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Senate Bill 464 (as enrolled)

*(enacted version)*

Sponsor: Senator Mallory McMorrow

Senate Committee: Transportation and Infrastructure

House Committee: Transportation, Mobility and Infrastructure

Date Completed: 11-21-23

## **RATIONALE**

According to testimony before the Senate Committee on Transportation and Infrastructure, specialty license plates are popular among car enthusiasts and a useful tool for the State to generate revenue. For example, in December 2021, the Secretary of State (SOS) brought back the Water-Winter Wonderland registration plate, which was originally in use from 1965 to 1967. As of July 20, 2023, 880,000 vehicles used this style of plate, generating new revenue through an additional \$5 fee.<sup>1</sup> The money raised through the purchase of specialty plates not only offsets the cost of registration plate production but also grants the Department of State additional revenue to fulfill its duties. Accordingly, it has been suggested that the State revive other popular plates.

## **CONTENT**

**The bill would amend the Michigan Vehicle Code to require the SOS to develop and issue three legacy registration plates for which an applicant would have to pay two fees in addition to the registration fee required by the Code.**

Specifically, not later than one year after the bill's enactment, the SOS would have to develop and issue the following legacy registration plates:

- A black registration plate that replicated a registration plate issued by the State from 1979 to 1983, as determined by the SOS (see **BACKGROUND**).
- A blue registration plate that replicated a registration plate issued by the State from 1983 to 2007, as determined by the SOS (see **BACKGROUND**).
- Only available for issue in the year 2026, a red, white, and blue registration plate that replicated a registration plate issued by the State during the year 1976, as determined by the SOS (see **BACKGROUND**).<sup>2</sup>

To receive a legacy registration plate under the bill, an individual would have to apply to the SOS in accordance with current registration requirements.<sup>3</sup> In addition to the regular registration fee, each individual would have to submit with the individual's application the following:

- A \$5 service fee to be deposited in the Transportation Administration Collection Fund (TACF).

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<sup>1</sup> Mencarini, Matt, "Throwback license plate is gaining popularity. Here's where it ranks among Michigan's options", *Lansing State Journal*, July 20, 2023.

<sup>2</sup> In 2026, the United States will celebrate its semi-quincentennial, the 250th anniversary of the 1776 Declaration of Independence.

<sup>3</sup> For more information, see MCL 257.217.

-- An additional fee of \$50 to be deposited in the Michigan Transportation Fund (MTF).

Additionally, the bill would prescribe a \$10 fee for a registration *renewal* of an existing legacy registration plate. The fee would have to be deposited into the MTF.

(The Department of State may expend money from the TACF, upon appropriation, to pay the collection expenses incurred by the Department in the administration and enforcement of the sections of the Michigan Vehicle Code concerned with registration fees, certificates of title, dealer's license and liens, and preparation and sale fees for lists of information, and for commercial look-up requests for records under a variety of Acts, including snowmobile, watercraft, and off-road vehicle records. The TACF also may be used to reduce the costs of collecting motor fuel taxes.

Money from the MTF may be spent on appropriation for the necessary expenses incurred by the respective department or commission in the administration and enforcement of the Motor Fuel Tax Act, the Motor Carrier Act, and the sections of the Michigan Vehicle Code concerned with registration fees, certificates of title, and dealer's license and liens.)

Under the bill, the SOS also would have to determine the number of each legacy registration plates to be manufactured and issued. The SOS could cease to issue legacy registration plates as necessary and duplicate replacements of legacy registration plates for use on vehicles. If the SOS ceased issuing these plates, it could continue to renew plates already issued. A legacy registration plate would expire on the owner's birthday.

Additionally, the Code requires the SOS to deposit service fees collected on special registration plate transactions into the TACF through October 1, 2023. The bill would extend this requirement to October 1, 2027.

MCL 257.803r et al.

### **PREVIOUS LEGISLATION**

*(This section does not provide a comprehensive account of previous legislative efforts on this subject matter.)*

The bill is a reintroduction of Senate Bill 45 of the 2021-2022 Legislative Session.

### **BACKGROUND**

The following is an example of a Michigan registration plate from 1979-1983:



The following is an example of a Michigan registration plate from 1983-2007:



The following is an example of a Michigan registration plate from 1976, which commemorated the bicentennial, the 200<sup>th</sup> anniversary of the 1776 Declaration of Independence:



(These images were sourced from the Wikipedia article, "Vehicle registration plates of Michigan." The 1979-1983 and 1976 plates were submitted by private users).

### **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**

Reviving popular plates would celebrate Michigan's car culture. According to testimony before the Senate Committee on Transportation and Infrastructure, legacy license plates are popular in other states, such as California. In Michigan, the country's car capital, there may be a greater number of car enthusiasts interested in nostalgic plates. Providing plates that evoked the State's car heritage could please many residents.

Legislative Analyst: Abby Schneider

### **FISCAL IMPACT**

While the bill would allow the Department of State to charge a \$5 service fee upon issuance of the proposed legacy registration plates, the bill would create some indeterminate costs for the Department associated with the development and issuance of the proposed legacy registration plates. The amount of revenue raised for the TACF and the MTF would depend on the number of each legacy registration plate to be manufactured and issued, which would be determined by the SOS.

The Department would be allowed to charge a \$5 service fee to reflect the actual cost of developing, issuing, and otherwise administering a legacy registration plate. The revenue from this service fee would be deposited into the TACF to fund departmental costs and is dependent on the number of specialty plates actually issued.

Additionally, the bill would require the payment of an additional \$50 fee per plate, to be deposited into the MTF. Upon renewal of a legacy registration plate an additional \$10 fee

would be collected, also deposited into the MTF. The bill is silent on the allowable uses of the revenue from this additional fee.

The \$5 service fee and the additional \$50 fee would be one-time charges only paid upon initial issuance of a legacy plate and would be in addition to normal registration fees based on the vehicle. Renewal fees and the \$10 fee would be charged in subsequent years for renewal of a legacy registration plate, with the additional \$10 fee at renewal deposited into the MTF. The amount of deposit would depend on how many specialty plates ultimately are renewed.

Finally, the Department likely would incur additional costs for reprogramming the CARS management system to incorporate the new legacy registration plates. The cost is indeterminate and depends on the amount of software updates required, which could require additional appropriations.

*(For comparison purposes, the State's newest plate, the Water Winter Wonderland plate, has sold over 1.1 million units since it was first issued in 2022. This plate does not require the additional \$50 fee that would be required for the proposed legacy plates, thus it is unknown what effect the additional \$50 fee would have on the number of units ultimately sold.)*

Fiscal Analyst: Joe Carrasco, Jr.

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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.