

Legislative Analysis



MICHIGAN VEHICLE CODE – VEHICLE REGISTRATION TAXES

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House Bill 4630 (Substitute S-3)
Sponsor: Rep. Michael D. McCready
Committee: Transportation and Infrastructure

Complete to 6-18-14

A SUMMARY OF HOUSE BILL 4630 (S-3) AS PASSED BY THE SENATE 6-11-14

House Bill 4630 (S-3) would amend several sections of the Michigan Vehicle Code dealing with motor vehicle registrations, including Section 801, the section which establishes registration taxes for most Michigan motor vehicles including passenger cars, light trucks, large commercial trucks, trailers, as well as a number of special registration categories.

BACKGROUND INFORMATION:

Vehicle registration taxes represent one of the two major sources of constitutionally dedicated state transportation revenue – the other major source being motor fuel taxes. Revenue from registration taxes, including vehicle title fees, totaled \$942.7 million in in FY 2012-13. This revenue is constitutionally dedicated to transportation and is distributed according to the provisions of 1951 PA 51.

Vehicle registration taxes are established in the Michigan Vehicle Code (Public Act 300 of 1949). Sections 224 and 225 of the Michigan Vehicle Code provide for the registration of motor vehicles and give authority for the vehicle registration program to the Michigan Secretary of State. Registration taxes are assessed and collected when vehicle owners obtain new registration license plates from the Secretary of State or renew registrations.

Vehicle registration taxes can be considered more of a "retail" tax as compared to the motor fuel taxes. They are collected primarily at 131 Secretary of State branch offices, as well as online or by mail. Section 205 of the Michigan Vehicle Code requires at least one branch office in each county, as well as branch offices within certain cities, and a branch office in the state Capitol complex.

There is not a single registration tax. There are in fact a number of different registration taxes established in Section 801 of the Michigan Vehicle Code. A number of factors determine the tax rate and the base on which the tax is applied, including the vehicle model year, the list price of the vehicle, the weight of the vehicle, the use of the vehicle, and in some cases some characteristic of the vehicle owner.

For a description of registration taxes under current law, see the memorandum [Vehicle Registration Taxes](#), dated **June 10, 2013**, on the House Fiscal Agency website.

DETAILED ANALYSIS:

Our analysis is divided into sections corresponding to the sections of the Michigan Vehicle Code that would be amended in House Bill 4630 (S-3):

Chapter II

- Section 217 – Vehicle Registration
- Section 224 – Institutional plates
- Section 226 – Expiration dates
- Section 234 – Transfer of Registration
- Sections 255 and 256 – Violations of Registration Law

Chapter III

- Section 312c – Motorcycle Safety Fund
- Section 312e – Corrected operating license.

Chapter VII

- Section 801 – Vehicle Registration Taxes
- Section 801(1) – Vehicle Registration Tax Categories
- Section 801(3) – Regulatory and Registration Services Fees
- Section 801(4) – Late Registration Penalties

- Section 801e – Moped Registration Taxes
- Section 801g – International Registration Plan

- Section 802 – Special Vehicle Registration Fees

- Section 803 – Manufacturer/Dealer/Transporter Registration Plates

- Section 803a – Historic Vehicle Registration Fees

- Section 803b – Amateur Radio/Personalized Registration Plates
- Section 803e – Special Veterans Registration Plates
- Section 803g – Congressional Delegation Registration Plates

- Section 806 – Application for Vehicle Title Fees
- Section 809 – Transfer of Vehicle Registration

- Section 811 – Driver's License Fees
- Section 812 – Duplicate/Corrected Driver's License Fees

In addition, our analysis includes a discussion of the bill's enacting sections.

References to "department" in this analysis are to the Michigan Secretary of State or Department of State.

