

Legislative Analysis



AMENDMENTS TO DRIVER RESPONSIBILITY FEES

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House Bill 4604

Sponsor: Rep. Eileen Kowall

Committee: Judiciary

Complete to 6-18-09

A SUMMARY OF HOUSE BILL 4604 AS INTRODUCED 3-17-09

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.

House Bill 4604 would amend provisions dealing with these driver responsibility fees as follows:

** Driver responsibility fees would be eliminated for violations of Section 301 of the Vehicle Code on and after January 1, 2010; this is a \$150 fee assessed each year for two years. This section deals with driving without a license.

** Driver responsibility fees would be eliminated for violations of Section 328 of the Vehicle Code on and after January 1, 2010. This is a \$200 fee assessed each year for two years. This section deals with providing proof of insurance at the request of a police officer.

** For any responsibility fee that is assessed each year for two consecutive years, a driver could opt to pay the fee in a single payment at the time the payment for the first year was due.

** For a 60-day period after the bill took effect, a driver who had been assessed a driver responsibility fee for certain violations could satisfy the assessment by paying 75 percent of the amount assessed. If a driver satisfies the assessment due during the reduced-payment period, any sanction that applied for failure to pay the assessment in a timely manner would be waived. This provision would apply to driver responsibility fees assessed for (1) having seven or more points on a license; and (2) for a series of violations that carry a \$500 per year fee for two consecutive years.

The bill would not address violations that carry with them driver responsibility fees of \$1,000 per year for two consecutive years (such as felonies committed with a vehicle, manslaughter, negligent homicide, and fleeing and eluding.)

MCL 257.732a

FISCAL IMPACT:

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 Energy, 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, for a potential total deposit of \$8.5 million.

In FY 2008, approximately \$114.2 million net revenue was generated through the collection of Driver Responsibility Fees after collection costs. Of this \$114.2 million revenue, \$105.7 million was deposited into the State General Fund and \$8.5 million funding was dedicated for Fire Protection Grants.

Overall, as of 2008, the collection rate of Driver Responsibility Fees since the program's inception in 2004 is 48.5 per cent. In 2008, the total of all assessments for Driver Responsibility Fees over the program's five years of existence totaled almost \$800.0 million. Of this amount, just under \$400.0 million has been collected.

The provisions of House Bill 4604 would reduce revenue to the State General Fund by an indeterminate amount by eliminating Driver Responsibility Fees for certain violations and by allowing individuals to pay 75% of past assessments to satisfy the assessment due during a 60 day window after the bill takes effect. In addition, the bill could potentially reduce or eliminate the \$8.5 million revenue for the Fire Protection Grants since the first part of the payment is deposited only when collections exceed \$65.0 million in a year.

BACKGROUND INFORMATION:

The following driver responsibility fees are assessed each year for *two consecutive years*, upon the posting of an abstract that an individual has been found guilty of any of the following:

\$1,000

** Manslaughter, negligent homicide, or a felony resulting from the operation of a motor vehicle, off-road vehicle (ORV), or snowmobile.

**A moving violation subject to criminal penalties that results in injury or death to a person working in a construction zone or operating an implement of husbandry on a highway; or causing injury or death to a police officer, fire-fighter, or other emergency response personnel in the immediate area of a stationary authorized emergency vehicle.

** Operating a motor vehicle or ORV under the influence of alcohol or a controlled substance (OUIL); or causing the death or serious impairment of a body function of another person while driving under the influence or while visibly impaired due to the consumption of alcohol or a controlled substance (OWI).

- ** Failing to stop and disclose identity at the scene of an accident when required by law.
- ** Fleeing or eluding an officer.

\$500

- ** Operating while intoxicated (OWI).
- ** Driving with any bodily alcohol content if under the age of 21.
- ** Operating under the influence or while intoxicated with a passenger under 16.
- ** Reckless driving.
- ** Driving with a suspended or revoked license or registration certificate.
- ** Driving a motor vehicle or motorcycle without insurance.

\$200

- ** Failing to produce proof of insurance upon request by a police officer or knowingly providing false evidence of insurance.

\$150

- ** Driving without a valid license or possessing more than one valid driver's license.

Assessment for Points on the license

Under the law, if a licensed or unlicensed driver accumulates seven points on a driving record within a two-year period, for a violation not subject to a \$150, \$500, or \$1,000 fee, the driver is assessed a \$100 driver responsibility fee. For each additional point above seven, the driver is assessed an additional \$50. The Secretary of State (SOS) must collect the fee once each year that the point total is at least seven.

Payment of Fees

A driver may pay the driver responsibility fee assessments in full or enter into an approved installment agreement for up to 24 months. Failure to make timely payments will result in an indefinite suspension of a driver's license. A reinstatement fee of \$125 is required before the license is reinstated.

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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.