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Senate Bill 127 (as introduced 1-28-09)
Sponsor: Senator Cameron S. Brown
Committee: Judiciary

Date Completed: 6-7-10

CONTENT

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

- Prohibit the assessment of driver responsibility fees after January 1, 2010, for driving without a valid license and failing to produce proof of insurance.**
- Allow a person to pay a driver responsibility fee assessed for two consecutive years in a single payment.**

The bill also contains language allowing a person subject to certain driver responsibility fees to pay 75% of the assessed amount, and waiving sanctions for failure to make timely payment, for a two-month period in 2009.

Prohibited Assessment of Fees

The Code requires the Secretary of State to assess a \$150 driver responsibility fee each year for two consecutive years on a licensed or unlicensed individual who has been found guilty of driving without a valid license, or possessing more than one valid driver license. The Secretary of State also must assess a \$200 driver responsibility fee each year for two consecutive years on a licensed or unlicensed individual who has been found guilty of failing to produce proof of insurance upon request by a police officer, or knowingly providing false evidence of insurance.

Under the bill, a driver responsibility fee could not be assessed or collected for the violations described above that were committed on or after January 1, 2010.

Payment by Installment

The Code allows the Secretary of State to authorize payment of driver responsibility fees by installment for a period of up to 24 months. The bill specifies that, for a driver responsibility fee assessed each year for two consecutive years, the individual could opt to pay the fee in a single payment at the time the payment for the first year was due.

Partial Payment & Waiver

Under the bill, from February 15, 2009, to April 15, 2009, an individual who had been assessed a driver responsibility fee for accumulation of points or for various violations that are subject to a \$500 fee (described below), could satisfy the assessment by paying 75% of the amount assessed. If an individual satisfied his or her assessment due for those violations during the reduced payment period, any sanction that applied for failure to pay that assessment in a timely manner would have to be waived.

Accumulation of Points. Under the Code, if a licensed or unlicensed driver accumulates seven points on his or her driving record within a two-year period, for a violation not otherwise subject to a driver responsibility fee, the driver must be assessed a \$100 driver responsibility fee. For each additional point above seven, the driver must be assessed an additional \$50.

The proposed reduced payment period would apply to these driver responsibility fees.

\$500 Driver Responsibility Fee. Under the Code, the Secretary of State must assess a \$500 driver responsibility fee each year for two consecutive years on a licensed or unlicensed individual who has been found guilty of any of the following:

- Operating a motor vehicle while visibly impaired due to the consumption of alcohol and/or a controlled substance.
- Driving with any bodily alcohol content, if under the age of 21 (a "zero-tolerance" violation).
- Drunk driving, including a zero-tolerance violation, while another person who is younger than 16 is occupying the vehicle.
- Operating a vehicle while having any bodily amount of a Schedule 1 controlled substance or cocaine.
- Reckless driving.
- Driving with a suspended or revoked license or registration certificate.
- Driving a motor vehicle or motorcycle without insurance.

The proposed reduced payment period would apply to these driver responsibility fees.

MCL 257.732a

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The total amount of driver responsibility fees assessed each year averages an estimated \$225.0 million. The collection rate for these fees has averaged 53.5% for the last several years, meaning that the total amount of funds collected in any given year averages an estimated \$120.0 million. Of those fees, all but \$8.5 million is deposited into the State's General Fund. The remaining \$8.5 million collected annually is deposited into the State's Fire Protection Fund, which disburses grants to local fire prevention programs.

Under the bill, the elimination of fees for driving without a valid license and failing to produce proof of insurance would result in the loss of an estimated \$23.6 million in revenue for the State annually. There are approximately 24,300 violations annually for driving without a valid license, with an assessment of a \$150 fine. With a collection rate of 53.5%, the annual revenue from this fee is an estimated \$1.95 million. There are approximately 202,200 violations annually for failure to provide proof of insurance, with an assessment of a \$200 fine. Again, the collection rate of 53.5% yields approximately \$21.6 million in annual revenue.

The bill also proposes to allow certain \$500 fees to be satisfied upon the payment of 75% of the assessed amount for a two-month period in 2009. An estimated 190,000 violations annually are subject to these fees. The collection rate of 53.5% yields an estimated \$50.8 million annually. It is estimated that this proposal would have resulted in the loss of approximately 17% of the annual revenue, meaning a loss in revenue to the State of an estimated \$8.5 million.

Fiscal Analyst: Joe Carrasco

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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.