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BILL ANALYSIS

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House Bill 6137 (Substitute H-1 as passed by the House)
Sponsor: Representative Philip LaJoy
House Committee: Transportation
Senate Committee: Transportation

Date Completed: 12-4-06

CONTENT

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

- **Allow the Secretary of State (SOS), beginning January 1, 2007, to develop and issue specialty fund-raising license plates and collector plates, if authorized by a Public Act.**
- **Increase from seven to eight the number of fund-raising plates that the SOS may develop at one time.**
- **Require a start-up fee of \$15,000 for a new fund-raising license plate, and set sales goals for fund-raising license plates.**
- **Provide for the design of a fund-raising plate recognizing support for our troops, and require donations for the plates to be disbursed to Support Our Troops, Inc. of Michigan for troops and their families.**
- **Require an organization that received donations from the sale of fund-raising license plates to report annually to the State Treasurer on expenditures of the money received under the Code.**
- **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.**
- **Require royalty fees from the authorized use of a fund-raising plate design, logo, or image to be credited to the Transportation Administration Collection Fund, instead of the Michigan Transportation Fund.**
- **Designate the Department of History, Arts and Libraries (HAL) as the entity in charge of administering funds from the sale of lighthouse preservation specialty plates.**
- **Repeal a provision related to a monthly fee for an Olympic Education-Training Center fund-raising plate.**
- **Establish an effective date of October 1, 2005, on a provision related to the vehicle registration tax for a trailer.**

The bill would take effect on January 1, 2007. It is described below in further detail.

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 raise the limit from seven to eight and allow the SOS to develop and issue fund-raising plates and collector plates, if authorized by a Public Act that, at a minimum, did all of the following:

- Identified the purpose of the fund-raising plate.
- Created a nonprofit fund or designated 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, named the person or entity responsible for administering it.

Beginning not later than February 1, 2007, an organization that received fund-raising donations disbursed under the bill annually would have to report to the State Treasurer. The report would have to include a summary of expenditures during the preceding year of the money received under the Code.

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 (TACF).

(The TACF 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.)

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; Redesign Fee

The bill would require a nonrefundable \$15,000 start-up fee to be paid for any new fund-raising plates authorized by the SOS. A start-up fee would have to be deposited in the TACF to be used for the cost of creating, producing, and issuing the plates. If the start-up payment were not made within 18 months of the effective date of the Public Act authorizing the plate's development and issuance, then the related fund-raising plate could not be created, produced, or issued.

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 TACF to be used for the cost of creating, producing, and issuing the plates. The payment would be nonrefundable.

Sales Goals

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. The bill would revise the sales goals and delete a provision stating that the sales goals do not apply to Michigan university fund-raising registration plates. A fund-raising plate created after the bill's effective date 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 for five years. The SOS could cease to issue a fund-raising plate if the specified sales goals were not met.

Support Our Troops Plate & Fund

Under the bill, a fund-raising plate or collector plate recognizing support for our troops would have to be of a design as determined by the SOS and contain the emblem or logo of Support Our Troops, Inc. of Michigan, displaying a soldier and a child and the words "Support Our Troops" and "Michigan". The SOS would have to transfer fund-raising donations collected for the plates to the State Treasurer, who would have to disburse the money to the "Support Our Troops Fund", which the bill would create within the State Treasury.

The State Treasurer could receive money or other assets from any source for deposit into the Fund, and would have to direct the Fund's investment. Additionally, the State Treasurer would have to credit to the Fund interest and earnings from Fund investments. Money in the Fund at the close of the fiscal year would remain in the Fund and would not lapse to the General Fund.

The State Treasurer would have to disburse Fund money on a monthly basis to Support Our Troops, Inc. of Michigan, which would have to spend the money for troops and their families in accordance with its articles of incorporation. Support Our Troops annually would have to report to the Department of Treasury an accounting of money received and used.

A motor vehicle owner's or lessee's application for a Support Our Troops fund-raising or collector plate would constitute a prior written consent and instruction by that person to the SOS to provide the person's name and address to Support Our Troops, Inc. of Michigan.

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.

Currently, the SOS may award grants for the preparation of plans and specifications for restoration and stabilization, rehabilitation, or other preservation work on a Michigan lighthouse; must allocate grant funds pursuant to eligibility and scoring requirements

established by the SOS; and must transfer the fund-raising donations to the State Treasurer for credit to the Fund. Under the bill, these provisions would apply to HAL, rather than the SOS.

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.

Trailer Registration Tax

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, 2005, for this provision, and specifies that this provision would apply to a person who has once paid the tax as increased by Public Act 152 of 2003.

(Trailer coaches previously were taxed annually at 76 cents per 100 pounds of empty weight of the trailer coach. Public Act 152 changed the tax to a one-time charge based on weight. Under the Act, if new plates are issued while the trailer is owned by the individual who paid the one-time tax, the \$5 service fee for a standard plate is the only charge for the new plate.)

MCL 257.217d et al.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The Department of State reports that in FY 2004-05, there were 201,000 fund-raising plate transactions generating \$1.2 million for special causes and \$1.2 million for 15 State 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.

Fiscal Analyst: Joe Carrasco

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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.