Amendments to Chapter II of the Michigan Vehicle Code

Chapter II of the Michigan Vehicle Code (MCL 257.201 through 257.259) contains provisions dealing with administration of the Michigan Vehicle Code, vehicle registrations, issuance of certificate of title, and anti-theft. House Bill 4630 (S-3) would amend six sections within this Chapter, as described below:

Section 217 – Application for Title

Section 217 contains provisions related to the application for certificate of title. If applicants fail to apply for a title within designated periods, the section requires payment of a late transfer fee of \$15.00 or \$100.00 if the applicant is a used or secondhand vehicle dealer. House Bill 4630 (S-3) does not change these late transfer fees. However, the bill directs the Secretary of State to deposit the late transfer fees into the Transportation Administration Collection Fund (TACF).

Section 224 – Registration Plates

Section 224 contains provisions related to vehicle registration plates, including plates issued to the state government, state institutions, municipalities, privately incorporated, nonprofit volunteer fire departments, or nonpublic, nonprofit colleges and universities, i.e. "institutional" plates. Under current law, these plates "shall not expire at any particular time but shall be renewed when the registration plate is worn out or is illegible."

House Bill 4630 (S-3) would amend this section to indicate that these institutional plates would expire on June 30 of the year in which new registration plates are issued for all vehicles by the Secretary of State. This is not a substantive change; these provisions had been included in Section 801(1)(f) as described below; the bill simply moves the provisions from Section 801(1)(f) to Section 224.

Section 226 – Registration Plates – Expiration dates

Section 226 contains provisions dealing with the issuance of registration plates, including expiration periods. House Bill 4630 (S-3) amendments to this section are only technical in nature.

Section 234 – Purchase or Transfer of Registration

Section 234 contains provisions related to issuance of title and registration certificate. Current law provides for a \$15.00 late fee if the registration transfer is not completed within 15 days of purchase. House Bill 4630 (S-3) does not change this late transfer fee. However, the bill directs the Secretary of State to deposit the late transfer fees into the TACF.

Sections 255 and 256 – Violations of Registration Law

The changes to these sections are merely technical.

Amendments to Chapter III of the Michigan Vehicle Code

Chapter III of the Michigan Vehicle Code (MCL 257.301 through 257.329) contains provisions dealing with operator and chauffeur licenses. House Bill 4630 (S-3) would amend two sections within this Chapter, as described below:

Section 312c – Motorcycle Endorsement

Section 312c contains provisions dealing with motorcycle endorsements to an operator or chauffeur driver's license. House Bill 4630 (S-3) would amend this section to direct that money in the Motorcycle Safety Fund remain in the Motorcycle Safety Fund and not lapse to the state General Fund.

Section 312e – Commercial Vehicle Indorsement

Section 312e contains provisions dealing with driver's license indorsements needed to operate certain commercial motor vehicles. Subsection 7 establishes fees for operator or chauffeur driver's license. House Bill 4630 (S-3) would amend this section to direct that money in the Motorcycle Safety Fund remain in the Motorcycle Safety Fund and not lapse to the state General Fund.

[Note: The terms "endorsement" and "indorsement" are both used in various sections of the Michigan Vehicle Code.]

Amendments to Chapter VII of the Michigan Vehicle Code

Chapter VII of the Michigan Vehicle Code (MCL 257.801 through 257.821) contains provisions dealing with vehicle registration fees.

Amendments to Section 801:

Among other things, House Bill 4630 (S-3) would amend Section 801 of the Michigan Vehicle Code – a section which includes seven subsections and, within Subsection (1), thirteen subdivisions. These thirteen subdivisions establish the taxes for most vehicle registration categories. Our detailed analysis below describes the various provisions of Section 801(1) in current law, and the changes to Section 801 proposed in House Bill 4630 (S-3). Except as otherwise noted, the section/subsection/subdivision references below are as shown in current law.

Section 801(1)(a) – Pre-1984 Cars, Vans, Light Trucks

Under current law, the registration tax for most cars, vans, and light trucks, 1983 model year and older, is based on the vehicle's empty weight. This subdivision currently provides a schedule of 16 separate weight/tax bands, ranging from a tax of \$29.00 for vehicles less than 3,000 pounds, to \$95.00 for vehicles up to 10,000 pounds. Department records indicate that as of April 2014 there were 71,529 vehicles registered under this category.

