

Legislative Analysis



DRIVER RESPONSIBILITY FEES

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House Bill 6455 (Substitute H-1)

Sponsor: Rep. Fred Miller

Committee: Transportation

Complete to 9-25-08

A SUMMARY OF HOUSE BILL 6455 AS REPORTED FROM COMMITTEE

The bill would amend the Michigan Vehicle Code (MCL 257.732a) to allow for the reinstatement of a driver's license for a driver who establishes a payment plan to pay driver responsibility fees and makes proper payments under the plan. This would apply to a driver whose license had been denied, suspended, or revoked solely due to a failure to pay driver responsibility fees. If the driver then failed to make timely payments, the license would be suspended.

The bill also would amend current provisions regarding installments plans. Currently, the Secretary of State can authorize payment by installment plan for a driver who owes \$500 or more, and the installment plan can have a duration of up to 12 months. House Bill 6455 would allow an installment plan for any amount owed and for up to 24 months. The bill also would allow license reinstatement fees to be included in the payment plan, along with the driver responsibility fees owed.

BACKGROUND INFORMATION AND DISCUSSION:

Public Act 165 of 2003 amended the Michigan Vehicle Code to establish "driver responsibility fees" for drivers who accumulate a certain number of points on their licenses and for drivers who commit certain specified offenses. These are in addition to the penalties for committing the offenses. These fees range in amounts, generally, from \$100 to \$2,000.

Under current law, the Secretary of State must mail notice of the fee to the driver who then has 30 days to pay the fee. If payment is not made within 30 days, a second notice is sent indicating driving privileges will be suspended if payment is not received within the next 30 days. Currently, the Vehicle Code allows the Secretary of State to authorize installment payments for amounts of \$500 or more for periods not to exceed 12 months.

The aim of the bill is to help drivers who have lost their license solely because they cannot pay large driver responsibility fees. It allows drivers who have lost their driving privileges because they could not keep up with driver responsibility fee payments to regain their driving privileges and set up a new payment plan. These fees, which are in addition to the penalties that attach to driving violations, can be very large. Critics say these fees can lead to a downward spiral: drivers are assessed fees they cannot pay; they lose driving privileges as a result; they may find it hard to work if they do not drive, which makes paying off the fees more difficult; if they do drive without a valid license and are caught, they will incur additional penalties.

FISCAL IMPACT:

House Bill 6455 would have an indeterminate fiscal impact on the State of Michigan and no impact on local units of government.

Driver Responsibility Fee revenue is required to be deposited into the State General Fund. If the amount of collections is high enough, revenue is also deposited into the Fire Protection Fund, which is used for Fire Protection Grants funded within the Department of Labor and Economic Growth. Public Act 165 of 2003 provides that if Driver Responsibility Fee collections exceed \$65.0 million, then \$3.5 million of the revenue is to be deposited into the Fire Protection Fund. The act also provides that an additional \$5.0 million may be deposited if collections exceed \$100.0 million. In FY 2007, approximately \$111.0 million was generated through the collection of Driver Responsibility Fees. Thus, in FY 2007, the fees generated approximately \$102.5 million for the State General Fund and \$8.5 million for Fire Protection Grants.

While the State of Michigan's collection rate for Driver Responsibility Fees has improved somewhat in the past two years, the rate is still below what was originally anticipated. In both 2006 and 2007, the State collected approximately 53.5% of the Driver Responsibility Fees Assessments, compared to only 38.4% in 2005. To the extent that the bill's provisions of longer payment plans for lower amounts (24 months instead of 12) might enable more individuals to pay the assessed fees, the bill might help increase collection revenue to the GF/GP over the long term. However, the extension of the payment period could cause lower payments from some individuals annually than under current law.

Under current law, when an individual does not pay the driver responsibility fee or establish an installment plan within 60 days of the assessment, the Secretary of State must suspend their driver's license. The bill provides that in certain cases, an individual may request the driver's license reinstatement fee to be paid under the installment plan as well. The reinstatement fee for an operator's license is \$125 (MCL 257.320e). According to the Secretary of State, in 2007, the collection of driver license reinstatement fees generated approximately \$9.1 million in revenues for the State. Of the \$125 fee, \$50 is allocated to the Department of State, \$35 goes to MDOT Economic Development Fund, \$10 is deposited into the Drunk Driving Prevention Equipment and Training Fund, and \$30 is appropriated to the Drunk Driving Caseflow Assistance Fund.

POSITIONS:

The Department of State and Department of State Police both indicated neutrality on the bill. (9-25-08)

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■ 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.