



Senate Fiscal Agency
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BILL



ANALYSIS

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House Bill 4277 (as reported without amendment)
Sponsor: Representative Michael E. Nye
House Committee: Judiciary and Civil Rights
Senate Committee: Transportation and Tourism

Date Completed: 5-3-95

RATIONALE

Under the Aeronautics Code of the State of Michigan, private aircraft owned by Michigan residents must be registered yearly with the State, just as motor vehicles must be registered annually under the Motor Vehicle Code. Unlike motor vehicle owners, who cannot register their vehicles without providing proof of liability insurance on these vehicles, aircraft owners may register their aircraft without providing any proof that they have liability insurance. The Uniform Aircraft Financial Responsibility Act addresses the issue of financial security for private aircraft in that it requires owners and operators of aircraft involved in an accident to deposit the amount of security the Bureau of Aeronautics considers sufficient to satisfy any judgment for damages resulting from the accident, depending on the degree of property damage and the number of persons injured or killed.

The Act has a number of other provisions, including the following: requiring aircraft operators, upon written request of the Bureau, to notify the Bureau whenever there is an accident in which a person is killed or injured or damage is more than \$100; requiring the law enforcement agency within whose jurisdiction the accident occurred to notify the Bureau within 48 hours after learning about the accident; providing for the suspension of registration and operating privileges if the security has not been deposited; providing for exemptions to the security provisions; specifying the amounts and forms of security required for personal injury and property damage; providing for the security to be released; specifying the registration and operating privilege actions to be taken when Michigan residents have accidents in other states or when nonresidents have accidents in the State; and providing penalties for violations.

When the law was enacted 40 years ago, there was no Federal agency to determine financial responsibility in aviation accidents. Since then, a number of Federal agencies apparently have taken on this role as well as responsibilities described in the Act's other provisions. Thus, some people believe that the Act no longer is needed.

CONTENT

The bill would repeal the Uniform Aircraft Financial Responsibility Act.

MCL 259.671-259.692

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

The Uniform Aircraft Financial Responsibility Act is unnecessary since other agencies, such as the Federal Aviation Agency and the National Transportation Safety Board, are better able to investigate accidents and, along with the courts, are better able to determine product liability assessments, the necessity of financial responsibility, and appropriate levels of liability insurance coverage. Historically, aviation organizations investigate accidents and gather data on them to determine ways of preventing or reducing the likelihood of similar accidents in the future. Gathering data for legal action, as required under the Act, is considered incompatible with gathering data for accident prevention. The Act's repeal would relieve the State's Aeronautics

Bureau of determining the financial ability of an aircraft owner/operator to pay possible claims resulting from an aircraft accident, which can be done much better by other entities, and would allow the Bureau to concentrate on gathering data to enhance aviation safety. Furthermore, other states that enacted a similar aircraft financial responsibility laws reportedly are considering their repeal as well. In fact, the National Conference of Commissioners on Uniform State Laws declared the Act obsolete in 1978 because it was "procedurally and substantively inadequate".

Legislative Analyst: L. Arasim

FISCAL IMPACT

The bill would result in administrative savings to the Bureau of Aeronautics.

Fiscal Analyst: B. 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.