House Bill 4630 (S-3) would create a two-tiered tax schedule for pre-1984 vehicles weighing 8,000 pounds or less: \$50.00 for vehicles weighing up to 4,000 pounds, and

\$75.00 for vehicles weighing over 4,000 pounds. This treatment is effectively the same as the House-passed bill, although the House-passed bill moved these provisions into a different subdivision.

The bill would retain language that directs the department to *annually* revise the Section 801(1)(a) rates on October 1, 1983 and October 1, 1984, although the language appears to be an anachronism. The bill also retains current language that provides a 50% discounted tax rate for certain "handicap vans."

Section 801(1)(b) – Trailer Coaches

House Bill 4630 (S-3) retains, but modifies, what appears to be a misplaced statement about the liability of certain trailer coaches to property taxes under the General Property Tax Act of 1893.

Sections 801(1)(c) and 801(1)(d) – Farm Trucks/Log Trucks/Milk Haulers

These subdivisions in current law provide a discounted tax rate for certain agricultural vehicles, wood harvesters, and milk haulers. The tax rate is 74 cents per hundred pounds of empty weight. Department records indicate that as of April 2014 there were 41,043 vehicles registered under these two categories.

House Bill 4630 (S-3) would retain, but modify these subdivisions. The bill would retain the tax base (empty weight) and discounted rates but would add the requirement that the vehicle be "designated by proper signs showing the entity or organization operating the vehicle."

Section 801(1)(e) – Hearse or Funeral Ambulance

Current law provides a discounted registration tax rate of \$1.17 per hundred pounds (empty weight). Department records indicate that as of April 2014 there were 322 vehicles registered under this category. House Bill 4630 (S-3) would strike this subdivision.

Section 801(1)(f) – Institutional Plates

Current law provides a registration tax of \$5.00 for vehicles owned and operated by the state, state institutions, a municipality, a non-profit volunteer fire department, or a non-public, non-profit college or university. House Bill 4630 (S-3) would retain this subdivision, renumbered as Section 801(1)(e), but move "state institution" and "non-public, non-profit college or university" registrations out of this subdivision and into new subdivision (f) as described below. The bill would also require that vehicles issued plates under this subdivision be "designated by proper signs showing the entity or organization operating the vehicle."

Sections 801(1)(g) and 801(1)(h) – Nonprofit and Civic Organizations, and Section 801(1)(i) – Ecclesiastical and Charitable Organizations

Section 801(1)(g) and (h) currently provide for a \$10.00 registration tax for certain designated nonprofit and civic organizations. Department records indicate that as of April 2014 there were 14,614 vehicles registered under these two categories.

Section 801(1)(i) currently provides for a special registration tax rate for certain trucks owned and operated free of charge by a "bona fide" ecclesiastical or charitable corporations, the Red Cross, Boy Scouts, or Girl Scouts. The current tax rate is 65 cents per hundred pounds (empty weight). Department records indicate that as of April 2014 there were 84 vehicles registered under this category.

House Bill 4630 (S-3) would consolidate the three subdivisions described above into a single subdivision, Section 801(1)(f); the ten subparagraphs under new subdivision (f) generally parallel the language of current subsections g, h, and i.

The bill would require that vehicles issued plates under subparagraph (i) [the Roman numeral for 1] be "designated by proper signs showing the entity or organization operating the vehicle." This requirement does not appear to apply to vehicles listed in the nine other subparagraphs of the subdivision.

The bill would move "state institution" and "non-public, non-profit college or university" registrations out of the Institutional plate category noted above and into this Non-profit and Civic Organization subdivision – effectively increasing the registration tax for these vehicles from \$5.00 per plate to \$10.00 per plate. State institutions appear to be primarily state universities.

The bill retains, in subparagraph (x) [the Roman numeral for 10], the current separate tax rate/base for certain trucks owned and operated free of charge by a "bona fide" ecclesiastical or charitable corporations, the Red Cross, Boy Scouts, or Girl Scouts. The current tax rate is 65 cents per hundred pounds (empty weight). As noted above, department records indicate that as of April 2014 there were 84 vehicles registered under this category.

