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BILL ANALYSIS

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Senate Bill 554 (Substitute S-2 as reported by the Committee of the Whole)
Sponsor: Senator Shirley Johnson
Committee: Appropriations

CONTENT

The bill would amend the Michigan Vehicle Code to provide for various fee increases, create the "Transportation Administration Collection Fund", and provide for the allocation of current and increased fee revenue.

The following fee increases are included in the bill:

	Current Fee	Proposed Fee	Increase
Operator - Original License	\$13.00	\$25.00	\$12.00
Operator - Renewal	13.00	18.00	5.00
Operator - 2 Year Renewal	11.00	18.00	7.00
Minor's Restricted License	5.00	25.00	20.00
Chauffeur - Original License	21.00	35.00	14.00
Chauffeur - Renewal	21.00	35.00	14.00
Commercial Vehicle License	20.00	35.00	15.00
Late Operator Renewal	0.00	7.00	7.00
Title Service Fee	0.00	3.00	3.00
Expeditious Title Service Fee	0.00	3.00	3.00
Registration Service Fee	5.00	8.00	3.00
Late Registration Fee	0.00	10.00	10.00
Dealer License	10.00	75.00	65.00
Salvage Vehicle	100.00	160.00	60.00
Duplicate License			
Chauffeur's	12.00	18.00	6.00
Operator's	6.00	9.00	3.00

Section 810b of the bill would create the Transportation Administration Collection Fund (TACF). The bill would require the Department of State to spend money from the TACF to defray the costs of manufacturing and the administrative costs of issuing, selling, replacing, and substituting registrations and licenses and collecting fees. The Department of Treasury also could use funding from the TACF to defray the costs of collecting motor fuel taxes. Under the bill, service fees currently deposited in the Michigan Transportation Fund (MTF) and appropriated to the Department of State would be redirected to the TACF for appropriation to the Department of State, thereby reducing or eliminating the MTF appropriation to the Department of State and Department of Treasury.

The bill would sunset registration fees, driver and chauffeur license fees, dealer license fees, title fees, and service fees on October 1, 2009. The bill is tie-barred to Senate Bill 539 (which would amend Public Act 51 of 1951) and would take effect on October 1, 2003.

MCL 257.217a et al.

FISCAL IMPACT

The bill would generate approximately \$66.2 million from fee increases. The impact on specific funds is listed below.

TACF

The bill would transfer approximately \$56,402,545 in current service fees from the MTF to the TACF. Fee increases in the bill would result in an additional \$66,226,325, of which \$39,836,214 would be annually deposited in the TACF. This would result in total annual funding of \$96,238,759 for the TACF. The extent to which the TACF would cover costs charged to transportation funds for the Department of State and the Department of Treasury would depend on annual appropriations by the Legislature. The Governor recommended FY 2003-04 MTF funding to the Department of State totaling \$94,752,300. The Senate reduced that amount by \$20,827,000. The Governor recommended FY 2003-04 MTF funding to the Department of Treasury totaling \$8,561,000. The Senate reduced that amount by \$1,861,000.

State General Fund (GF/GP)

Fee increases for driver licenses, chauffeur licenses, commercial licenses, duplicate licenses, and the new late driver license fee and late registration fees would generate approximately \$25,855,291 to the State General Fund.

MTF

The bill would transfer \$56,402,545 in current service fees from the MTF to the new TACF. However, depositing increased fees in the TACF would result in a net reduction of charges to the MTF, making additional MTF funding available for distribution pursuant to Public Act 51 of 1951. Dealer and salvage dealer licensing fee increases would result in an additional \$535,000 for the MTF.

Date Completed: 6-11-03

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