

Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 4403 (Substitute H-1 as passed by the House)
Sponsor: Representative Ted Wallace
House Committee: Judiciary
Senate Committee: Financial Services

Date Completed: 3-18-98

CONTENT

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

- Provide for a waiver of the penalties for failure to show proof of insurance, under certain circumstances.
- Require that the fee collected for a violation, which is in addition to a fine and costs, be credited to local units of government.
- Specify that the Code's provisions pertaining to failure to show proof of insurance would apply not only to a violation of the Vehicle Code, but also to a violation of a substantially similar local ordinance.

The bill specifies that it would apply to all violations occurring on or after July 1, 1997.

Waiver of Penalties

The Code requires the owner or operator of a motor vehicle to produce evidence of its insurance upon the request of a police officer. Failure to show proof of insurance or to have insurance for a vehicle is a civil infraction. The bill would require that a court waive any civil fine, costs, or fees for a citation for failure to produce evidence that a motor vehicle was properly insured, if, before the appearance date on the citation, the person to whom it was issued presented to the court a certificate of insurance showing that the motor vehicle was insured at the time of the citation.

The Code also requires that the court notify the Secretary of State of the vehicle registration number and the year and make of a motor vehicle operated at the time of a violation for failure to show proof of insurance or failure to have a vehicle insured. The Secretary of State then is prohibited from renewing, transferring, or replacing the registration plate of the vehicle or allowing the purchase of a new registration plate for that vehicle, until it is properly insured or is transferred or sold to a person other than the owner's spouse, mother, father, sister, brother, or child. The bill specifies that the court would not have to notify the Secretary of State of the violation if the civil fine and costs were waived pursuant to the bill.

Fee Allocation

Under the Code, the court may require a violator to surrender his or her driver's license unless proof of insurance is submitted to the court. If proof of insurance is submitted, the court must assess a fee of \$25 in addition to any civil fine and costs imposed. The bill specifies that this sanction would not apply under the bill's waiver provision, and that the \$25 fee collected would have to be credited to the general fund of the court's local funding unit or to the general fund of a city funding a municipal court.

MCL 257.328 & 257.907

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would allow collection of fees for substantially corresponding local ordinances. However, the bill would result in a loss of revenue to the State and local units of government by requiring the waiver of fines, costs, and fees for individuals who produced evidence that a motor vehicle was insured at the time of the citation.

No Statewide information regarding tickets for lack of proof of insurance is available. However, information from individual courts shows a substantial number of cases. For example, the 46th District Court reports that 2,700 tickets were issued in 1996 for failure to have proof of insurance. Approximately 55% of the people receiving those tickets subsequently provided proof of insurance.

Fiscal Analyst: B. Bowerman

S9798\S4403SA

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.