Subdivision (h) in current law provides for registration plates for "an emergency support vehicle used exclusively for emergencies and owned and operated by a federally recognized non-profit charitable organization." We believe the current provisions apply to disaster-relief vehicles owned and operated by the Salvation Army. The bill would add a new set of vehicles to this category – emergency support vehicles used exclusively for "transportation of patients or medical equipment." We do not have an estimate of the number of additional vehicles that would qualify for emergency support vehicle plates under the proposed new criteria.

Section 801(1)(j) – Certain Large Trucks

This subdivision currently establishes a tax based on the empty weight of certain large trucks. The language is confusing and appears to be an anachronism. Department records indicate that as of April 2014 there were 2,029 vehicles registered under this category. House Bill 4630 (S-3) would eliminate this subdivision.

Section 801(1)(k) – Large Trucks/Truck Tractor Combinations

This subdivision currently establishes a tax schedule based on elected gross vehicle weight (GVW) for trucks 8,000 pounds or less towing a trailer or any combination of vehicles,

and for trucks 8,001 pounds or more, road tractors, and truck tractors. Department records indicate that as of April 2014 there were 78,468 vehicles registered under this category.

House Bill 4630 (S-3) would retain this subdivision, renumbered as Section 801(1)(g), without substantive changes.

Section 801(1)(l) – Trailers

Current law provides for a non-transferrable permanent trailer registration plate. The registration tax for trailers is based on empty weight. Under current law there are three empty weight tax bands: \$75.00 for trailers weighing up to 2,499 pounds; \$200.00 for trailers weighing up to 9,999 pounds; and \$300.00 for trailers 10,000 pounds and greater.

House Bill 4630 (S-3) would retain this subdivision, renumbered as Section 801(1)(i), without change.

Section 801(1)(m) – Passengers for Hire

Current law provides a registration tax rate based on vehicle empty weight for commercial vehicles used in the transportation of passengers for hire. The subdivision established four rate bands from \$1.76 per hundred pounds (empty weight) for vehicles weighing 4,000 pounds and less, to \$3.35 per hundred pounds (empty weight) for vehicles weighing 10,001 pounds and greater. Department records indicate that as of April 2014 there were 520 vehicles registered under this category. House Bill 4630 (S-3) would strike this subdivision.

Section 801(1)(n) – Motorcycles

The subdivision establishes a tax rate for each motorcycle of \$23.00, plus a separate \$3.00 fee earmarked to the Motorcycle Safety Fund. House Bill 4630 (S-3) would move provisions dealing with motorcycle registrations from Section 801 to Section 801e, a section dealing with moped registrations. In that section the bill would reduce the total registration tax on motorcycles from \$26.00 (including the additional \$3.00 fee) to \$25.00. However, the bill would increase the earmark to the Motorcycle Safety Fund to \$5.00.

Section 801(1)(o) – Moving Vans

This subdivision currently establishes a tax based on 80% of the empty weight schedule for commercial vehicles under Section 801(1)(k). Department records indicate that as of April 2014 there were 292 vehicles registered under this category.

House Bill 4630 (S-3) would strike this subdivision.

Section 801(1)(p) – Passenger Cars, Vans, Light Trucks

This subdivision currently establishes the ad valorem tax schedule for most cars, vans, and light trucks. Department records indicate that as of April 2014 there were 7.1 million vehicles registered under this category.

House Bill 4630 (S-3) would retain this subdivision, renumbered as Section 801(1)(i). The bill would not change the current schedule of tax rates established under this section.

However, the bill would eliminate the current step down or "depreciation" of tax rates. The bill would make this change effective January 1, 2016.

Under current law, the second (first renewal) registration is 90% of the original registration; the third (second renewal) registration is 90% of the second registration; and the fourth (third renewal) and each subsequent registration is 90% of the third registration.

As a result, the actual tax paid in the fourth and subsequent years is 73% of the tax required at the initial registration. For a vehicle in the \$20,000 to \$21,000 tax category, the initial registration tax is \$103.00. However, the tax in the fourth year and each subsequent year is only \$75.00 – 73% of the original tax rate.

