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BILL ANALYSIS



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Senate Bill 1369 (Substitute S-1 as reported)
Sponsor: Senator Bruce Caswell
Committee: Judiciary

CONTENT

The bill would amend the Michigan Vehicle Code to allow a person to enter a community service program approved by the Secretary of State in lieu of paying a driver responsibility fee for certain offenses.

Specifically, if a person were assessed a driver responsibility fee for the following violations before October 1, 2012, he or she could enter a community service program approved by the Secretary of State as an alternative to paying that fee or any unpaid portion of the fee:

- Accumulating seven or more points on a driving record within a two-year period.
- Driving without a valid license.
- Failing to produce proof of insurance.

(Under the Vehicle Code, a driver responsibility fee may not be assessed on or after October 1, 2012, for driving without a valid license or for failing to produce proof of insurance.)

The community service program would have to require the person to complete the following amounts of community service within six months after entering the program:

- 15 hours, for a fee assessed for accumulating seven or more points within a two-year period or driving without a valid license.
- 20 hours, for a fee assessed for failing to produce proof of insurance.

The number of hours of community service would have to be prorated based upon any portion of the driver responsibility fee that had been paid.

The Secretary of State could not suspend an individual's driving privileges during the term of community service or while the person was pending entry into a community service program after properly applying for community service. If the person's driving privileges were suspended on the bill's effective date only for failure to pay a driver responsibility fee and no other suspension or revocation determination were pending, and the person properly applied for community service as an alternative to paying the fee or any portion of it, the Secretary of State would have to reinstate the person's driving privileges without requiring the payment of a license reinstatement fee, pending the person's entry into and completion of community service.

MCL 257.732a et al.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

Although current law does not allow for the assessment of a driver responsibility fee for driving with an expired license or the civil infraction of failing to obtain no-fault insurance for violations occurring on or after October 1, 2012, the bill could result in a revenue loss for the State for any violations that occurred before that date.

Based on 2010 data, the elimination of fees for driving with an expired license or failing to obtain no-fault insurance could result in the loss of an estimated \$4.8 million in revenue for each year of assessment affected by the bill for violations that occurred before October 1, 2012.

There were approximately 17,752 violations in 2010 for driving with an expired license, subject to the assessment of a \$150 fee. With a collection rate of 56.0%, the revenue from this fee was an estimated \$1.5 million for 2010 for the first year of assessment. There were approximately 8,553 violations annually for the civil infraction of failing to obtain no-fault insurance, subject to a \$200 fee. The 56.0% collection rate yielded approximately \$958,000 in revenue in 2010 for first year of assessment.

The sum of the loss in revenue for the first-year assessments for the driver responsibility fees described above is an estimated \$2.4 million. Current law assesses driver responsibility fees for a two-year period. For that reason, the fees affected by the bill would be assumed to be assessed for two years; thus, the actual loss in revenue to the State would be twice the amount listed above for the individual fees, or \$4.8 million annually.

There also could be additional revenue loss to the State associated with the penalty for having seven or more points assessed. Based on 2010 data, approximately \$5.5 million in fees were assessed. The potential revenue loss would depend on the number of violators who eventually would not pay the fees under this bill.

The first \$8.5 million in revenue from driver responsibility fees is deposited to the Fire Protection Fund where it is available for appropriation for Fire Protection Grants to cities, villages, and townships with State-owned facilities. All remaining revenue from driver responsibility fees is deposited to the General Fund.

In FY 2012-13, revenue from driver responsibilities fees to the General Fund is estimated at \$91.0 million, based on the May 2012 consensus revenue estimate.

The bill would increase the administrative costs of the Department of Treasury by an unknown amount due to the proposed requirements to communicate with courts regarding participation in and completion of community service programs.

The bill also would result in an indeterminate increase in administrative costs for local courts associated with processing request forms for community service and sending appropriate notifications to the Departments of State and Treasury.

Date Completed: 12-6-12

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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.