

# Legislative Analysis

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## VEHICLE REGISTRATION LATE FEE

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**House Bill 5422**

**Sponsor: Rep. Pete Lund**

**Committee: Transportation and Infrastructure**

**Complete to 9-22-14**

## A SUMMARY OF HOUSE BILL 5422 AS INTRODUCED 3-25-14

Under the Michigan Vehicle Code, if a required vehicle registration tax is not received on or before the expiration date of the registration plate, the Secretary State is required to collect a late fee of \$10. House Bill 5422 would specify that a late fee would be imposed if a vehicle registration tax is not received *within 120 days after the expiration date* of the registration plate.

This means that the bill would effectively allow a 120-day grace period after the registration expiration date before the Secretary of State would impose a \$10 late fee.

MCL 257.801

### FISCAL IMPACT:

As described in additional detail below, House Bill 5422 would likely reduce state General Fund revenue from late registration fees. The amount of the reduction cannot be readily determined at this time; however, the total reduction would not exceed \$10 million – the amount of late registration fee revenue collected under current law.

Chapter II of the Michigan Vehicle Code (Public Act 300 of 1949) provides for the registration of motor vehicles and gives authority for the vehicle registration program to the Michigan Secretary of State. Taxes associated with vehicle registrations are established in Chapter VII of the Michigan Vehicle Code, and primarily within Section 801 of that chapter. Registration taxes are assessed and collected when vehicle owners obtain new registration license plates, or renewal registration tabs, from the Michigan Secretary of State. Section 226 of the Michigan Vehicle Code indicates that a vehicle registration plate expires on the owner's birthday except for a commercial vehicle registration with expires on the last day of February.

Section 801(4) of the Michigan Vehicle Code currently directs that "if a tax required to be paid under this section is not received by the Secretary of State on or before the expiration date of the registration plate, the Secretary of State shall collect a late fee of \$10.00 for each registration renewed after the expiration date." This subsection currently directs revenue from this registration tax late fee to the state General Fund.

House Bill 5422 would effectively allow a 120 day grace period after the registration expiration date before the Secretary of State would be required to impose a \$10.00 late registration fee.

Of the approximately 8.2 million annual registration transactions processed by the Department of State, approximately 1 million registrations are renewed after the expiration date. Related late registration fee revenue, for credit to the state General Fund, is approximately \$10 million each year – this figure has been consistent each year since FY 2006-07. By providing a 120-day-after-expiration grace period, House Bill 5422 would likely reduce state General Fund revenue. The amount of the reduction would depend on the number of late registration fees assessed under terms of the bill, if enacted, as compared to current law. This amount cannot be readily estimated at this time.

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