As noted above, House Bill 4630 (S-3) would eliminate the annual "depreciation" or step down in registration taxes. The tax rate established at the first registration would be the tax rate for the life of the vehicle. However, the bill would not make this change retroactive. The bill directs that "the registration tax for a vehicle that had a valid registration on January 1, 2016, shall be the same as the most recently paid registration tax for that vehicle." As a result, a vehicle with a valid registration on January 1, 2016, in its fourth registration year, would be locked into that fourth year tax rate for the life of the vehicle.

House Bill 4630 (S-3) would retain but modify language within this subdivision that currently provides 50% discounted tax rate for certain "handicap vans" – department records indicate that as of April, 2014, 4,736 vehicles had received discounted registration plates under these provisions. The revised language would provide a 50% registration tax discount for "*a passenger motor vehicle that has been modified with a permanently installed wheelchair lift mechanism and that is owed by an individual who uses a wheelchair or by an individual who transports a member of his or her household who uses a wheelchair and for which registration plates are issued under Section 803d.*"

Section 801(1)(q) – Wreckers/Other Commercial Vehicles

Current law provides a tax rate of \$200.00 per vehicle for wreckers. The department indicates that as of April, 2014, there were 4,032 vehicles registered under this category.

House Bill 4630 (S-3) would effectively eliminate the special registration rate specific to wreckers. The bill would add a new tax category under the subdivision, renumbered as Section 801(1)(j), for "a wrecker or commercial vehicle not otherwise subject to tax under this section." The tax would be based on a schedule of empty weights: for vehicles up to 26,000 pounds empty weight, \$400.00; for vehicles weighing over 26,000 pounds empty weight, \$590.00

Section 801(3) – Service and Regulatory Fees

Current law provides for the assessment of two fees in addition to the registration taxes imposed under Section 801(1): a \$2.25 regulatory fee for credit to the Traffic Law Enforcement Safety Fund (TLESF) for Michigan State Police programs; and a \$5.75

registration service fee for credit to the Transportation Administration Collection Fund (TACF), a restricted fund used to support Department of State registration programs.

House Bill 4630 (S-3) would not change to total amount of fees charged (\$10.00) but would change the distribution. The bill would reduce the TLESF regulatory fee from \$2.25 to \$1.00 and would increase the \$5.75 TACF registration service fee to \$9.00.

The bill would also strike the current October 1, 2015, sunset date for these fees.

Under provisions of the bill, certain Section 801(1) registration categories which had not previously been subject to regulatory and service fees would be subject to the fees, specifically: trailer coaches, subdivision (b); non-profit vehicles, subdivisions (g) and (h); Elected GVW registrations, subdivision (k); trailers, subdivision (l); motorcycles, subdivision (n); and wreckers, subdivision (q). [The subdivision references as are they appear in current law.] The bill would also make the following additional registration categories subject to the TLESF and TACF service fees for the first time: moped registrations, Section 801(e); in-transit repair registrations, Section 802(6); Dealer/Manufacturer registrations, Section 803; and historic plate registrations, Section 803a.

Section 801(4) – Late Registration Penalty

Current law requires the Secretary of State to collect a \$10.00 late fee if the taxes established under Section 801 are not received by the vehicle registration expiration date. Annual late fee revenue is approximately \$10.0 million. Under current law, revenue from this late fee is dedicated to the state General Fund. House Bill 4630 (H-6) would redirect late fee revenue to the Michigan Transportation Fund.

The bill also directs that the department not assess a late fee for a partial year registrations under Section 802(10) and (11).

Section 801e – Registration of Mopeds

Section 801e currently provides for moped registration fees. The bill would increase the current \$15.00 registration "fee" to \$25.00. [As noted above, the proposed amendment to Section 801(3) would also impose TLESF and TACF fees on moped registrations.]

And as noted above, House Bill 4630 (S-3) would move provisions dealing with motorcycle registrations from Section 801 to Section 801e, would reduce the total registration tax on motorcycles from \$26.00 (including the \$3.00 Motorcycle Safety Fund fee) to \$25.00, and would increase the earmark to the Motorcycle Safety Fund to from \$3.00 to \$5.00.

