

# Legislative Analysis



## COMMUNITY SERVICE AS ALTERNATIVE TO PAYING CERTAIN DRIVER RESPONSIBILITY FEES

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**Senate Bill 633 (Substitute S-4)**

**Sponsor: Sen. Bruce Caswell**

**Committee: Appropriations**

**Complete to 7-22-14**

### A SUMMARY OF SENATE BILL 633 (S-4) AS REPORTED FROM HOUSE APPROPRIATIONS COMMITTEE

Senate Bill 633 would amend the Michigan Vehicle Code by adding Section 732b to allow individuals assessed a driver responsibility fee (DRF) under certain offenses to engage in 10 hours of community service as an alternative to paying the DRF or unpaid portion of the DRF beginning on October 1, 2014. The assessments eligible for community service as an alternative to payment under Senate Bill 633 are as follows:

- The \$150 fee per year for two consecutive years for operating a motor vehicle with an expired operator's or chauffeur's license and for operating without a valid license, having more than one license, or failing to surrender licenses from other states under Section 301 of the Motor Vehicle Code (MCL 257.732a(2)(c)).
- The \$200 fee for two consecutive years for a civil infraction violation for failing to have mandatory motor vehicle insurance coverages, and violations for failure to produce proof of insurance or knowingly providing false evidence of insurance (MCL 257.732a(2)(d)).

The assessments noted above were eliminated on October 1, 2012, in 2011 PA 255. Therefore, in practice Senate Bill 633 would impact only those persons with delinquent assessments under the categories mentioned above. For purposes of this analysis, the two assessments noted above will be referred to as "eligible assessments."

Under the bill, the Secretary of State (SOS) would be required to make community service forms available in SOS branch offices, on the department website, and to the Department of Treasury for distribution. The Department of Treasury would be required to mail a notice of the option of completing community service as an alternative to paying the DRF to those individuals required to pay one of the eligible assessments.

An individual who chose to engage in community service would be required to complete the community service form and return the form to the Department of Treasury in a manner determined by the Department of Treasury by December 31, 2015. Once the SOS was notified by the Department of Treasury that an individual chose the community service alternative, the SOS would be required to hold the DRF in abeyance for a period of 45 days. If the individual's license was suspended for failure to pay the DRF, upon

payment of the \$125 driver license reinstatement fee, the SOS would be required to reinstate the individual's driver license fee.

Under the bill, an individual who elects to complete 10 hours of community service as an alternative would be allowed one opportunity to complete the community service for each eligible assessment owed. The individual would have 45 days to complete the community service upon filing the community service form with the Department of Treasury. Upon a showing of good cause, an individual could withdraw from the community service before the 45-day period and not have it count against the individual (driver license would still be subject to suspension).

Upon completing the required community service, the individual could request verification of completion on the community service form in a manner prescribed by the SOS from the person with whom the individual engaged in community service. The form would then be required to be submitted to the Department of Treasury, which would be required to waive the eligible assessment. The Department of Treasury would be required to notify the SOS if the eligible assessment was waived, or if the 45 day period had expired and the eligible assessment was not waived. If the eligible assessment was not waived, the SOS would be required to enter the information into its records and suspend the individual's driver license.

Community service would be defined as engaging in useful and productive activity without compensation for a person other than a family member, including, but not limited to a 501(c)(3) and community service offered through the Michigan Community Service Commission.

Senate Bill 633 is tie-barred to 2014 PA 250 (House Bill 5414).

## **FISCAL IMPACT:**

Senate Bill 633 would have a negative fiscal impact on General Fund revenues. However, due to the lack of available data, providing an annual estimate of the fiscal impact is not feasible.

In FY 2012-13 (the most recent fiscal year data available), approximately \$23.9 million was collected from the eligible assessments under Senate Bill 633. Despite having eliminated the eligible assessments on October 1, 2012 in 2011 PA 255, most of what was collected in FY 2012-13 was on-time payment of assessments levied prior to the elimination date. The second year of assessments was still being collected throughout FY 2012-13 on those DRFs levied in FY 2011-12. Data on what percentage of the annual revenue from the eligible assessments is from delinquent collections is not available. Without this information there is no baseline to estimate from.

Even if there was a baseline to predict from, the number of individuals who would elect to participate in the community service alternative is unknown. At the close of FY 2012-13, the eligible assessments had a total delinquent amount of \$103.5 million, which was

approximately 1/6 of the total outstanding delinquent amount for all DRFs. Of the \$103.5 million considered delinquent, it is likely that some portion would be uncollectable regardless of any changes to the law. The fiscal impact on the General Fund would depend on the number of individuals who would have ultimately paid their delinquent assessment but for their electing the community service option. Since the number of individuals who would choose the community service alternative is unknown, a fiscal impact cannot be determined.

SB 633 would likely accelerate the fiscal impact projected for HB 5414<sup>1</sup>, which phases out all DRFs over a 5-year period, due to future planned delinquent collections being lowered by those opting for community service.

Finally, the bill would allow an individual to have their driver license reinstated upon filing the community service form with the Department of Treasury upon payment of the \$125 driver license reinstatement fee. Revenue from each driver license reinstatement fee is distributed as follows:

- \$50 to the Secretary of State
- \$35 to the Michigan Department of Transportation Economic Development Fund
- \$10 to the Drunk Driving Prevention Equipment & Training Fund
- \$30 to the Drunk Driving Case Flow Assistance Fund

Any fiscal impact would depend on the number of individuals that would not have settled their outstanding driver responsibility fees but for the offering of a community service alternative. This is due to the fact that individuals choosing to pay their outstanding driver responsibility fees would be required to pay the driver license reinstatement fee if it were suspended due to nonpayment. Any new revenue would have to come from individuals that would not have paid their outstanding driver responsibility fees, but chose the community service alternative to settle their delinquency. Since we do not know how many people will fall into this group, a fiscal impact cannot be determined. Any fiscal impact would likely be positive for the recipients of the driver license reinstatement fee revenue.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.

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<sup>1</sup> The analysis of HB 5414 can be found [here](#).