

Act No. 349
Public Acts of 2016
Approved by the Governor
December 21, 2016
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STATE OF MICHIGAN
98TH LEGISLATURE
REGULAR SESSION OF 2016

Introduced by Senator Jones

ENROLLED SENATE BILL No. 392

AN ACT to amend 1982 PA 432, entitled “An act to regulate persons who transport passengers by motor bus; to prescribe powers and duties for the state transportation department; to impose certain fees; and to impose penalties,” by amending the title and sections 3, 4, 5, 7, 9, 15, 16, 17, 27, 29, 32, 33, 34, 35, and 39 (MCL 474.103, 474.104, 474.105, 474.107, 474.109, 474.115, 474.116, 474.117, 474.127, 474.129, 474.132, 474.133, 474.134, 474.135, and 474.139), sections 3, 4, 5, 7, 17, 27, 29, 33, 34, 35, and 39 as amended and section 32 as added by 1989 PA 233, section 9 as amended by 2012 PA 570, and section 16 as amended by 1996 PA 421, and by adding section 10; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

TITLE

An act to regulate persons who transport passengers by motor bus; to prescribe powers and duties for the state transportation department; to impose certain fees; to impose penalties; and to repeal acts and parts of acts.

Sec. 3. As used in this act:

- (a) “Applicant” means a person who applies for an authority under this act.
- (b) “Authority” means an authority issued under this act. Authority includes an original annual authority, a reinstatement authority, and a renewal authority.
- (c) “Authorized seasonal vehicle” means an authorized vehicle that satisfies both of the following:
 - (i) The department has approved the vehicle to be used in service for a contiguous period of time that does not exceed 6 months.
 - (ii) The vehicle satisfies the inspection and insurance requirements of this act during the period the vehicle has been approved for use.
- (d) “Authorized vehicle” means a vehicle operated by a motor carrier that complies with all requirements of this act.
- (e) “Bus” means a motor vehicle with a seating capacity of 9 or more passengers, including the driver, that is used in the transportation of passengers and their baggage for hire upon any public highway of this state. Except as otherwise provided in section 4(1)(j), bus includes a school bus.
- (f) “Department” means the state transportation department.
- (g) “For hire” means for remuneration or reward of any kind, paid or promised, either directly or indirectly.
- (h) “Motor carrier” means a person who, either directly or through any device or arrangement, holds himself or herself out to the public as willing to transport passengers for hire by bus over the public highways of this state.

(i) "Original annual authority" means the first authority applied for and received by a motor carrier under this act.

(j) "Person" means an individual, sole proprietorship, partnership, association, corporation, or other legal entity, or the lessee, trustee, or receiver of any of these entities; this state; a city, village, township, or county of this state; the federal government; or an employee, officer, or agent of any of these units of government.

(k) "Public highway" means a highway, road, street, avenue, alley, or thoroughfare of any kind, or a bridge, tunnel, or subway used by the public.

(l) "Reinstatement authority" means an authority issued to a motor carrier whose original annual authority or original seasonal authority was previously revoked under this act.

(m) "Renewal authority" means an authority for the continuation of a prior original annual authority or an original seasonal authority that remained in good standing, or the continuation of a reinstatement authority.

(n) "Roster" means a list of buses to be operated for hire by a motor carrier that is authorized or seeking authorization under this act and that indicates all of the following information:

(i) The vehicle identification number, make, model, fleet number, and year of each vehicle.

(ii) The beginning and ending dates of service for each seasonal vehicle.

(o) "Safety inspector" means an individual designated by the department to conduct safety inspections under this act.

(p) "Service" means the movement of passengers by bus.

(q) "The public" means the part or portion of the general public that the motor carrier is ready, able, willing, and equipped to serve.

(r) "Through any device or arrangement" means any and all methods, means, agreements, circumstances, operations, or subterfuges under which a person undertakes for hire to conduct, direct, control, or otherwise perform the transportation of passengers by bus service upon the public highways of this state.