Section 801g –International Registration Plan (IRP)

The IRP is cooperative registration program of the forty-eight contiguous states, the District of Columbia, and ten Canadian provinces, i.e. member jurisdictions. The IRP provides for registration reciprocity for certain types of vehicles operating in two or more

member jurisdictions, i.e. vehicles engaged in interstate, inter-province, or cross-border commerce.

House Bill 4630 (S-3) would amend this section to clarify that the apportioned Michigan "fees" under the IRP are based on the elected GVW tax rates. This is not a substantive change; simply a technical clarification. In addition, the bill would direct a current-law \$10.00 service fee for credit to the TACF.

Amendments to Section 802:

Section 802 – Special Registration Plates

Through twelve separate subsections, Section 802 currently provides for taxes and fees for several categories of "special registration plates." While Section 802 establishes the various taxes and fees for special registration plates, special registration plates are actually authorized and defined in Chapter II of the Michigan Vehicle Code – Section 201 et seq. Some of the special registrations in Section 802 represent partial year registrations of full-year registrations established in Section 801.

House Bill 4630 (S-3) makes technical changes to several subsections of Section 802 – primarily to change language written in the passive voice to the active voice and to change cross references to reflect the section number changes made by the bill. Substantive changes to the section are described below:

Repossessors, In-Transit Repair, and Auto Auctions

House Bill 4630 (S-3) would amend Subsection (6) dealing with registration plates for repossessors, in-transit repair, and auto auctions. Under current law the fee for two registration plates is \$40.00 and for each additional plate \$20.00. The bill would increase these fees to \$50.00 and \$25.00, respectively.

Partial Year Farm Registrations

The bill would also amend Subsection 10, which provides for partial year farm registration plates, but would require that vehicles registered under this subsection be "designated by proper signs showing the entity or organization operating the vehicle."

The bill does not include similar provisions for vehicles registered under Subsection 9, which provides for what are known as special farm registration plates.

TACF Service Fees

Under Section 802(12), the service fees established under the section are dedicated to the TACF through October 1, 2015. House Bill 4630 (S-3) would strike this sunset.

Amendments to Section 803:

Section 803 – Manufacturer/Dealer/Transporter Registration Plates

Section 244 of the Michigan Vehicle Code provides for special registration plates for manufacturers, transporters, and dealers. Section 803 currently provides for a \$10.00 fee

for each plate under Section 244. Department records indicate that as of April, 2014, there were 87,969 plates issued under this category.

House Bill 4630 (S-3) would retain the current \$10.00 fee for each special plate issued under Section 244, but would add a new subsection (2) to establish fees for special plates issued to a dealer or transporter [but not a manufacturer] under Section 244. The bill would direct the Secretary of State to also charge a \$100.00 fee for the first five special plates issued to a dealer or transporter under Section 244 would be \$100.00. We read this to mean that the fee would total \$100.00 for the first five plates – effectively \$20.00 each. The fee for the sixth and each additional plate would be \$10.00.

It is not clear if the fees imposed on dealers and transporters under new subsection 2 are in addition to the \$10.00 fee under subsection 1 or in place of the \$10.00 fee. [As noted above, the proposed amendment to Section 801(3) would also impose TLESF and TACF fees on manufacturer, dealer, and transporter registrations.]

Section 803a – Historic Registration Plates

Section 20a of the Michigan Vehicle Code defines *historic vehicle* as "vehicle over 25 years old and used solely as a collector's item for participation in club activities, tours, parades, and similar uses...but is not used for general transportation." A 2012 amendment, 2012 PA 239, added to the definition to indicate that "for purposes of this section, use of the vehicle during the month of August of each year is considered an exhibition."

The Michigan Vehicle Code currently provides for two types of historic vehicle registration plates: an historic vehicle plate issued by the Secretary of State under Section 803a; and an "authentic Michigan registration plate" issued under Section 803p.

Section 803a currently authorizes the Secretary of State to issue a registration with the designation "historic vehicle." The registration tax is \$30.00 and is valid for 10 years. Under current law, historic vehicle plates expire on April 15 in the 10th year following issuance. Historic vehicle plates are transferable with payment of an \$8.00 transfer fee under Section 809.

