



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 42 (as reported without amendment)
Sponsor: Senator Peter J. Lucido
Committee: Transportation and Infrastructure

Date Completed: 4-2-19

RATIONALE

The Michigan Vehicle Code provides for the creation of State-sponsored fund-raising license plates for the benefit of charitable causes. Purchasers of a fund-raising plate must pay a \$25 donation and a \$10 service fee above the cost of a standard plate. The \$25 is then deposited into a designated fund to be used for the cause associated with the plate. If a fund-raising plate fails to meet sales goals specified in the Code, the Secretary of State must cease to issue it. The fund-raising plates currently available support agriculture education programs for grades K-12, Boy Scouts of America, breast cancer awareness, veterans' services, wildlife preservation, and many other causes, as well as the 15 State-sponsored universities in Michigan. It has been suggested that a charitable license plate recognizing the Kiwanis International Michigan District be created, with the proceeds going to the nonprofit organization to support its charitable causes throughout the State.

CONTENT

The bill would amend the Michigan Vehicle Code to do the following:

- **Require the Secretary of State (SOS) to develop and issue a Kiwanis International Michigan District fund-raising plate or collector plate.**
- **Create the Kiwanis International Michigan District Fund within the State Treasury and require the money from the sale of the plates to be deposited into the Fund.**
- **Require the State Treasurer to disburse money in the fund on a quarterly basis to the Kiwanis International Michigan District.**
- **Revise the definition of "nonprofit".**

The bill would take effect 90 days after its enactment.

Specifically, the bill would require the SOS, by August 1, 2019, to develop under Section 811e and issue under Section 811f a fund-raising plate or collector plate recognizing the Kiwanis International Michigan District. The plate would have to bear an appropriate logo, the design of which the Kiwanis International Michigan District would have to submit to the SOS.

(Section 811e of the Code prescribes a start-up fee for any new fund-raising plate in an amount equal to a three-year average of the cost to the SOS of developing a new plate, as calculated by the SOS on January 1 of each year, and requires the fee to be deposited in the Transportation Administration Collection Fund to be used for the cost of creating, producing, and issuing fund-raising plates. If the fee is not paid within 18 months after the effective date of the public act that authorizes the development and issuance of a fund-raising plate, the SOS may not create, produce, or issue the related plate. The SOS may not develop or issue a fund-raising plate unless a public act authorizing the plate identifies its purpose; creates a nonprofit fund or designates an existing nonprofit fund to receive the money raised through the sale of the plates and matching collector plates; and, if a fund is created, names the person or entity responsible for administering it.

Section 811f authorizes the SOS to issue a fund-raising plate instead of a standard registration plate upon application, which must be accompanied by a \$25 fund-raising donation, payment of the regular vehicle registration tax prescribed in the Code, and a \$10 service fee.

Section 811g allows the SOS to develop, market, promote, and sell a collector plate. The SOS may do so only with funds available from the collection of service fees under the Code.)

The bill also would create the Kiwanis International Michigan District Fund within the State Treasury. The State Treasurer could receive money or other assets from any source for deposit into the Fund. The State Treasurer would have to direct the investment fund and credit to the fund interest and earnings from fund investments. Money in the Fund at the close of the fiscal year would have to remain in the Fund and could not lapse to the General Fund. The State Treasurer would have to be the administrator of the Kiwanis International Michigan District Fund for auditing purposes.

The SOS would have to transfer the donation money from the sale of Kiwanis International Michigan District fund-raising plates to the State Treasurer, who would have to credit the donation money to the Fund. The State Treasurer would have to disburse money in the Fund on a quarterly basis to the Kiwanis International Michigan District.

Additionally, the Code currently defines "nonprofit" as that which is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. Under the bill, "nonprofit" would mean that which was eligible for a charitable deduction under the United States Internal Revenue Code.

(Organizations listed under Section 501(c)(3) of the Internal Revenue Code are exempt from taxation, unless the exemption is denied. The list includes corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition, or for the prevention of cruelty to children or animals.)

MCL 257.811d et al.

BACKGROUND

According to its website, Kiwanis International is a global community of clubs, members, and partners "dedicated to improving the lives of children one community at a time". Clubs are located in 80 countries and members, which exceed more than 550,000, stage nearly 150,000 service projects and raise approximately \$100.0 million annually for communities, families, and projects. The organization is divided into four levels: the club level, the division level, the district level, and finally the international level. Kiwanis International was founded in 1915 in Detroit, Michigan.

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

In Michigan, Kiwanis International has 162 active clubs with varying levels of membership. These Kiwanis clubs acquire funding from many sources to conduct their service projects in the community and to contribute to larger projects both nationally and globally. A portion of the funding for Kiwanis' activities is provided by its membership; members pay annual fees, while also fundraising either individually or through their local Kiwanis clubs. According to testimony before the Senate Committee on Transportation and Infrastructure, Kiwanis membership has declined in recent years, which diminishes the amount of funding that Kiwanis International can contribute to serving communities, families, and projects. To alleviate some of the burden of declining membership, the Legislature should allow the Secretary of State to produce and distribute a Kiwanis International Michigan District fund-raising plate.

FISCAL IMPACT

The bill would create a start-up cost to the Department of State; however, the start-up fee prescribed in the Code (currently estimated at \$90,000) would have to be paid to the Department of State from the new Kiwanis International Michigan District Fund proposed under the bill. The revenue generated from the fund-raising license plate would be deposited into the Fund, after which the State Treasurer would disburse payments from the Fund on a quarterly basis to the Kiwanis International Michigan District.

The bill would have no fiscal impact on local government.

Fiscal Analyst: Joe Carrasco

SASVA1920\42a

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.