



Romney Building, 10th Floor
Lansing, Michigan 48909
Phone: 517/373-6466

**House
Legislative
Analysis
Section**

REDUCED REGISTRATION FEES

**House Bill 4398 (Substitute H-1*)
Revised First Analysis (6-2-99)**

**Sponsor: Rep. Raymond Basham
Committee: Transportation**

THE APPARENT PROBLEM:

Currently, the owners of vans that are used to transport wheelchair users get a 50 percent discount on their vehicle registration tax. The law does not specify that the vans must be handicapper equipped. The discount is provided to acknowledge, encourage, and to make easier travel options for those whose mobility is limited and who, despite the challenges imposed, go about their work and play throughout the community. However, owners of other types of vehicles that also are used to transport wheelchair users do not get the 50 percent discount on their vehicle registration tax.

In order to provide equal treatment to all who transport wheelchair users, whatever kind of vehicle they drive, some have argued that the law should be changed to apply the vehicle registration discount to all vehicles.

THE CONTENT OF THE BILL:

The Michigan Vehicle Code specifies that the registration tax for a van owned by a person who uses a wheelchair or by a person who transports a resident of his or her household who uses a wheelchair is reduced by 50 percent. House Bill 4398 would specify that the discount would apply to all vehicles used for this purpose, rather than only to vans. However, the bill would replace the reference to a person who "uses" a wheelchair with references to a person who "is permanently confined to" a wheelchair, and further limits the issuance of a discounted registration plate to one per household.

MCL 257.801

FISCAL IMPLICATIONS:

According to the House Fiscal Agency, the estimated maximum fiscal impact of the bill would be a reduction of \$2 million in revenue to the Michigan Transportation Fund annually. (5-27-99)

According to the Department of State, the bill (as reported by the House Transportation Committee)

could result in a potential revenue loss to the Michigan Transportation Fund of \$2 million per year. This is based on the average ad valorem registration fee of \$70-80 per vehicle and an estimate of approximately 57,000 wheelchair users in the state (as reported in the 1990 census). (5-24-99)

ARGUMENTS:

For:

The provision granting a 50 percent discount on the registration tax for vans owned or used by wheelchair users was enacted by the legislature in 1985, shortly following the transition from taxing vehicles by weight to the use of the ad valorem tax. Reportedly, the impetus for the discount was testimony that the addition of wheelchair lift equipment onto a van for use by a disabled person unfairly inflated the price of the vehicle, upon which the registration tax was based. However, the statute does not require a van to be equipped with a wheelchair lift for the discount to apply. And, now wheelchair lift equipment can be installed into the trunk of a car, making a van unnecessary. It is argued that the statute should treat all disabled vehicle owners/users equitably, and that the discount should be extended to all, regardless of the type of vehicle used.

Against:

Apparently, the original premise of the legislation granting the registration tax discount was erroneous; according to the Department of State, ad valorem taxes are based on the manufacturer's base price of a vehicle, and do not factor in the additional options that can add to a vehicle's price, including wheelchair lift equipment. Further, to extend the 50 percent discount provision to all users of wheelchairs could have very significant revenue implications, as there are over a half million people with some form of disabled license plate or placard who could potentially be eligible for

such a discount. Any revenue loss would come from the Michigan Transportation Fund, dollars that are earmarked for road and bridge repair, among other transportation needs.

Response:

In response to these concerns, the House Transportation Committee adopted a substitute bill that would limit the discount to one vehicle per household, and that includes language designed to limit the discount to those most severely disabled wheelchair users, i.e., those "permanently confined" to a wheelchair. It is expected that these changes will mitigate the potential revenue loss associated with the original bill.

Against:

Referring to a person as being "confined to a wheelchair" may be viewed as insensitive and patronizing; at the very least, it is a step backward in the trend toward recognizing how the use of language affects those being described. Indeed, Michigan voters recently amended the state constitution to update terminology referring to people with disabilities in order to remove words laden with negative connotations.

POSITIONS:

The Department of State has no position on the bill.
(5-24-99)

Analyst: D. Martens/J. Hunault

■ 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.