Section 803p currently authorizes *authentic Michigan registration plates*. The registration tax under this section currently \$35.00 and plates are effectively permanent with respect to the owner – the plate is valid until the vehicle is sold to another owner.

House Bill 4630 (S-3) would repeal Section 803p and would bring authentic registration plates into Section 803a along with historic registration plates.

House Bill 4630 (S-3) would increase the registration fee to \$100.00 for both historic vehicle plates issued by the department and authentic registration plates.

Under provisions of the bill, *historic registration plates* would expire on April 15 in the 10th year following issuance; and *authentic Michigan registration plates* would be

effectively permanent with respect to the owner – these provisions are the same as current law.

The bill indicates that a *historic registration plate* is transferrable to another historic vehicle; an *authentic Michigan registration plate* is not transferable – these provisions are the same as current law.

[As noted above, the proposed amendment to Section 801(3) would also impose TLESF and TACF fees on historic vehicle registrations.]

Amendments to Section 803b:

Section 803b – Amateur Radio/Personalized Registration Plates

Section 217a currently provides for special amateur radio plates inscribed with official amateur radio call letters. Under current law, applicants pay the regular registration *fee* [i.e. tax, presumably under Section 801] plus a service fee of \$2.00.

House Bill 4630 (S-3) would repeal Section 217a and move provisions of that section into Section 803b, the section that currently provides for personalized registration plates. Under provisions of House Bill 4630 (S-3), applicants for amateur radio plates would pay the same as applicants for other personalized registration plates, that is, the regular registration fee [i.e., tax, presumably under Section 801] plus a service fee of \$8.00 for the first month and \$2.00 for each additional month of the registration period.

House Bill 4630 (S-3) would also repeal a suballocation in Section 803b(3) of an earmark of certain personalized plate renewal fee revenue to the State Trunkline Fund for litter pickup and roadside cleanup. This suballocation is impractical and we do not believe is recognized in practice.

Under current law, certain personalized plate service fees are dedicated to the TACF through October 1, 2015. House Bill 4630 (S-6) would strike this sunset.

The bill would strike language that currently prohibits the Secretary of State, on renewal of a personalized registration plate, a new exact duplicate of the expired plate.

Amendments to Section 803e:

Section 803e – Special Veterans Plates

House Bill 4630 (S-3) would add language authorizing Congressional Medal of Honor plates, moved to this section from Section 217d.

Section 803g– Congressional Member Plates

Section 803g currently authorizes the Secretary of State to issue special registration plates to the Michigan Congressional delegation and indicates that the registration "fees" for those plates are as provided under either the weight-based schedule for pre-1984 vehicles or the ad valorem schedule for passenger cars and light trucks. House Bill 4630 (S-3)

would simply changes the references in this section to conform to the new numbering established in the bill.

Amendments to Section 806:

Section 806 – Application for Title Fees

Section 806(1) currently provides for a \$10.00 title application fee, plus a \$3.00 service fee. An additional \$5.00 service fee is required for expedited service requests. Revenue from the \$10.00 application fee is credited to the Michigan Transportation Fund; the \$3.00 service fee and \$5.00 expedited service fee are credited to TACF.

Authorization to collect the \$10.00 title application fee, and the dedication of service fee revenue to the TACF, are currently authorized through October 1, 2015. House Bill 4630 (S-3) would strike the sunsets related to the authority to collect the title application fee and the dedication of the service fees to the TACF.

The bill would also strike the current December 31, 2015, sunset for the \$1.50 tire disposal surcharge for credit to the Scrap Tire Fund.

The bill also changes the fee under Section 806(2) related to the application for a Special Identifying Number title, as authorized under Section 230 of the Michigan Vehicle Code. Section 230 apparently deals with instances in which the Vehicle Identification Number (VIN) has been destroyed or is missing. Section 806(2) currently provides for a \$10.00 fee for special identifying number applications. The bill would increase this fee to \$100.00. The department had indicated that inspections and site visits needed to satisfy the provisions of this subsection cost substantially more than is provided through the current \$10.00 fee.

