




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 910 (as introduced 1-26-12)
Sponsor: Senator Rebekah Warren
Committee: Transportation

Date Completed: 2-14-12

CONTENT

The bill would amend the Michigan Vehicle Code to authorize a county to charge a fee in addition to the regular vehicle registration fee for transportation purposes, if approved by county electors.

Specifically, in addition to the required vehicle registration fee, a county could charge an additional fee on vehicle registrations issued to residents of that county of up to \$1.80 for each \$1,000 or fraction of \$1,000 of the vehicle's list price used in calculating the regular registration fee. The county could charge the additional fee only upon the approval of a majority of the electors in the county voting on the tax at an election held on a regular election date under the Michigan Election Law.

In addition to any other requirements imposed by law, the ballot question proposing authorization of the additional fee would have to specify how the proceeds of the fee would be spent.

The county could use the fee only for transportation purposes as defined by Article IX, Section 9 of the State Constitution.

A fee proposal could not be placed on the ballot unless it were adopted by a resolution of the county board of commissioners and certified by the county board at least 70 days before the election to the county clerk for inclusion on the ballot.

If a county approved the fee, the Secretary of State would have to collect it on all vehicles registered to residents of that county, and distribute the collected fees to the applicable county treasurer on an annual basis.

MCL 257.801 et al.

BACKGROUND

Article IX, Section 9 of the State Constitution provides that all specific taxes, except general sales and use taxes and regulatory fees, imposed on motor vehicle and aircraft fuel sales and registered motor vehicles and aircraft must be used exclusively for transportation purposes.

At least 90% of the specific taxes, excluding general sales and use taxes and regulatory fees, on motor vehicle fuel and registered motor vehicles must be used exclusively for the transportation purposes of planning, administering, constructing, reconstructing, financing, and maintaining State, county, city, and village roads, streets, and bridges designed primarily for the use of motor vehicles using tires, and reasonable appurtenances to those roads, streets, and bridges.

The remaining balance of those specific taxes, 100% of the specific taxes imposed on aircraft fuel and registered aircraft, excluding general sales and use taxes and regulatory fees, and up to 25% of the general sales taxes imposed on sales of motor vehicles, motor vehicle fuels, and parts and accessories, must be used exclusively for comprehensive transportation purposes as defined by law.

Under the Michigan Transportation Fund law, "comprehensive transportation purpose" means the movement of people and goods by publicly or privately owned water vehicle, bus, railroad car, street railway, aircraft, rapid transit vehicle, taxicab, or other conveyance that provides general or special service to the public, except for charter or sightseeing service or transportation for school purposes exclusively.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

State: The Department of State estimates a cost to the Department of \$1.3 million to implement the provisions of this bill. These costs consist of a one-time \$1.1 million for the programming necessary to add the additional fee to all vehicle registrations, along with a one-time cost of \$66,000 for staffing costs associated with the programming. In addition, there would be an annual cost of an estimated \$100,000 for the Department to distribute the revenue directly to the counties. Finally, there could be some additional costs associated with the staff at branch offices who would collect the additional fee; however, this cost is indeterminate at this time and would depend on the number of counties that approved the additional fee.

Local: According to the Department of State, based on FY 2009-10 data, the average cost of a passenger vehicle registration is \$103. This equates to an average valuation of a passenger vehicle of \$21,000. There were 7.3 million vehicle registrations statewide in FY 2009-10. Based on these data, the additional fee of \$1.80 per \$1,000 of a vehicle's value would result in an average increase of an estimated \$38 per vehicle. The amount of additional revenue to a county would depend on voter approval of the additional fee and the number of vehicle registrations in that county. Based on the 7.3 million transactions in FY 2009-10, if voters in every county approved the charge, it would approximately equate to an additional \$277.4 million annually in revenue statewide to be disbursed among the 83 counties according to the number of transactions in each county.

If county electors approved the charge, local residents would be required to pay up to \$1.80 per \$1,000 in vehicle valuation, per vehicle annually. The cost to a local resident would depend on the number of vehicles he or she owned and their value. As stated above, the cost based on the average value of a vehicle in FY 2009-10 would be an estimated \$38 per year, per vehicle.

Fiscal Analyst: Joe Carrasco

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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.