



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 1013 (Substitute S-1 as passed by the Senate)
Sponsor: Senator Dave Hildenbrand
Committee: Transportation

Date Completed: 7-16-18

RATIONALE

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 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 believe 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 argue that the eligibility requirement of 25 or more vehicles in a fleet is too low. Therefore, it has been 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 would amend 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.**
- Delete a provision excluding passenger vehicle rental fleets from eligibility for registration under the section.**

As stated above, 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 for special registration plates for any number of 25 or more vehicles in a fleet. The bill would increase to 300 the minimum number of vehicles that must be in a fleet to qualify for special registration plates.

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 would exempt passenger vehicle rental fleets from these requirements.

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

The bill would take effect on April 1, 2019.

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 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 would streamline the cumbersome tabbing process for rental car companies and relieve 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 could exclude smaller companies from participating in the program.

Response: According to the Secretary of State, 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 would 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 could make it more difficult to enforce the Vehicle Code.

Response: The Code requires the Secretary of State 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 would 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 would not make enforcement of the Code more difficult.

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would have no fiscal impact on State or local government. The registration taxes for fleets are the same as the taxes for nonfleet vehicles.

Fiscal Analyst: Joe Carrasco

SASVA1718\1013a

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.