Sec. 4. (1) This act does not apply to a motor carrier that is any of the following:

(a) A county, city, township, or village as provided by law, or other authority incorporated under 1963 PA 55, MCL 124.351 to 124.359.

(b) An authority incorporated under the metropolitan transportation authorities act of 1967, 1967 PA 204, MCL 124.401 to 124.426, or that operates a transportation service pursuant to an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

(c) Operating under a contract entered into under 1967 (Ex Sess) PA 8, MCL 124.531 to 124.536, or 1951 PA 35, MCL 124.1 to 124.13.

(d) An authority incorporated under the public transportation authority act, 1986 PA 196, MCL 124.451 to 124.479.

(e) A regional transit authority created under the regional transit authority act, 2012 PA 387, MCL 124.541 to 124.558.

(f) A nonprofit corporation organized under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to 450.3192, and as defined by sections 501(c)(3), (4), (19), or (23) of the internal revenue code of 1986, that provides 1 or both of the following transportation services:

(i) Services that are restricted only to registered members of the nonprofit corporation.

(ii) Services that are funded under 1951 PA 51, MCL 247.651 to 247.675, through programs administered by the department.

(g) An authority financing public improvements to transportation systems under the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140.

(h) A motor carrier that operates motor vehicles only for the purpose of transporting passengers to and from funerals.

(i) A motor carrier that operates a motor vehicle that is owned or leased by or on behalf of an employer to transport its employees to and from their place of employment.

(j) A public or private school or a unit of government that owns or operates a school bus, or a privately owned school bus that is under contract with a school district, an independent school district, or a private or charter school, when that bus is used solely for the transportation of pupils to or from school, school-related events, or other uses as provided under the pupil transportation act, 1990 PA 187, MCL 257.1801 to 257.1877.

(k) A vehicle operated by a canoe or other watercraft, bicycle, or horse livery that is used only to transport clients between their primary business location and the launch or disembarkment location.

(l) An interstate motor carrier of passengers operating under a United States Department of Transportation, Federal Motor Carrier Safety Administration (USDOT-FMCSA) certificate of authority, unless required by the department as a condition of financial assistance.

(2) A motor carrier that is exempt under subsection (1) shall operate under the requirements of this act when operating outside of the exemptions described in subsection (1).

Sec. 5. A motor carrier shall not operate a bus for the transportation of persons for hire on a public highway in this state except in accordance with this act. A motor carrier shall not operate upon a public highway without first having obtained from the department an authority. A motor carrier shall register its roster with the department, and all vehicles on the roster shall comply with the provisions of this act.

Sec. 7. (1) The department shall issue without a hearing an authority to a motor carrier authorizing that carrier to provide transportation services subject to the jurisdiction of the department under this act, if the department finds that the motor carrier is fit, willing, and able to provide the transportation service authorized by the authority in compliance with this act. The department may attach terms or conditions to the exercise of the privilege granted by an authority as the department considers appropriate.

(2) An application for an authority is not complete unless the applicant has complied with all applicable provisions of this act and with the application requirements of the department. If an applicant fails to comply with the application requirements of the department and fails to correct its noncompliance within 60 days after the initial application date, the application shall be canceled and any application fees paid by the applicant are forfeited.

(3) The department shall not issue or renew an authority to a motor carrier if the motor carrier owes outstanding fees to the department.

(4) An authority covers a motor carrier and the authorized vehicles listed on the roster of the motor carrier. A motor carrier and at least 1 vehicle on its roster shall remain in good standing during the time period covered by the authority or the authority is automatically revoked. To remain in good standing as required by this subsection, a motor carrier shall do all of the following:

(a) Submit an accurate roster to the department and notify the department of any changes to the roster.

(b) Pay all fees by the due date.

(c) Maintain insurance for each authorized vehicle on the roster.

