

House Bill 4990 (Substitute H-2 as passed by the House)
Sponsor: Representative Felicia Brabec
House Committee: Appropriations
Senate Committee: Appropriations

CONTENT

The bill would amend the Michigan Vehicle Code to extend, until October 1, 2027, the deposit into the Transportation Administration Collection Fund (TACF) of commercial look-up fees for driver records, amateur radio operator registration plate service fees, bulk motor vehicle records, and specialty and fund-raising license plates. The bill also would amend the Code to maintain the existing regulatory fees levied on various trucks, tractors, and other specified vehicles used for commercial or organizational purposes, by extending their sunsets from October 1, 2023, to October 1, 2027.

The Code provides for the collection of commercial look-up fees on driver records, currently set at \$11 per transaction. The bill would increase the fee by \$4 to \$15 per transaction. Additionally, service fees charged for registration plates for amateur radio operators (\$2 per transaction) and fees for bulk motor vehicle records (up to \$25 per 1,000 partial records based on the date the records are requested). All of these fees must be credited to the TACF. The commercial look-up on driver records provides the driving record for individual drivers. Amateur radio operators may apply for a registration plate inscribed with the official amateur radio call letters of the applicant assigned by the Federal Communications Commission. Bulk motor vehicle records are those driver records purchased in bulk. The Department of State (DOS) may contract for the sale of lists of driver and motor vehicle records in bulk and charge up to \$25 per 1,000 records requested in bulk.

The bill also would extend, from October 1, 2023, to October 1, 2027, the sunset on fees administered by the DOS that are deposited into the TACF, including fees for 15-day temporary registrations (\$1 each but sold in \$5 blocks), 30- and 60-day permits (\$10), expedited title fees (\$5), fund-raising service fees (\$10), graphic plate fees (\$5), personalized plate service fees (\$8 first month, \$2 for each additional month), registration transaction fees (\$5.75), registration transfer fees (\$8), replacement plate fees (\$5), and title service fees (\$3). Additionally, a tire disposal surcharge of \$1.50 is assessed in addition to title and title transfer fees and are deposited into the Scrap Tire Regulatory Fund, not the TACF (see Table 1).

The Code requires these fees to be credited to the TACF (and the Scrap Tire Regulatory Fund) and is set to expire on October 1, 2023. The bill would extend the sunset until October 1, 2027.

MCL 257.208b et al.

FISCAL IMPACT

The bill would have a positive fiscal impact on the fiscal year (FY) 2023-24 budgets for the Department of State Police (MSP), the DOS, and the Department of Environment, Great Lakes, and Energy (EGLE).

Built into the budget as recommended by the Governor is \$25.0 million in continuing revenue from the fees addressed in the bill for the MSP (placed into the Traffic Law Enforcement Safety Fund) to employ State troopers.

The current sunset date of October 1, 2023, for the deposit of the fees in the TACF will have a negative fiscal impact on the DOS's annual operating revenue, if it occurs. According to DOS, the collection of these fees totaled \$130.1 million in FY 2021-22. If the sunset date is not delayed, MDOS will lose approximately \$132.0 million in revenue beginning in FY 2023-24. The revenue from the TACF supports approximately 51% of the total DOS budget, which was enacted at a gross total of \$304.2 million for FY 2023-24.

The bill also would increase the record look-up fee from \$11 to \$15. The increase in the fee would raise an additional \$18.5 million for the TACF and is necessary to avoid a shortfall in the Department's FY 2023-24 budget. Look-up fee collections total approximately \$51.0 million annually and is included in the total of \$130.1 million in TACF collections for FY 2021-22.

The enacted DOS budget for FY 2023-24 appropriates \$153.5 million from TACF revenue compared to the estimated \$132.0 million in anticipated collections (without the look-up fee increase) in FY 2023-24, creating a shortfall of an estimated \$21.5 million. The additional \$18.5 million in look-up fee revenue to be collected if the fee were raised would cover most of the shortfall, with the remainder paid from the anticipated carryforward amount from FY 2022-23 of approximately \$30.0 million. As the carryforward amounts are exhausted, an increase in the look-up fee would alleviate future shortfalls in TACF revenue.

Finally, the bill would extend the sunset for the collection of the \$1.50 tire disposal surcharge that is deposited in the Scrap Tire Regulatory Fund. The Fund collects approximately \$4.0 million annually and the enacted FY 2023-24 budget for EGLE assumes \$4.0 million from this Fund. Accordingly, not extending the sunset would create a shortfall of an estimated \$4.0 million in the EGLE budget.

Please see the tables below for details regarding the TACF fees.

Table 1

Michigan Department of State TAC Fund Fees As of September 30, 2022		
Fee Description	TAC Revenue Per Transaction	FY22 Totals
15-day Temp Registrations - 257.802(4)	\$1.00 each but sold in \$5.00 blocks	\$305,725
30 & 60 Day Permits - 257.802	\$10.00	359,686
Commercial Lookup Fees - See MCL's below	\$11.00	50,976,493
Service Charge for List Sales - 257.232	\$25.00	1,577,554
Expeditious Title Fees - 257.806	\$5.00	2,760,878
Motor Vehicle Title Service Fees - 257.806(1)	\$3.00	9,094,636
Motor Vehicle Dealer License Late Fees - 257.248(9)(G)	50% of Lic fee	8,355
Lienholder Title Fees - 257.808	\$1.00	1,116,411
Fundraising Plate Svc Fees - 257.811h	\$10.00	376,808
Graphic Plate Fees - 257.804	\$5.00	3,857,904
NSF Penalty Fees - 257.801c	(From \$5 up to 20% of the check)	436,764

Michigan Department of State TAC Fund Fees As of September 30, 2022		
Fee Description	TAC Revenue Per Transaction	FY22 Totals
Personalized Svc Fees - Original - 257.803b	\$8.00 1st Month, \$2.00 for each additional month	2,954,297
Registration Transaction Fee - 257.801	5.75 (\$8.00 total fee less \$2.25 for other Agency)	44,604,895
Registration Transfer Fee - 257.809	\$8.00	9,418,458
Replacement Plate Fees - 257.804	\$5.00	1,455,715
Amateur Radio Operator Registration - 257.217a	\$2.00	314
Partial Year Service Fees - 257.802	\$10.00	412,936
Special Registration Plate - 257.803r	\$5.00	88,095
Farm, SME, InTransit Repair, Repo - 257.802(9)	\$15.00 each for the first 3 special \$5.00 after first 3	329,325
InTransit Titles & 14-Day Permits - 257.802(3)	\$10.00	471,631
Sample Plate Service Fee - 257.811g(3)	\$10.00	4,130
Plate Hold Fee - TAC - 257.227a(1)(b)	\$25.00	274,700
		\$130,885,709

Table 2

Special Permits & Fees Description	TAC Revenue Per Transaction
Amateur Radio Operator Registration - 257.217a	\$2.00
Partial Year Service Fees - 257.802	\$10.00
Special Registration Plate - 257.803r	\$5.00

Table 3

MCL for Commercial Look-Up Fees
28.297
257.208b
257.232
324.8013
324.80315
324.81114

Source: Michigan Department of State, September 2023.

Date Completed: 9-25-23

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