



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5979 (as reported without amendment)
Sponsor: Representative Philip LaJoy
House Committee: Transportation
Senate Committee: Transportation

CONTENT

The bill would amend Public Act 51 of 1951, the Michigan Transportation Fund (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.

The bill is tie-barred to House Bills 4437 and 5607. House Bill 4437 (H-1) would appropriate \$11.0 million from the MTF in FY 2005-06 for the reissuance of license plates. House Bill 5607 (H-3) would amend the Michigan Vehicle Code to require the Department of State to offer a new standard design registration plate made of fully reflectorized material, and prohibit the Department from issuing or transferring a "standard design beads on paint" registration plate or issuing a registration tab or sticker for that plate, beginning on January 1, 2007.

MCL 247.660

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

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