



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 1013 (as enacted)
Sponsor: Senator Dave Hildenbrand
Senate Committee: Transportation
House Committee: Transportation and Infrastructure

PUBLIC ACT 425 of 2018

Date Completed: 3-28-19

RATIONALE

Currently, Section 801h of the Michigan Vehicle Code allows an owner or lessee of a fleet of 25 or more vehicles that are or will be registered under the Code to apply to the Secretary of State (SOS) for special registration plates for any number of 25 or more vehicles in a fleet. The special registration plates are not required to have registration tabs, which evidently alleviates the burden of matching a tab to a specific fleet vehicle. The Code specifies that passenger vehicle rental fleets are not eligible for registration under Section 801h. Some believed that this prohibition should be eliminated due to the size of some passenger vehicle rental fleets, the constant movement of rental vehicles across the State, and the challenge of having to pair each vehicle with its correct tab. Some also argued that the eligibility requirement of 25 or more vehicles in a fleet was too low. Therefore, it was proposed that the Code be amended to remove the prohibition against special registration plates for passenger vehicle rental fleets and to increase the minimum required fleet size for special registration plate eligibility.

CONTENT

The bill amends Section 801h of the Michigan Vehicle Code to do the following:

- **Increase, from 25 to 300, the minimum number of vehicles required to be in a fleet of vehicles to qualify for special registration plates.**
- **Exempt passenger vehicle rental fleets from a requirement to display a company's name, emblem, trademark, or logo on a vehicle registered under the section.**
- **Specify that if the owner of a vehicle registered under these rental fleet provisions fails to pay the annual registration tax for that vehicle, the SOS must collect a late fee of \$100 for the individual vehicle registration for that vehicle, in addition to the registration tax.**
- **Prohibit the SOS from suspending the registration of all vehicles registered under a fleet vehicle registration plate agreement for failure to pay the annual registration tax for an individual vehicle registered under the agreement.**
- **Require the SOS to collect a late fee of \$100 from a vehicle owner who does not return a fleet registration plate to the SOS within 30 days after deleting that vehicle's registration.**
- **Specify that a vehicle owner is not required to surrender a fleet registration plate assigned to a deleted vehicle if the fleet registration plate is properly transferred to another vehicle in that fleet and the registration for the vehicle is transferred within 30 days after the deleted vehicle is removed from the fleet.**
- **Delete a provision excluding passenger vehicle rental fleets from eligibility for registration under the section.**

The bill will take effect on April 1, 2019.

Vehicle Fleet; Minimum Size

As stated above, Section 801h of the Michigan Vehicle Code currently allows an owner or lessee of a fleet of 25 or more vehicles that are or will be registered under the Code to apply to the Secretary of State for special registration plates for any number of 25 or more vehicles in a fleet. The bill increases to 300 the minimum number of vehicles that must be in a fleet to qualify for special registration plates, and specifies that the annual fleet registration taxes the applicant agrees to pay must be done in a manner determined by the Secretary of State.

Name, Emblem, Trademark, & Logo Exemption

Under the Code, the name, emblem, trademark, or logo of the company issued fleet registration plates under Section 801h must be prominently displayed on the right and left sides of all vehicles registered under the section by the applicant. The name, emblem, trademark, or logo must be of a size, shape, and color that are readily legible during daylight hours from a distance of 50 feet. The bill exempts passenger vehicle rental fleets from these requirements.

Late Fees

Under the Code, the registration tax for each vehicle registered under these provisions must be paid annually. Registration taxes are payable in full not later than the due date provided in the Code.

If the owner of a vehicle registered under these provisions fails to pay the annual registration tax for that vehicle, or fails to comply with the terms of the fleet registration plate agreement, the SOS must immediately suspend the registration of all vehicles registered by that owner. Under the bill, instead, if the owner of a vehicle registered under these provisions fails to pay the annual registration tax for that vehicle, the SOS must collect a late fee of \$100 for the individual vehicle registration for that vehicle, in addition to the registration tax. The SOS may not suspend the registration of all vehicles registered under a fleet vehicle registration plate agreement for failure to timely pay the registration tax for an individual vehicle under the agreement.

