



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

BILL ANALYSIS



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

Senate Bill 166 (Substitute S-1 as passed by the Senate)
Sponsor: Senator Bruce Caswell
Committee: Appropriations

Date Completed: 7-8-11

CONTENT

The bill would amend the Michigan Vehicle Code to prohibit the assessment of driver responsibility fees after October 1, 2011, for the following:

- **Accumulating seven or more points on a driving record.**
- **Driving without a valid license.**
- **Failing to produce proof of insurance.**
- **Failing to have no-fault insurance under the Insurance Code.**

Under the Vehicle 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 Code also 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 must assess a \$200 driver responsibility fee each year for two consecutive years on a licensed or unlicensed individual who has been found responsible for failing to produce proof of insurance upon request by a police officer, or found guilty of knowingly providing false evidence of insurance. The Secretary of State also must assess a fee of \$500 for two consecutive years for failure to obtain no-fault insurance under the Insurance Code.

Under the bill, a driver responsibility fee could not be assessed or collected for the violations described above that were committed on or after October 1, 2011.

MCL 257.732a

FISCAL IMPACT

The bill would result in a revenue loss of approximately \$31.6 million annually based on the first-year assessment data for driver responsibility fees in calendar year (CY) 2010 .

The total amount of driver responsibility fees assessed each year (including both first-year and second-year assessments) averages an estimated \$220.0 million. The collection rate for these fees averaged 56.0% for CY 2010, meaning that the total amount of funds collected in 2010 was an estimated \$123.2 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 the accumulation of seven or more points on a driving record, driving without a valid license, failing to produce proof of insurance, and failing to have no-fault insurance would result in the loss of an estimated \$31.6 million in revenue for the State annually.

Based on CY 2010 data, there were approximately 37,000 violations for accumulating seven or more points on a driving record, subject to the assessment of a fee beginning at \$100 and increasing incrementally by \$50 for each additional point. The value of these assessments in CY 2010 totaled \$5.5 million. With a collection rate of 56.0%, the revenue in 2010 from this fee for the first year of assessment was an estimated \$3.1 million.

There were approximately 17,800 violations in CY 2010 for driving without a valid license, subject to the assessment of a \$150 fee. With a collection rate of 56.0%, the revenue from this fee was an estimated \$1.5 million for 2010 for the first year of assessment. There were approximately 91,200 violations in 2010 for failure to provide proof of insurance, subject to a \$200 fee. Again, the collection rate of 56.0% yielded approximately \$10.2 million in revenue for the first year of assessment. Finally, there were approximately 3,700 violations annually for not having no-fault insurance, subject to a \$500 fee. The 56.0% collection rate yielded approximately \$1.0 million in revenue in CY 2010 for first year of assessment.

The sum of the first-year assessments for the driver responsibility fees listed above is \$15.8 million. Current law assesses driver responsibility fees for a two-year period. For that reason, the four fees affected by the bill would be assumed to be assessed for two years; thus, the actual loss in revenue to the State would be twice the amount listed above for the individual fees, or \$31.6 million annually.

Fiscal Analyst: Joe Carrasco

S1112\166sa

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.