



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



Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5607 (Substitute H-3 as reported without amendment)

Sponsor: Representative Philip LaJoy

House Committee: Transportation

Senate Committee: Transportation

CONTENT

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

- Require the Department of State to offer a new standard design registration plate made of fully reflectorized material that was clearly visible at night, beginning January 1, 2007.
- Prohibit the Department, beginning on that date, from issuing or transferring a "standard design beads on paint" registration plate or issuing a registration tab or sticker for it.
- Provide that the implementation of these requirements would be contingent upon appropriations sufficient to cover the costs to the Department of designing, manufacturing, distributing, and issuing the new plate.
- Require the Secretary of State to report to the Secretary of the Senate and the Clerk of the House, within 30 days after all of the standard design beads on paint plates had been replaced, on the costs incurred and revenue spent to implement the bill.

The bill is tie-barred to House Bills 4437 and 5607. House Bill 4437 (H-1) would appropriate \$11.0 million from the Michigan Transportation Fund (MTF) in fiscal year 2005-06 for the reissuance of license plates. House Bill 5979 would amend Public Act 51 of 1951, the MTF law, to allow the Legislature to exceed the statutory limit of \$20.0 million on an interdepartmental grant from the MTF to the Department of State to cover additional expenses incurred in replacing the standard design license plate.

MCL 257.224

Legislative Analyst: Julie Koval

FISCAL IMPACT

The Department of State estimates one-time costs related to the new plate at approximately \$11.0 million. Under the bills, the cost of the new plate would be funded from the Michigan Transportation Fund. The cost estimate is based on the design and production of 6.0 million plates, including postage and handling costs. The bills also would result in additional annual ongoing costs in future years of \$690,000. The Department annually orders 1.5 million plates related to new vehicles and replacement plates. The reflective plate costs \$0.46 more per plate than the current blue plate.

The Department of State anticipates that the new plate would result in improved compliance with vehicle registration laws, more than offsetting one-time costs related to the new plate. This is based on a noncompliance rate of 3% (166,735 vehicles). Using an average registration cost of \$92 per vehicle, the Department estimates that \$15.3 million in additional revenue would be generated to the MTF (a net MTF increase of \$4.4 million after one-time costs associated with the new plate).

Date Completed: 5-10-06

Fiscal Analyst: Bill Bowerman
Jessica Runnels