If suspended, the Code requires the registration to remain suspended and prohibits the owner from applying for the registration or reregistration of a vehicle under these provisions until payment in full of the tax owed is made. The bill also requires payment in full of the late fee, if applicable, before the owner may apply for registration or reregistration.

In addition, the bill requires the SOS to collect a late fee of \$100 from a vehicle owner who does not return a fleet registration plate to the SOS within 30 days after deleting that vehicle's registration.

Surrender of Fleet Registration Plate

Under the bill, a vehicle owner is not required to surrender a fleet registration plate assigned to a deleted vehicle if the fleet registration plate is properly transferred to another vehicle in that fleet and the registration for the vehicle to which the fleet registration plates is transferred is transferred within 30 days after the deleted vehicle is removed from the fleet.

A vehicle owner must surrender to the SOS a fleet registration plate that has been transferred from a deleted vehicle to another vehicle in the same fleet as provided when the registration for that vehicle expires or when that vehicle is deleted from the fleet.

Registration Eligibility

The Code specifies that passenger vehicle rental fleets are not eligible for registration under these provisions. The bill deletes this provision.

MCL 257.801h

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Passenger vehicle rental fleets often consist of many vehicles. Some of the larger rental companies, e.g., Enterprise Rent-A-Car, own and operate thousands of rental vehicles in the State. According to testimony provided before the Senate Committee on Transportation, Enterprise Rent-A-Car operates over 120 locations across the State and registers over 30,000 vehicles annually. The vehicles' registration fees for this fleet total up to approximately \$6.6 million each year. For a large passenger vehicle rental fleet operating in many locations across the State, it is difficult and inefficient for the fleet owner to have to track and match each vehicle to its proper registration tab. Some companies take vehicles out-of-service for several days so that the appropriate tab can be placed on the plate. By allowing passenger vehicle rental fleets to apply for and use special registration fleet plates, the bill streamlines the cumbersome tabbing process for rental car companies and relieves the State from having to produce thousands of tabs each year.

Opposing Argument

By increasing to 300 the minimum number of vehicles that must be in a fleet to qualify for special registration plates, the bill may exclude smaller companies from participating in the program.

Response: According to the SOS, there are only two companies that have applied to receive special registration plates: Consumers Energy and DTE Energy. Both companies register between 2,000 and 3,000 vehicles each year. No other companies have shown interest in receiving the plate. The bill does not exclude any entity currently receiving special registration plates and the minimum number of vehicles required to qualify for the plate could be changed at a later date to include companies that wish to participate.

Opposing Argument

A tab affixed to a license plate is a useful indicator for law enforcement to determine quickly the registration status of a vehicle. Allowing passenger vehicle rental fleets to acquire a special registration plate without a tab may make it more difficult to enforce the Vehicle Code.

Response: The Code requires the SOS to suspend immediately the registration of all vehicles registered to an owner under Section 801h if the owner fails to pay the annual registration tax for a vehicle or fails to comply with the terms of the fleet registration plate agreement. Presumably, an owner would ensure that all of its vehicles were properly registered so there would be no risk of suspension. This penalty should be sufficient to deter noncompliance with the Code. Currently, vehicles registered with a fleet registration plate must be marked with the name, emblem, trademark, or logo of the company that was issued the plate. Under the bill, this requirement does not apply to passenger vehicle rental fleets. Thus, if a law enforcement officer saw a fleet registration plate affixed to an unmarked vehicle he or she likely could presume that the vehicle was a rental vehicle and that the vehicle was registered. Under these assumptions, the bill will not make enforcement of the Code more difficult.

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill may result in increased revenues for the State from the \$100 late fees that must be imposed under the bill. The amount of additional revenue is indeterminate and will depend on the number of \$100 late fees ultimately levied.

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.