



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 837 (Substitute S-1 as reported)
Sponsor: Senator Tom Casperson
Committee: Transportation

Date Completed: 8-9-18

RATIONALE

Public Act 568 of 2008 instituted a program that allows an individual to avoid having points assigned to his or her driving record for a moving violation if he or she completes a basic driver improvement course. It was believed that this course would improve road safety and reduce the occurrence of future traffic accidents. However, the Michigan Vehicle Code prohibits a person from taking the course more than once. Some have questioned why Michigan residents are permitted to take the course only once if the course is effective. Evidently, some states have enacted similar programs and allow their residents to take similar courses multiple times. It has been suggested that Michigan law be amended to allow eligible individuals to take a driver improvement course more frequently than what is currently permitted.

CONTENT

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

- **Provide that a person would be ineligible to take a basic driver improvement course if he or she successfully completed a course within the previous three years.**
- **Delete requirements that an approved sponsor of a basic driver improvement course conduct a study determining the effectiveness of its course.**
- **Require an approved sponsor to maintain certain records for each customer for two years, and make those records available for inspection.**

The bill would take effect 90 days after it was enacted.

Basic Driver Improvement Course

Under the Code, the Secretary of State (SOS) may not enter points on an eligible individual's driving record for a moving violation committed in Michigan, or make information about that violation available to any insurance company, if the individual attends and successfully completes a basic driver improvement course and an approved sponsor gives a certificate of successful completion to the SOS within 60 days after the date on which the SOS notified the individual that he or she was eligible to take a basic driver improvement course.

("Approved sponsor" means a sponsor of a basic driver improvement course that is approved by the Secretary of State and whose approved status is not suspended or revoked.)

The SOS must determine if an individual is eligible to attend a basic driver improvement course upon receipt of an abstract of a moving violation. If the person is eligible, the SOS is required to perform several actions listed under the Code, including notifying the person of his or her eligibility.

An individual is ineligible to take a basic driver improvement course if he or she previously successfully completed a course. Under the bill, instead, an individual would be ineligible if he or

she successfully completed a course, and the date of completion occurred within the immediately preceding three years.

(An individual also is ineligible to take a basic driver improvement course for certain violations, such as a criminal offense or a violation for which four or more driving record points may be assessed, or if the individual has three or more driving record points, his or her license is restricted, suspended, or revoked, or the individual was not issued a license.)

Study

The Code requires an approved sponsor to conduct a study of the effect, if any, that the successful completion of its basic driver improvement course has on reducing collisions, moving violations, or both for students completing its course in Michigan. An approved sponsor must conduct the study every five years on each of the course delivery modalities employed by the sponsor. The SOS must make all of the following information available to the approved sponsor for that purpose, subject to applicable State and Federal laws governing the release of information:

- The number of individuals who successfully complete a basic driver improvement course.
- The number of individuals who are eligible to take a basic driver improvement course but who do not successfully complete the course.
- The number and type of moving violations committed by individuals after successfully completing a basic driver improvement course in comparison to the number and type of moving violations committed by individuals who have not taken the course.

The Code also requires the SOS to report on the findings of all studies conducted by the approved sponsor to the standing committees of the House of Representatives and the Senate on transportation issues.

The bill would delete all of these requirements.

Record Keeping

The bill would require an approved sponsor to maintain all of the following records for each customer:

- The student's name.
- The student's operator's license number.
- The amount paid to the sponsor by the student.
- The first and last dates of the student's course participation.
- Whether the student passed or failed the course.

An approved sponsor would have to retain these records for two years. The sponsor would have to maintain the records and make them available for inspection at its place of business in the State or, if the sponsor did not have a place of business in the State, at the Secretary of State's office in Lansing. The SOS could impose one or more of the sanctions described in the Code upon an approved sponsor that did not comply with these requirements.

(Under the Code, the Secretary of State may impose upon an approved sponsor one or more of the following after he or she determines that the sponsor committed a violation:

- Denial of an application for approval as a basic driver improvement course sponsor.
- Suspension or revocation of the approval of an approved sponsor.
- A requirement to take the affirmative action determined necessary by the Secretary of State, including payment of restitution to a student or an injured person.)

