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**BILL ANALYSIS**

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House Bill 4763 (Substitute S-2 as reported)  
Sponsor: Representative Dan Gustafson  
House Committee: Transportation  
Senate Committee: Transportation and Tourism

**CONTENT**

The bill would amend the Michigan Vehicle Code to delete current motor vehicle operator's licensing provisions for persons under 18 years of age, create a graduated licensing status system, and permit, instead of require, school districts to conduct driver education courses. In addition, the bill would do the following:

- Permit school districts to impose a charge or enrollment fee for a driver education course. Currently, school districts may not charge a fee.
- Provide for the distribution of money from the Driver Education Fund to school districts that chose to offer driver education courses, and require that these funds be awarded as grants to students who met specific income eligibility criteria.
- Establish a level one graduated licensing status for a person who was at least 14 years and nine months of age and who had met certain requirements, including completing segment one of an approved driver education course.
- Establish a level two graduated licensing status for a person who was at least 16 years of age and who had satisfied certain requirements, including having not incurred a moving violation within a specified period of time, having accumulated the required number of hours of behind-the-wheel experience, and successfully having completed a Secretary of State performance road test.
- Prohibit a person with a level one licensing status from operating a motor vehicle, or a person with a level two licensing status from operating a motor vehicle from midnight to 5 a.m., unless he or she were accompanied by a parent, a guardian, or a licensed driver over 21 years of age who had been designated by the parent or guardian.
- Require level one and two licensing status levels to be extended until the licensee completed 90 days or 12 months, respectively, without a moving violation, an accident, license suspension, or provisional period violation.
- Establish a level three graduated licensing status for a person who was at least 17 years of age and who did not have a moving violation, an accident, license suspension, or restricted period violation while he or she had been issued a level two licensing status.
- Establish civil penalties for a person who violated the bill's level one and level two licensing provisions, and specify that violation of these provisions would result in the addition of two points on a person's driving record.

The bill would take effect on April 1, 1997, and would sunset on April 1, 2002.

MCL 257.303 et al.

Legislative Analyst: L. Arasim

## FISCAL IMPACT

### Department of Education/School Districts

The Senate substitute, as reported by the Committee, would have conflicting results in the awarding of grants to defray the cost of a driver education course. Pupils who met the criteria for free lunch would receive a grant in an amount equal to the actual cost of the driver education course. Pupils eligible for free breakfast would receive a grant sufficient to pay for 50% of the actual cost of a driver education course. The results would be conflicting because the criteria for free lunch and free breakfast are the same; thus, the same pupils would be eligible for both grant levels. (The Federal criteria for free breakfast and/or lunch are at or below 130% of the poverty rate.)

The most recent available data indicate that there would be an estimated 34,000 pupils eligible for free lunch and/or breakfast in each high school grade. Assuming that the driver education course was taken in the 10th grade would result in 34,000 pupils eligible for a grant to pay for a driver education course. As the bill is currently written, if all 34,000 pupils were given grants to pay for 100% of the cost of a driver education course, the cost would be an estimated \$6.9 million (at an average cost of \$200 per student per course). In addition, the Department of Education has stated that it needs \$500,000 annually to administer the program. Thus, the total estimated cost in FY 1996-97 would be \$7.3 million. The appropriation in FY 1995-96 to the Department of Education from the Driver Education Fund for the Driver Education Program is \$7.6 million.

The bill also would require a proration of the grant amounts if the amount available from the Driver Education Fund were insufficient to fully fund the amount of the grants.

The Department of Education would incur minimal costs for promulgating new rules to implement the two segments of drivers' education.

### Department of State

Graduated licensing provisions would result in increased administrative costs to the Department of State.

The bill would allow the Secretary of State to enter into an agreement with a private or public entity to conduct road tests. To the extent that the Department of State privatized the behind-the-wheel road tests, there would be a revenue loss to the Transportation Economic Development Fund. The \$11 fee collected by the Department of State generates approximately \$600,000 annually to the Economic Development Fund.

Date Completed: 3-5-96

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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.