(d) Ensure that each authorized vehicle on the roster complies with the inspection requirements of this act.

(5) If the department denies an application for an authority, the department shall notify the applicant of the denial in writing and the reasons for the denial. An applicant whose application is denied may, within 30 days after the date of the denial, correct any deficiency in the application and reapply for an authority without payment of an additional application fee.

Sec. 9. (1) In determining the eligibility of an applicant for an authority to provide transportation service, the department shall consider all of the following:

(a) Whether the applicant has paid the required fees under section 17.

(b) Whether the character and condition of each bus on the applicant's roster is such that it may be operated safely upon the public highways based on an inspection conducted in accordance with this act.

(c) Whether the applicant has proof of insurance coverage as required by section 10.

(d) Whether the applicant has provided the department with details of any fixed route service that the applicant will provide in this state, if applicable.

(e) Whether the applicant has met all other requirements of this act.

(2) The department shall not issue an authority to an applicant that does not meet the eligibility requirements described in subsection (1).

Sec. 10. (1) An applicant shall acquire the following liability insurance coverage for acts or omissions of the applicant as a motor carrier:

(a) For buses with a seating capacity of between 9 and 15 passengers, including the driver, bodily injury and property damage liability insurance with a minimum combined single limit of \$1,500,000.00 for all persons injured or for property damage.

(b) For buses with a seating capacity of 16 or more passengers, including the driver, bodily injury and property damage liability insurance with a minimum combined single limit of \$5,000,000.00 for all persons injured or for property damage.

(c) Personal protection insurance and property protection insurance as required by chapter 31 of the insurance code of 1956, 1956 PA 218, MCL 500.3101 to 500.3179.

(2) A motor carrier shall maintain the insurance coverage described in subsection (1) as a condition of maintaining an authority issued under this act. For each authorized seasonal vehicle, a motor carrier shall maintain the insurance coverage described in subsection (1) during the approved seasonal period.

(3) The insurance requirements of subsection (1) are waived if the applicant qualifies for and obtains a certificate of self-insurance from the commissioner of the office of financial and insurance services under section 3101d of the insurance code of 1956, 1956 PA 218, MCL 500.3101d.

(4) Except as otherwise provided in this act, if a motor carrier cancels the insurance coverage required under this section for any reason or if the coverage level falls below the levels provided in subsection (1), the authority issued to that motor carrier is automatically revoked.

(5) A motor carrier shall grant notification rights to the department for all insurance policies required under this act to ensure that the department is notified of all activities related to the policy, including cancellation and replacement.

Sec. 15. Except as otherwise provided in this section, each bus on a motor carrier's roster shall display the motor carrier's legal name or assumed name as listed on its application for authority or official request for name change as submitted to the department and primary telephone number on both sides of the bus in a color that is in sharp contrast to the background color and in a size that is visible from a distance of at least 50 feet. The display required under this section shall meet the vehicle identification requirements of 49 CFR parts 390 to 399. A school bus is not required to display a primary telephone number.

Sec. 16. (1) To maintain authorized status for a bus, a motor carrier shall ensure that the bus passes a valid inspection as provided in this section and that the condition of the bus is maintained between inspections.

(2) Beginning on January 1, 2017, for an inspection of a bus to be a valid inspection, all of the following shall be satisfied:

(a) An inspection has been scheduled at the department's convenience.

(b) The inspector of the bus indicates on an inspection report prepared by the department that the bus has passed the inspection before the expiration of the previous inspection.

(c) If the inspection is of a seasonal bus, the inspection occurred no earlier than 30 days before the beginning of the approved seasonal period for that bus.

(d) The department shall accept an inspection conducted by the department of state police if that inspection meets the requirements of this act.

(3) A bus that does not have a valid inspection under this section shall not be operated over the public highways of this state.

