

LICENSE PLATES AND RECREATION PASSPORT FEE EXEMPTIONS FOR TOTALLY DISABLED VETERANS

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House Bill 5308 (proposed substitute H-5)

Sponsor: Rep. Beau Matthew LaFave

Committee: Military, Veterans and Homeland Security

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SUMMARY:

House Bill 5308 would amend the Michigan Vehicle Code to revise provisions concerning license plates, tabs, and Recreation Passport fee exemptions for ***totally disabled veterans***.

The bill would define ***totally disabled veteran***, for purposes of the code, to mean a person who was honorably discharged from the United States Armed Forces and who meets either of the following:

- The person has been determined by the U.S. Department of Veterans Affairs to have a service-connected total or permanent total disability rating for compensation.
- The person has been determined to have a service-connected total or permanent total disability rating and is receiving disability retirement pay from a branch of the United States Armed Forces.

Plates and tabs for totally disabled veterans under section 803f

The bill would amend section 803f of the code, which currently provides for a special registration plate for totally disabled veterans. In addition, the section allows an individual who has been issued such a plate to also be issued, free of charge, an adhesive tab for persons with disabilities. The surviving spouse of a totally disabled veteran can also be issued such a tab if the surviving spouse is a disabled person.

In addition to the special registration plate, the bill would allow a totally disabled veteran to apply for, and require the secretary of state (SOS) to issue if the SOS approves the totally disabled veteran's application, one of the following as requested by the totally disabled veteran: a standard or commemorative issue plate described in section 224 of the code; a veteran or military service plate described in section 803i, 803j, 803k, 803l, 803n, or 803o; or a special registration plate described in section 803d.

The bill would provide that one person in any household is entitled to one special registration plate or plate with tab issued under section 803f that is exempt from the payment of the registration tax provided in section 801 of the code, as long as the plate is issued for a private passenger motor vehicle (defined as a motor vehicle, other than a motor home, that is personally owned by the totally disabled veteran and is used for the primary purpose of transporting the totally disabled veteran and totally disabled veteran's family members). An additional special registration plate or plate with tab would be subject to the registration tax.

A tab for persons with disabilities for a plate issued a totally disabled veteran would have to accompany a registration issued to a totally disabled veteran under these provisions. The tab

would have to be issued free of charge and could be attached only to the registration plate for which it was issued. The tab would have to be an adhesive tab that includes the written designation “DV” and “P.” In renewing a plate for which a tab for persons with disabilities was issued, the applicant would not be required to re-submit proof that was required to receive a special plate under section 803f (namely, that the applicant met the definition of totally disabled veteran, above). The tab for a renewal would have to be issued free of charge.

Other provisions

The bill would add vehicles displaying the following to provisions in the code that pertain to parking reserved for use by disabled persons:

- A special registration plate issued under section 803f of the code to a totally disabled veteran.
- A registration plate to which is attached a tab for persons with disabilities issued under section 803f of the code.

The bill would also add totally disabled veterans to provisions regarding the entitlement to courtesy in the parking of a vehicle and relief from liability for a parking violation, except for local fire lane or rush hour parking ordinances and except as provided in the code.

The bill also would prohibit making a false statement of material fact to obtain or assist an individual in obtaining a special registration plate for a totally disabled veteran or tab for persons with disabilities under section 803f. A violation would be a misdemeanor punishable by a fine of up to \$500 or imprisonment for up to 90 days, or both. (The prohibition and penalty already apply to false statements to obtain or assist in obtaining certain placards, stickers, or special registration plates under the code.)

Finally, the bill would exempt from the Recreation Passport provisions of the Vehicle Code the issuance or renewal of a registration for which a tab for persons with disabilities has been issued under section 803f. (The bill also would provide that the revised fee for a Registration Passport for a vehicle with a two-year registration under the code takes effect October 1, 2023. The provisions under which two-year registrations may be issued take effect October 1, 2022.)

MCL 257.674 et seq.

BACKGROUND:

House Bill 5308 is similar to HB 4552 of the 2019-20 legislative session as that bill was passed by the House of Representatives.

FISCAL IMPACT:

House Bill 5308 would reduce revenue for the Department of Natural Resources (DNR) by expanding exemptions to the Recreation Passport requirement for state parks and state-operated boating access sites. The amount of reduced revenue would depend on the number of totally disabled veterans who currently pay for a Recreation Passport each year and the number who pay the access fee at state parks and state operated public boating access sites who would no longer pay either fee because of the fee waiver provided by the bill. Data on the number of individuals with totally disabled veteran benefits who also purchase Recreation Passports are

not available, but the Department of State reports that 26,500 disabled veteran plates are active in Secretary of State's registry. This number is significantly higher than the known 15,700 totally disabled veterans estimated in Michigan from data from the U.S. Department of Veterans Affairs, potentially indicating a high number of surviving spouses using the benefit.

The Department of State has estimated that 35% of all registration renewals opt to purchase a Recreation Passport. Not all totally disabled veterans are licensed drivers, but if 35% of those individuals with disabled veteran plates opt to purchase a \$12 Recreation Passport, it would account for \$111,300 annually in decreased revenue. This amount would provide a low-end estimate of the decrease in revenue to DNR from forgone Recreation Passport revenue. An estimate of the full revenue decrease would also include revenue forgone from access fees paid by totally disabled veterans at state parks and state operated public boating access sites, which is indeterminate at this time.

The bill would limit the number of disabled veterans and spouses claiming an exemption of the registration tax as provided by section 803f to one per household and only for use on private passenger vehicles. This limitation may decrease the number of registration tax exemptions claimed under section 803f resulting in an indeterminate increase in tax revenue to the Michigan Transportation Fund (MTF). The MTF is the primary collection and distribution fund for state restricted transportation revenue. MTF revenue is distributed to the State Trunkline Fund, to local road agencies, and to other targeted or categorical transportation programs in accordance with 1951 PA 51.

The bill would also marginally decrease revenue to the Transportation Administration Collection Fund which is the Department of State's primary state restricted fund source for supporting vehicle and driver services. The bill would waive the service fee required with an application for a special registration plate for totally disabled veterans.

The Department of State would incur additional minor costs from the bill related to information technology programming costs to the department's computer systems to incorporate the bill's changes.

The sale of Recreation Passports generated \$38.0 million in revenue for FY 2020-21. This revenue is received by both the Department of State and DNR, where it supports state park operations, maintenance, capital outlay projects, local public recreation, and forest recreation. The bill is unlikely to affect departmental costs or local government costs or revenues.

Legislative Analyst: E. Best
Fiscal Analysts: Michael Cnossen
Austin Scott

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.