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House Bill 4308 (Substitute S-2 as reported by the Committee of the Whole)

Sponsor: Representative John Garfield

House Committee: Judiciary

Senate Committee: Appropriations

## **CONTENT**

The bill would amend the Michigan Vehicle Code to do the following:

- -- Eliminate the two-year \$150 driver responsibility assessment, fines, and costs for a person's failure to produce evidence that a motor vehicle is insured upon the request of a police officer (MCL 257.328(1)) if, before the appearance date on the citation, the person submitted proof to the court that the vehicle had insurance at the time of the violation. A court still could assess a \$25 fee, payable to the court funding unit.
- -- Provide that a court could not submit an abstract of the civil infraction determination for a person's violation of MCL 257.328(1) if, before the appearance date, the person submitted proof to the court that the motor vehicle had insurance.
- -- Provide for a refund of driver responsibility fees a person paid for a violation of MCL 257.328(1) if, within 60 days after the bill's effective date, he or she submitted to the court a certificate of insurance that was in effect at the time of the citation.
- -- Increase the driver responsibility fee from \$150 to \$200 (each year for two years), and increase the maximum civil fine from \$10 to \$100, for violations under MCL 257.328 (driving without insurance or failing to produce proof of insurance).
- -- Require the court clerk to forward an abstract of the court record to the Secretary of State for misdemeanor convictions of driving without insurance under the Insurance Code.
- -- Provide that driver responsibility assessments would apply to nonresident owners of motor vehicles or motorcycles not registered in this State, that were operated in Michigan for an aggregate of more than 30 days without insurance as required by the Insurance Code.
- -- Provide that driver responsibility fees would apply to the violation of substantially corresponding laws of other states.
- -- Eliminate the Transportation Administration Collection Fund year-end lapse to the Michigan Transportation Fund.

MCL 257.328 et.al.

## **FISCAL IMPACT**

The bill would have an indeterminate impact on the State and local units depending upon the number of people who received citations under MCL 257.328(1) and, before the appearance date on the citation, produced proof that the vehicle was insured at the time of the violation. The Department of State reports that between 12-28-01 and 12-26-02, there were 171,767 convictions for violations under MCL 257.328(1). Based on that information, and assuming a 100% driver responsibility assessment collection rate, violations would generate over \$25.7 million during the first year of collections. Actual collections depend on the collection rate and the extent to which the fees affect the number of future violations. There are no statewide data on the number of cases in which the individuals cited had insurance at the time of the violation. According to local court administrators, of the individuals who receive citations, approximately 50% provide proof of insurance to the

court. If that is correct, depending on the collection rate, the bill would reduce driver responsibility assessment revenue by up to \$8.6 million in the first year, and \$17.2 million in subsequent years after adjusting for the proposed increase in the assessment from \$150 to \$200.

Refunds for assessments dating from October 1, 2003, to the effective date of the bill would depend on the number of individuals who submitted proof of insurance (in effect at the time of the violation) within 60 days of the bill's effective date. According to the Department of State, as of February 13, 2004, 32,231 assessments had been billed for no proof of insurance. If 50% of the violators provided proof of insurance, the cost to the State would be \$2.4 million.

The State and local units would lose civil fine and court cost revenue, depending on the number of individuals providing proof of insurance. However, local courts and the State would see administrative savings from not having to process abstracts for approximately 86,000 cases, and receive additional revenue from the proposed increase in the maximum civil fine from \$10 to \$100. The bill also could generate additional driver responsibility revenue for the State by requiring local courts to transmit to the Secretary of State abstracts of convictions under the Insurance Code related to driving without insurance; extending assessments to nonresidents; and applying the fees to out-of-State violations.

Eliminating the year-end lapse of funds in the Transportation Administration Collection Fund to the Michigan Transportation Fund would have an indeterminate impact. Currently, there is a projected shortfall in Transportation Administration Collection Fund estimated revenue compared with Department of State appropriations.

Date Completed: 3-15-04 Fiscal Analyst: Bill Bowerman