(4) A motor carrier is subject to all of the following penalties for each bus that does not have a valid inspection as required by this section:

(a) A motor carrier shall be assessed a fee of \$250.00 for each inspection that is conducted between 1 and 30 days late, and a fee of \$500.00 for each inspection that is conducted 31 or more days late. This fee shall be in addition to any fee assessed under subdivision (b). The department may waive the fee provided for in this subdivision if the late inspection was primarily caused by the schedule of the safety inspector. A vehicle that fails an inspection is subject to the late inspection fees described in this subdivision.

(b) The motor carrier shall be assessed a \$100.00 reinspection fee for each inspection after an initial failed inspection until the vehicle passes or is permanently removed from service.

(c) A motor carrier that is assessed a reinspection fee under subdivision (b) shall pay the reinspection fee before the department conducts the reinspection on the vehicle for which the reinspection fee was assessed.

(5) Instead of an inspection by the department under subsection (2), a motor carrier may, no later than the end of the month in which the inspection expires, provide evidence of a current year inspection by a state, district, province, or local municipality that has standards comparable to the federal motor carrier safety periodic inspection standards and that has been approved by the department. The department may issue a list of the states, districts, provinces, and local municipalities that have standards comparable to the federal standards promulgated under 49 CFR part 396.

(6) A motor carrier shall maintain a copy of a current valid inspection report on board each bus at all times, and the report shall be made available for review upon demand by an authorized federal, state, or local official.

(7) If the department has reasonable cause to believe that a bus is unsafe for operation or has not been inspected as required by this act or rules promulgated under this act, a department safety inspector may inspect the bus. If the bus is not in compliance with this act, the department may require the motor carrier to place the bus out of service until all violations have been corrected or eliminated.

(8) Upon satisfactory completion of a valid inspection of a bus as required by this act and payment of all required fees by the motor carrier, the department shall issue a decal indicating the expiration date of the inspection for that bus. A decal issued under this subsection is property of this state. A motor carrier shall not use a bus displaying an expired decal to provide for-hire passenger service.

(9) A motor carrier shall not operate a bus over the public highways of this state if that bus does not have a properly displayed current decal issued by the department under subsection (8).

(10) The department may require a motor carrier to return a decal issued under subsection (8) to the department if the bus upon which that decal was displayed is removed from the motor carrier's roster by the department or the motor carrier. A motor carrier that fails to return a decal within 30 days after a request by the department shall pay a \$50.00 fee.

(11) The department may waive the inspection and renewal requirements of this act for a bus that is not being used in this state for a motor carrier that is located outside of this state if the motor carrier submits a roster that indicates which of its vehicles will be used exclusively outside of this state for at least 1 year. The roster must be submitted before the affected vehicle ceases to comply with this act. The motor carrier may put the bus back into service in this state after at least 1 year by submitting a revised roster and complying with all other provisions of this act.

(12) Until the department conducts an inspection as provided in this act, or January 1, 2018, whichever is later, an inspection that was conducted and passed in accordance with this act or the limousine transportation act, 1990 PA 271, MCL 257.1901 to 257.1939, before January 1, 2017 shall be considered a valid inspection.

Sec. 17. (1) An applicant for an original annual authority shall pay to the department a filing fee of \$300.00 and a fee of \$100.00 times the number of buses to be used by the applicant to provide transportation for hire under this act. The applicant shall submit its roster to the department at the time of payment.

(2) An authority issued under this act expires on March 1 of each year. No later than the last day of February each year, a motor carrier that holds an authority issued under this act shall pay to the department an annual renewal fee equal to \$100.00 times the number of buses subject to this act. The motor carrier shall submit its roster to the department at the time of payment. The department may require a carrier to submit additional documentation as part of the annual renewal process to ensure compliance with this act.

(3) A motor carrier that holds an authority issued under this act that wishes to have additional buses authorized under its authority between annual renewal periods shall pay to the department a fee of \$100.00 times the number of buses being added to its roster. The motor carrier shall submit its updated roster to the department at the time of payment. A motor carrier shall ensure that each bus added to a roster under this subsection complies with all requirements of this act.

