

Senate Fiscal Agency
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SFA



BILL ANALYSIS

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House Bill 4202 (as reported without amendment)
Sponsor: Representative Paul Baade
House Committee: Senior Citizens and Veterans Affairs
Senate Committee: Transportation and Tourism

Date Completed: 4-29-97

RATIONALE

Public Act 152 of 1982 amended the Michigan Vehicle Code to permit a person who has been a prisoner of war to apply to the Secretary of State for a special vehicle registration plate that contains an inscription noting that the person is an ex-prisoner of war. Subsequently, the Vehicle Code has been amended to authorize special license plates for disabled veterans, World War I veterans, Pearl Harbor survivors, Purple Heart medal recipients, disabled veterans, members of the Michigan National Guard or military reserve, and veterans of World War II, the Korean War, the Vietnam War, and the Persian Gulf War as well as the conflicts in Grenada, Panama, and Lebanon. The Vehicle Code also permits a person who was a member of any branch of the U.S. armed services and who was called to active duty during a declared war or armed conflict in which the U.S. was a participant to apply for a special registration plate. Although special registration plates are available for veterans who served in a war or armed conflict, there is no provision to recognize veterans who served the armed services during peacetime. Some people believe that veterans who served at times other than during an armed conflict, whether stationed in this country or overseas, should be honored with special registration plates.

CONTENT

The bill would amend the Michigan Vehicle Code to permit a person who had been a member of any branch of the United States armed services, who had retired or had been granted an honorable discharge from that branch of the armed forces, and who was not otherwise eligible for a special registration plate under the Code, to apply to the Secretary of State for a special registration plate. The registration plate would have to display an

appropriate vignette preceding the registration numbers.

A person described above could apply for a special registration plate on a form prescribed by the Secretary of State. The application would have to be accompanied by any proof of the applicant being or having been a member of any branch of the armed services, and a \$5 service fee. A person issued a special plate under the bill would have to be assessed the applicable tax provided in the Code.

Currently, a person who has been a prisoner of war may apply to the Secretary of State for a special registration plate and is exempt from paying vehicle registration taxes, as specified in the Code. Persons who have received a Purple Heart medal also may apply to the Secretary of State for a special registration plate. The bill would exempt these Purple Heart recipients from registration taxes, as well.

MCL 257.803e & 257.803i

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

Veterans who served their country honorably during peacetime cannot be appropriately recognized by the State because the Vehicle Code limits the issuance of special plates to veterans who served in an armed conflict. Michigan, however, has a long tradition of honoring all of its veterans. By permitting veterans who served during peacetime to apply for a special registration plate, the bill would make Michigan the first state in the nation to

honor with special license plates all of its veterans, not just wartime veterans.

Response: Currently under the Code, a veteran who is an ex-prisoner of war is entitled to one special registration plate, which is exempt from the vehicle registration tax. Additional plates are assessed the tax, however. In addition, special registration plates issued to disabled veterans also are exempt from the vehicle registration tax. The bill would extend this exemption to Purple Heart recipients. All other veterans, however, still would be subject to the tax. Concerns have been raised about the cost to the State resulting from exempting Purple Heart recipients from vehicle registration taxes.

Legislative Analyst: L. Arasim

FISCAL IMPACT

The bill would result in additional costs regarding issuance of special registration plates, and also would result in a revenue loss to the Michigan Transportation Fund by exempting veterans wounded in combat from the vehicle registration tax. The average revenue generated per passenger vehicle from registration taxes is approximately \$58. As of October 1, 1996, there were 2,844 plates issued to Purple Heart recipients under Section 803(4). Using this as a minimum, the annual loss to the Michigan Transportation Fund would be \$164,952. The total number of combat-wounded veterans who do not register their vehicles under this section is not known. Therefore, the total revenue loss could be substantially higher.

Fiscal Analyst: B. Bowerman

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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.