Amendments to Section 807:

Section 807 – Dealer License Fees

Section 807 established fees for various automobile dealer licenses established under Section 248. House Bill 4630 (S-3) would direct the fee revenue to the TACF.

Amendments to Section 809:

Section 809 – Transfer of Registration

As provided in Section 226 of the Michigan Vehicle Code, registrations for most private vehicles expire on the owner's birthday. When a vehicle owner purchases a new car, the owner may elect to simply transfer a valid registration plate from an old vehicle to the newly purchased vehicle. At the time of transfer the owner would not pay the registration tax under Section 801, but would pay only an \$8.00 transfer fee as provided under Section 809. The owner would not pay the registration tax rates applicable to the new vehicle until the first registration after the transfer registration – typically on the owner's next birthday.

House Bill 4630 (S-3) would amend this section to indicate that, in addition to the \$8.00 transfer fee, for transfers in which the new vehicle 12-month registration *fee* [i.e. tax] was greater than the 12-month registration *fee* [i.e. tax] of the vehicle from which the registration was transferred, the applicant would pay the difference in registration *fees* [i.e. taxes]. If the new vehicle 12-month registration *fee* [i.e. tax] were less than the 12-month registration *fee* [i.e. tax] of the vehicle from which the registration was transferred, the difference in in registration *fees* [i.e. taxes] would not be refunded.

The transfer of registration fees assessed under this section are currently dedicated to the TACF through October 1, 2015. House Bill 4630 (S-3) would strike this sunset.

Section 811 – Operator, Chauffeur, Minor Restricted [Driver's] Licenses

Under current law, the application fee for original operator's licenses is \$25.00 and for renewal operator's licenses, \$18.00. However, if the operator's license is expired at the time of renewal, the renewal fee is the same as the original fee, \$25.00. In effect, late renewals are subject to a \$7.00 penalty.

House Bill 4630 (S-3) would increase baseline operator's renewal fees from \$18.00 to \$25.00 – the same as original operator's licenses. The bill would change the distribution of revenue collected under the Section. Specifically the bill would direct \$7.00 from each operator's renewal license fee for credit to the TLESF.

Section 812 – Fee for Duplicate or Corrected [Driver's] License

Section 812 currently establishes fees for duplicate or corrected driver's licenses. The fees under current law are \$18.00 for a duplicate chauffeur's license and \$9.00 for a duplicate operator's license. House Bill 4630 (S-3) would add a new subsection (3) to indicate that for each duplicate chauffeur's license and each corrected license the Secretary of State collect a fee of \$2.00 for credit to the TLESF. The bill would also add a new subsection (4) to indicate that for each duplicate operator's license the Secretary of State collect a fee of \$1.00 for credit to the TLESF.

The proposed fees appear to be in addition to the current fees established in Section 802(1) and Section 312e.

Enacting Sections:

Enacting Section 1 - Repealers

House Bill 4630 (S-3) would repeal the following sections of the Michigan Vehicle Code:

- **Section 217a – Amateur radio plates;** included in Section 803b, as described above.
- **Section 217d – Congressional Medal of Honor plates;** included in Section 803d, as described above.
- **Section 803p – Authentic historic registration plates,** included in Section 803a, as described above.

Enacting Section 2 - Effective Date

House Bill 4630 (S-3) would take effect January 1, 2015

Enacting Section 3 - Effective Date for Secretary of State

House Bill 4630 (S-3) would require the Secretary of State to implement the changes made by the amendments made in the bill by January 1, 2016.

Enacting Section 4 - Appropriation

House Bill 4630 (S-3) would appropriate \$4.0 million to the Secretary of State "for the purpose of completing the programming necessary to implement the changes made by [the enacted bill.]" The bill does not indicate the appropriation fund source.

Tie Bars

Unlike previous substitutes, House Bill 4630 (S-3) is not tie-barred to other bills.

FISCAL IMPACT:

The analysis of the fiscal impact of this bill is in progress.

Fiscal Analyst: William E. Hamilton

■ 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.