raising registration plate” would mean a registration plate containing a specialized design pertaining to the water quality of this state.

Senate Bill 180 would amend Part 439 (Nongame Fish and Wildlife Trust Fund) of the Natural Resources and Environmental Protection Act (MCL 324.43902 and 324.43905) to require the Department of Natural Resources to purchase and develop critical nongame wildlife habitats in the state.

The bill is tie-barred to Senate Bill 770, which would require the secretary of state to develop, and allow the secretary of state to issue, upon application, a state-sponsored critical nongame wildlife habitat registration plate and matching collector plate, as proposed by Senate Bill 826.

Senate Bill 770 would amend the Michigan Vehicle Code (MCL 257.811i) to require the secretary of state to develop, and allow the secretary of state to issue, upon application, a state-sponsored critical nongame wildlife habitat fund-raising registration plate and a matching state-sponsored critical nongame wildlife habitat collector plate, as proposed by Senate Bill 826.

The bill also would require the secretary of state to transfer to the state treasurer critical nongame wildlife habitat fund-raising plate donations and matching collector plate donations collected under Senate Bill 826. The state treasurer would have to credit the donation money to the Nongame Fish and Wildlife Trust Fund under the Natural Resources and Environmental Protection Act, for the purchase and development of critical nongame wildlife habitats in the state. In addition, the bill would require the plate to be of a design determined by the secretary of state after consultation with the director of the Department of Natural Resources (DNR).

The bill is tie-barred to Senate Bill 180, which would require the DNR to purchase and develop critical nongame wildlife habitats in the state. The bill also is tie-barred to Senate Bill 826, which would establish the registration plate fees; allow the secretary of state to develop a Michigan university fund-raising registration plate, a state-sponsored fund-raising registration plate, and matching collector plates; and require the secretary of state to segregate donations, create separate accounts, authorize fund disbursement, and report the number of plates issued, sold, or renewed for each fund-raising donation.

Senate Bill 827 would amend the Michigan Vehicle Code (MCL 257.811j) to require the secretary of state, under provisions of Senate Bill 826, to develop and, upon application, issue a state-sponsored Children's Trust Fund-Raising registration plate, as well as matching state-sponsored collector plate. Under the

bill, the design of the plate would be made by a child, as determined by the secretary of state. Senate Bill 827 is tie-barred to Senate Bill 826, and to House Bill 4249.

Senate Bill 828 would amend the Michigan Vehicle Code (MCL 257.811m) to require the secretary of state, under provisions of Senate Bill 826, to develop and, upon application, issue a state-sponsored Michigan Veterans Memorial Fund-Raising registration plate, as well as matching state-sponsored collector plate. Senate Bill 828 is tie-barred to Senate Bill 826.

House Bill 4249 and Senate Bill 829 would amend Public Act 249 of 1982 (MCL 21.171) which establishes the state Children's Trust Fund in the Department of Treasury, to require the state treasurer to credit to the trust fund any amounts received under Senate Bill 827. Both bills, identical in content, are tie-barred to Senate Bill 827.

### ***BACKGROUND INFORMATION:***

According to testimony offered by the Office of the Secretary of State, all Michigan license plates are manufactured by prisoners at the corrections facility in Adrian, Michigan. Each plate costs an estimated \$2.70 to produce, and each is coated with graphic sheeting, a 3-M product that increases the plate's reflectivity during night driving. The company has bid for the contract to provide the coating that enhances the visibility of Michigan-made license plates.

### ***FISCAL IMPLICATIONS:***

According to Senate Fiscal Agency analyses of Senate Bills 180, 770, 826, and 827-829, the bills would increase revenue to the state. There would be some administrative costs to the Department of State to administer the program. However, the costs would be absorbed by the revenue gained from the sale of the license plates. Because the number of people who would purchase fund-raising plates is unknown, the fiscal impact of the program is indeterminate. However, figures for other plate programs are shown below for reference.

	Olympic Plates		Organizational Plates	
	Issued	Fees	Issued	Fees
FY 1995-96	5,795	\$139,357	1,439	\$35,975
FY 1996-97	6,985	\$146,326	1,228	\$30,700
FY 1997-98	7,244	\$177,762	1,283	\$32,075
FY 1998-99	7,800	\$192,000	1,400	\$35,000

\*Chart provided by Senate Fiscal Agency

After the Department of State deducts its costs from the original fees for the Olympic plates, the remainder is sent to the Olympic Training Center at Northern Michigan University. The chart above shows the total revenue collected from fees for both the Olympic plates and the organizational plates. The figures for fiscal year 1998-99 are projected totals. (10-27-99)

**ARGUMENTS:**

**For:**

The specialty fund-raising license plate project will help raise revenue for six important state-sponsored projects or partnerships, and 15 public universities. The revenue will be directed to the universities, and to revitalize the Michigan Children’s Trust Fund, to conserve critical game habitat, to renovate lighthouses along the state’s shorelines, to promote agricultural heritage and K-12 environmental education projects, to improve the water quality of the Great Lakes and inland lakes and rivers, and to build the Michigan Vietnam Veteran’s Memorial in Lansing, as well as other veterans’ memorials throughout the state. Although it is difficult to know how much money can be realized from the sale of specialty license plates and matching collectors’ plates, it is clear that more than a quarter-million dollars in revenue was raised last year when 9,200 Michigan citizens bought Olympic and organizational specialty license plates. And given the experience in other neighboring states, officials expect that new funds can be raised for these worthy programs and projects.

**For:**

For a total fee of \$35 above and beyond the annual license fee, a citizen can support a university or one of the six special projects identified in these bills. After the first year, however, the specialty plate can be renewed for a \$10 donation. Of the \$35 first-year donation, fully \$25 is dedicated to the organization identified by the donor, and \$10 is directed to the Department of State to administer the program. In subsequent years, the entire \$10 donation is directed to the organization of one’s choosing.

**POSITIONS:**

A representative of the Department of State testified in support of the bills. (11-2-99)

A representative of the Michigan Environmental Council testified in support of the bills. (11-2-99)

A representative of the Department of Environmental Quality testified in support of the bills. (11-2-99)

A representative of the Department of Natural Resources testified in support of the bills. (11-2-99)

A representative of the Michigan Council for Maternal and Child Health testified in support of Senate Bills 827 and 829, and House Bill 4249. (11-2-99)

Representatives of the Michigan Farm Bureau and the Future Farmers of America Foundation testified in support of the bills. (11-2-99)

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.