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SFA**BILL ANALYSIS**

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Senate Bill 886 (Substitute S-1 as passed by the Senate)
Sponsor: Senator Michael J. Bouchard
Committee: Transportation and Tourism

Date Completed: 9-15-98

RATIONAL

The Michigan Vehicle Code requires the Secretary of State to issue to motor vehicle owners in the State a plate that displays the registration number assigned to their vehicle. The Code also provides for the issuance of specialty plates that recognize certain members of the armed forces, such as the military reserve and the National Guard, as well as veterans of various armed conflicts, such as World Wars I and II. These plates are inscribed with lettering and/or appropriate vignettes. In addition, the Secretary of State is required, upon application, to issue a registration plate for a passenger motor vehicle, pickup truck, van, or motor home that bears a decal representing the Olympic Education-Training Center at Northern Michigan University. In addition to the regular registration tax, each application must be accompanied by a service fee, which is deposited in the Olympic Education-Training Center Fund, created in the State Treasury. The fees then are distributed to the Center, after manufacturing and administrative costs have been deducted. Since the Vehicle Code already permits the issuance of specialty registration plates as a fund-raising mechanism, some people would like to have specialty plates for arts lovers that could have service fees designated to benefit arts programs across the State.

CONTENT

The bill would amend the Michigan Vehicle Code to require the Secretary of State to develop a Michigan arts lover registration plate, which could be issued instead of a standard registration plate; establish service fees for the original and renewal plates; require the fees to be deposited with the State Treasurer after administrative costs for the manufacture of the original plate were subtracted; require the transmission to each county of an amount equal to the service fees collected for arts lover

plates issued to persons in that county; require the Secretary of State to subtract one-time manufacturing and administrative costs; and require a county board of commissioners to use these funds to provide grants for the purchase and display or performance of the arts in public places in that county.

Plate Issuance

The Secretary of State, upon application, would be required to issue a "Michigan arts lover registration plate" (which would mean a registration plate that had a design depicting a Michigan arts lover theme) to an applicant for use on the passenger motor vehicle, pickup truck, van, or motor home for which the registration plate was issued instead of a standard registration plate. An application for an arts lover registration plate would have to be submitted to the Secretary of State according to current vehicle registration procedures.

The expiration date for an arts lover registration plate would be pursuant to the Code's provisions on the expiration date of a motor vehicle registration. Upon the issuance or renewal of an arts lover registration plate, the Secretary of State could issue a tab designating the month and year of expiration.

The Secretary of State could issue a temporary registration permit to a person who submitted an application and the proper payments for an arts lover registration plate, if the applicant's current vehicle registration would expire before he or she received an arts lover registration plate. The temporary registration would expire upon receipt of an arts lover registration plate or 60 days after the issuance, whichever occurred first. The temporary permit would have to be issued without an additional fee.

Fees

Except as provided in the bill, an application for an original or renewal Michigan arts lover registration plate would have to be accompanied by payment of the regular vehicle registration tax in addition to the following service fees:

- \$3 for the first month and \$2 per month for each additional month of the registration period, for an original arts lover registration plate.
- \$25 for a renewal of an arts lover registration plate.

After subtracting the administrative costs incurred by the manufacturer and administrative costs associated with the original arts lover registration plate, the Secretary of State would have to deposit each service fee with the State Treasurer, who annually would have to transmit an amount to the county board of commissioners of each county that was equal to the service fees collected for the issuance of arts lover registration plates to persons in that county during the preceding year. The Secretary of State, however, would have to subtract a one-time manufacturing and administrative cost from the service fees collected under the bill. The county commissioners would have to use the funds to provide grants to the county or a local governmental unit (city, village, or township) located in the county for the purchase and display or performance of the arts in public places in the county.

Design

The Secretary of State would have to create a design or accept a design for an arts lover registration plate submitted by another source. Michigan arts lover registration plates could not be a duplication of another registration plate.

Proposed MCL 257.803q

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

Many arts organizations in Michigan, especially those whose State funding has been cut, are looking for innovative ways to raise funds. With an arts lover registration plate, advocates of the arts

could voluntarily contribute to their local arts organizations as well as display their support for the arts by affixing a specialty plate to their motor vehicles. Furthermore, the State has experience with issuing fund-raising plates under a program that is similar to the program proposed in the bill for the issuance of an arts lovers specialty plate. Since the Secretary of State is required to issue registration plates bearing an Olympic Center decal, under Public Act 332 of 1994, approximately 8,000 plates have been sold.

Response: In addition to the Olympic Center plate, the Vehicle Code already permits the issuance of registration plates that recognize persons who are serving or have served in the armed forces. Specifically, special recognition plates are available for the following: ex-prisoners of war, World War I veterans, Pearl Harbor survivors, World War II veterans, Purple Heart recipients, disabled veterans, National Guard members, members of the military reserves, Korean War veterans, Vietnam War veterans, Persian Gulf War veterans, and persons in the National Guard and U.S. armed services who have been called to active duty after December 18, 1992, to serve in a declared war. In addition, a specialty plate that contains a symbol of the organization, may be issued for certain nonprofit fraternal or public service organizations. The armed services plate displays a vignette of one of the branches of the service and the Olympic plate displays a decal. Some people are concerned not only about the proliferation of specialty plates but the creation of yet another design for a registration plate, since the bill would require the Secretary of State to create a design or accept a design submitted by another source for an arts lover registration plate. In addition, some have questioned whether the State should be involved at all in fund-raising for private organizations.

Opposing Argument

The bill would require the State Treasurer to transmit to each county an amount equal to the service fees collected for the issuance of arts lover plates to persons in that county during the preceding year. Some rural and/or less densely populated counties may have no arts programs. Consequently, residents of these counties support arts programs that may be located in other counties in the region. Because of this situation, the service fees should be either distributed on a regional basis, or designated to a State entity that would distribute the funds equitably across the State.

Opposing Argument

Some people contend that county boards of commissioners could be too partisan when distributing the funds to organizations in a county. Instead of being allocated on a county-wide basis, the funds should be returned to the community where the purchaser lived.

Legislative Analyst: L. Arasim

FISCAL IMPACT

The State would incur administrative costs due to the creation of arts lover registration plates. Money collected from the purchase of such plates would be deposited with the State Treasurer and subsequently transmitted to the county boards of commissioners. Currently, there are no data to indicate how many people would purchase these plates. Counties could see increases in revenues from the purchase of these specialty plates. The fiscal impact on State government is indeterminate.

Fiscal Analyst: E. Limbs

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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.