



**House
Legislative
Analysis
Section**

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ISSUE PERMANENT FLEET LICENSE

**House Bill 5989 (Substitute H-1)
First Analysis (9-24-96)**

**Sponsor: Rep. Walter DeLange
Committee: Transportation**

THE APPARENT PROBLEM:

At present, under the Michigan Vehicle Code, an owner of a large fleet of vehicles must separately renew the registration on each vehicle in the fleet. The process can be a time-consuming one, since the registrations for each vehicle expires at different times throughout the year. It has been suggested that it would be more efficient for the secretary of state's office and for the owners of large fleets if those with 25 or more vehicles were billed once, annually, for all the vehicles in their fleet. According to the Department of State, this system has worked well in other states.

THE CONTENT OF THE BILL:

The bill would amend the Michigan Vehicle Code (MCL 257.801h et. al.), which provides for the licensing and registration of all motor vehicles in the state, to permit the owner or lessee of 25 or more vehicles to apply to the secretary of state for special registration plates for any number of the vehicles. Under the bill, the following provisions would apply:

- The application form for special registration plates would be drafted by the secretary of state. Included in the agreement would be the statement that, at a minimum, the applicant agreed to pay the required annual fleet registration taxes.
- Upon approval and payment, the secretary of state could issue the required registration plate and registration certificate for each vehicle in a format prescribed by the secretary of state.
- The name, emblem, trademark, or logo of the company issued fleet registration plates under these provisions would have to be prominently displayed on the right and left sides of all vehicles registered under this provision, contain letters, figures, or numerals in sharp contrast to the background, and be of such size, shape, and color as to be readily legible during daylight hours from a distance of 50 feet.
- The registration tax for each vehicle registered under these provisions would have to be paid annually, in full,

and no later than the required due date. Should the owner fail to pay the annual registration tax or fail to comply with the terms of the fleet registration plate agreement, as required under the bill, the secretary of state would immediately suspend the registration of all vehicles registered by the owner under these provisions; the registration would remain suspended, and the owner could not apply for registration or reregistration under these provisions until the tax owed was paid in full; and the secretary of state would be required to notify law enforcement of suspended plates.

- An owner or lessee in good standing could add a vehicle to the registered list of vehicles at any time by applying to the secretary of state on the appropriate form, and submitting the required registration taxes. Deletion of a vehicle from the registered list could be accomplished by notifying the secretary of state on the appropriate form and surrendering the assigned registration plate.
- The secretary of state, or his or her authorized representative, could visit and examine the vehicle registration records of an owner whose vehicles were registered under the provisions, but only during the owner's regular business hours, and only those vehicles and records necessary to determine an owner's compliance.

Exceptions. A vehicle that was not titled or leased in the name of the applicant, a vehicle registered as a truck for interstate commerce, and passenger vehicle rental fleets would not be eligible for registration under these provisions.

Special Registration Plates. Currently, the secretary of state, upon request, may issue a special temporary registration plate for a vehicle with a gross weight of 24,000 pounds or greater. The bill would change, from one-tenth to one-twelfth, the percentage multiplier used to calculate this registration fee.

Effective Date. The bill would take effect October 1, 1997.

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FISCAL IMPLICATIONS:

According to the Department of State, the bill would have no impact on state funds. (9-19-96)

ARGUMENTS:

For:

The bill would allow the owners of large fleets to purchase special annual registration certificates and plates that would cover all the vehicles in their fleet. Currently, the vehicles in a fleet are often scattered around the country, and fleet owners must apply separately for registration renewals for each vehicle. Under the bill, however, the owner of a fleet would only have to pay an annual bill for all the vehicles in the fleet. In addition, the bill would make it easier to calculate the fee required for temporary plates, in order to encourage more fleet owners to add vehicles to their fleet in mid-year. According to the secretary of state, the one-tenth percentage rate used to calculate this fee should have been established at one-twelfth initially, since one year is divided into twelve, rather than ten, months.

Response:

Apparently, the intent of the bill is to provide for permanent license plates without the need for annual renewal tabs for vehicles that are part of large fleets. However, the bill does not actually specify that these plates would be permanent, although that may be inferred. Perhaps clarifying the language would be appropriate.

POSITIONS:

Representatives of the Department of State testified before House Transportation Committee in support of the bill. (9-19-96)

The Michigan Trucking Association supports the bill. (9-23-96)

Analyst: R. Young

■ 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.