Registration

The bill would require an approved sponsor to register with the Corporations Division of the Department of Licensing and Regulatory Affairs.

The Code requires the Secretary of State to approve a basic driver improvement course sponsor, and enter an agreement with an approved sponsor, if the course offered by the sponsor satisfies the criteria listed in the Code. Under the bill, the sponsor also would have to satisfy the registration requirement.

MCL 257.320d

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

Basic driver improvement courses have been shown to lead to a reduction in future accidents and violations for the courses' participants.¹ According to testimony provided before the Senate Committee on Transportation, the Secretary of State conducted a study that found that, over a two-year period, there was a 4.8% reduction in moving violation convictions for eligible drivers who took the course compared to those who were eligible but did not take the course. Relaxing the restrictions on how frequently an eligible Michigan resident could participate in a basic driver improvement course in the State would improve safety on roadways by encouraging more attendance in these programs.

Response: If a course significantly improves a participant's driving skills, the participant should not have future violations and, therefore, should not be eligible to take a basic driver improvement course again.

Supporting Argument

Many individuals attend driver's education when they are young and never complete another driving course. Basic driver improvement courses are important because they provide opportunities for the Secretary of State to reinforce good driving habits and to educate Michigan drivers on new traffic laws. Allowing drivers to take a basic driver improvement course more than once would increase the number of residents the Secretary of State could reach in these education efforts.

Supporting Argument

Drivers frequently complain that some local governments set speed limits unreasonably low in order to generate more revenue from traffic citations. While Public Acts 445 through 448 of 2016 (which revised speed limits throughout the State to be more fair and reasonable) mitigate this issue on State highways, the problem still exists. The bill would provide a driver who was caught in a speed trap an opportunity to avoid having points added to his or her driving record.

Opposing Argument

Insurance companies in Michigan use a number of factors to determine an individual's insurance rates, including driving records. Those who have received traffic citations pose a measurably higher risk of being in future accidents. Because the number of points on an individual's driving record are a reflection of his or her driving history, insurance companies use those points as one factor in determining the driver's insurance rate. The bill would interfere with that mechanism by allowing

¹ Grosz III, Milton J., "Study of the Effectiveness of Basic Driver Improvement Courses", Florida Department of Highway Safety and Motor Vehicles, 2014; Zhang, Wei, "A Study on the Effectiveness of Iowa's Driver Improvement Program by Gender and Age", *Graduate Theses and Dissertations*, 2010.

an individual to prevent points from accruing on his or her driving record, which would prevent insurers from accurately assigning risk to that driver.

Response: Individuals who attend basic driver improvement courses are statistically better drivers after completing the course. Better trained drivers are not as risky to insure. A driver who does pursue further training after being cited for a minor violation should not have his or her insurance premiums increased.

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill could have a minimal, yet positive fiscal impact on the Department of State. Currently, an individual may take a basic driver improvement course (BDIC) only once (unless he or she did not successfully complete a previous course). The bill would allow a person to enroll in another BDIC as long as he or she had not successfully completed a basic driver improvement court within the immediately preceding three years.

Basic driver improvement courses are offered by third-party approved sponsors, which may charge up to \$100 to an individual who enrolls in a course. The approved sponsor is required to remit a portion of that fee on an annual basis to the Secretary of State to cover administrative costs. The current reimbursement rate paid to the Secretary of State is \$17 per participant. According to Department of State data, just under 67,000 individuals took a BDIC in 2017, which generated revenue of an estimated \$1.1 million for the Department. The bill could result in additional revenue for the Department from BDIC fees paid due to individuals being allowed to take a course again provided at least three years had passed since successful completion of a previous course. However, the amount of additional revenue is indeterminate and would depend on the number of individuals who could repeat a course in the future. Currently, the Department would receive an additional \$17 per individual who enrolled in a BDIC.

Fiscal Analyst: Joe Carrasco

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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.