



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



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

Senate Bill 554 (as enrolled)
Sponsor: Senator Shirley Johnson
Senate Committee: Appropriations
House Committee: Transportation

PUBLIC ACT 152 of 2003

Date Completed: 8-13-03

CONTENT

The bill amends the Michigan Vehicle Code to provide for various fee increases; create the Transportation Administration Collection Fund, the Traffic Law Enforcement and Safety Fund, and the Trooper Recruit School Fund; provide for a new regulatory fee for the purpose of regulating highway safety; and provide for the allocation of current and increased fee revenue.

The bill sunsets registration fees, driver and chauffeur license fees, dealer license fees, title fees, regulatory fees, and service fees on October 1, 2009. The bill was tie-barred to Senate Bill 539 (Public Act 151 of 2003), which amends Public Act 51 of 1951 to provide for the appropriation of MTF and TACF funds to the Department of State. Both bills will take effect on October 1, 2003.

The following fee increases are included in the bill:

	Current Fee	New Fee	Increase
Operator - Original License	\$13.00	\$25.00	\$12.00
Operator - Renewal	13.00	18.00	5.00
Operator - 2 Year Renewal	11.00	18.00	7.00
Minor's Restricted License	5.00	25.00	20.00
Chauffeur - Original License	21.00	35.00	14.00
Chauffeur - Renewal	21.00	35.00	14.00
Commercial Vehicle License	20.00	25.00	5.00
Late Operator Renewal	0.00	7.00	7.00
Title Service Fee	0.00	3.00	3.00
Registration Service Fee	5.00	5.75	.75
Hwy Safety Regulatory Fee	0	2.25	2.25
Late Registration Fee	0.00	10.00	10.00
Dealer License	10.00	75.00	65.00
Salvage Vehicle	100.00	160.00	60.00
Duplicate License			
Chauffeur's	12.00	18.00	6.00
Operator's	6.00	9.00	3.00
Prorated Registrations	Various	Eliminated	N/A
Temporary Registrations	10.00	Various	N/A
Trailer Registrations*	Various	Various	----
N/A: Not Available			

*Section 801(1)(l) provides for an annual registration tax on pole trailers, semi trailers, and trailers based on weight. The current range is \$17 to \$39. Trailer coaches are currently taxed annually under Section 801(1)(b) at 76 cents per 100 pounds of empty weight of the trailer coach. Senate Bill 554 includes trailer coaches under Section 801(1)(l) and changes the tax to a one-time charge based on weight, ranging from \$75 to \$300. If new plates are issued while the trailer is owned by the individual who paid the one-time tax, the service fee for a standard plate (\$5) will be the only charge for the new plate.

Section 810b of the bill creates the Transportation Administration Collection Fund (TACF). Service fees currently deposited in the Michigan Transportation Fund (MTF), and subsequently appropriated to the Department of State, will be redirected to the TACF for appropriation to the Department of State, which will reduce or eliminate the MTF appropriation to the Department of State. The bill requires the Department of State, upon appropriation, to spend money from the TACF to pay the necessary expenses incurred by the Department related to administration and enforcement of Sections 801 to 810 of the Michigan Vehicle Code. The bill also allows the Department of Treasury, upon appropriation, to use funding from the TACF to defray the costs of collecting motor fuel taxes.

Section 819a of the bill creates the Traffic Law Enforcement and Safety Fund (TLESF). The TLESF will consist of a new highway safety regulatory fee (\$2.25) paid concurrently with vehicle registrations. Under the bill, the regulatory fee must be used for the purpose of regulating highway safety. Beginning in FY 2004-05, \$1,800,000 must be transferred annually from the TLESF to the Trooper Recruit School Fund, which also is created in the bill. At the close of each fiscal year, an amount up to \$5,000,000 must remain in the Trooper Recruit School Fund and the balance is to be credited to the TLESF.

MCL 257.217a et al.

FISCAL IMPACT

The bill will annually generate approximately \$65,357,000 from fee increases and the new

regulatory fee. This amount does not include the impact related to the adjustment for trailer registrations. The impact on specific funds is described below.

TACF

The extent to which the TACF will cover costs charged to transportation funds for the Department of State and the Department of Treasury will depend on actual revenue collections and annual appropriations by the Legislature. The FY 2003-04 General Government appropriation bill maintains MTF funding for the Department of Treasury (\$6,700,000), and includes \$20,000,000 MTF to the Department of State pursuant to amendments to Public Act 51 of 1951 contained in Senate Bill 539. This is due to the fact that the original estimate for TACF revenue was not sufficient to completely replace costs currently funded by the MTF.

The FY 2003-04 TACF appropriation to the Department of State is \$74,752,300, which was within the range of estimated TACF collections at the time the appropriation decision was made. TACF revenue estimates have recently been revised to \$68,105,400, leaving a potential shortfall of \$6,646,900 for the Department of State. However, revenue collections and transportation purpose expenditures will determine the actual shortfall, if any.

The current TACF revenue estimate is based on \$51,367,500 in current service fees that will no longer be deposited in the MTF, and revenue from service fee increases totaling \$16,737,900.

State General Fund

Fee increases for driver licenses, chauffeur licenses, commercial licenses, duplicate licenses, and the new late driver license fee and late registration fees will generate approximately \$24,952,200 to the State General Fund.

MTF

The bill transfers \$51,367,500 in current service fees from the MTF to the new TACF. This funding was used to offset charges to the MTF for the Department of State's administrative costs. Service fee increases in the bill that will be deposited in the TACF (\$16,737,900) will result in a net reduction of charges to the MTF by the Department of

State, thereby making MTF revenue available for distribution pursuant to Public Act 51 of 1951. Dealer and salvage dealer licensing fee increases will result in an additional \$534,800 for the MTF.

Changes to trailer registration fees will result in a one-time increase of \$107,975,500 to the MTF in FY 2003-04. Revenue from trailer registration fees in subsequent fiscal years will fall to approximately \$15,000,000.

The elimination of prorated registrations and the changes to temporary registrations will result in additional MTF revenue. The change for temporary registrations will generate approximately \$3,600,000. There is no revenue estimate related to the elimination of prorated registrations.

TLESF

The new \$2.25 regulatory fee that will be paid concurrently with vehicle registrations is currently estimated to generate \$19,532,100. The FY 2003-04 Department of State Police budget contains an appropriation of \$20,000,000 to fund the cost of troopers.

Fiscal Analyst: Bill Bowerman

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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.