(4) The authority of a motor carrier that does not comply with this section shall be automatically revoked on March 1, and the motor carrier must apply for and be issued a new authority before resuming service.

Sec. 27. A motor carrier holding an authority for regular route service between points within this state shall notify the department in writing no less than 60 days before it plans to discontinue all or a portion of its service under its authority. Within 10 days after notifying the department, the carrier shall post notice of the discontinuation of service on its website and in all ticketing locations.

Sec. 29. A motor carrier authorized to provide regular route service under this act shall not abandon or discontinue a service established under this act without notification to the department as described in section 27. If a motor carrier discontinues service for more than 10 days without previous notification to the department, the authority issued to that carrier shall be automatically revoked without any further action by the department.

Sec. 32. (1) A police officer or a peace officer may seize and impound a vehicle that is operated by a motor carrier in violation of this act or a rule promulgated by this act or is in such a condition that the continued operation of the vehicle upon the highway would constitute an immediate hazard to the public. Upon impoundment, the vehicle is subject to a lien, subordinate to a prior lien of record, in the amount of any fine, costs, and damages that the defendant may be ordered to pay under this act. Upon impoundment, a notice shall be sent to the owner and any lienholder of record as kept by the secretary of state of the vehicle that the vehicle is available for pickup by the owner or lienholder of record as kept by the secretary of state. The notice shall be accompanied by an invoice for any outstanding charges imposed under this act. The notice shall inform the owner and any lienholder of record as kept by the secretary of state that the owner and lienholder of record as kept by the secretary of state have 30 days from the date of the notice and upon payment of applicable charges to pick up the impounded vehicle. A notice under this subsection shall be sent by the agency authorizing the impoundment of the vehicle to the applicable address on record with the secretary of state by certified mail or by another commercially available delivery service providing proof of delivery. The defendant or a person with an ownership interest in the vehicle may post with the court a cash or surety bond in the amount of \$750.00. If a bond is posted, the vehicle shall be released from impoundment. The vehicle shall also be released, and the lien shall be discharged, upon a judicial determination that the defendant is not responsible for a violation of this act or upon payment of the fine, costs, and damages. Additionally, if the defendant is determined to be not responsible for the violation of this act, the court shall assess against the governmental entity bringing the action costs, payable to the defendant, for any damages that the defendant has sustained due to the impoundment of the vehicle.

(2) If the court determines that the defendant is responsible for the violation of this act and the defendant defaults in the payment of any fine, costs, or damages, or any installment, as ordered under this section, a bond posted under subsection (1) shall be forfeited and applied to the fine, costs, damages, or installment. The court shall certify any

remaining unpaid amount to the attorney for the governmental entity bringing the action. If the owner or lienholder of record as kept by the secretary of state does not pick up the vehicle within the 30-day period described in subsection (1), the vehicle may be sold by foreclosure sale. The foreclosure sale shall be conducted in the manner provided and subject to the same rights as apply in the case of execution sales under sections 6031, 6032, 6041, 6042, and 6044 to 6047 of the revised judicature act of 1961, 1961 PA 236, MCL 600.6031, 600.6032, 600.6041, 600.6042, and 600.6044 to 600.6047.

(3) Not less than 21 days before a foreclosure sale under subsection (2), the attorney for the governmental entity bringing the action shall by certified mail send written notice of the time and place of the foreclosure sale to the owner and any lienholder of record as kept by the secretary of state. In addition, not less than 10 days before the foreclosure sale, the attorney shall twice publish notice of the time and place of the foreclosure sale in a newspaper of general circulation in the county in which the vehicle was seized. The attorney for the governmental entity bringing the action shall provide the buyer and the secretary of state with a copy of the proof of notice under this subsection to the owner and lienholder of record as kept by the secretary of state, and a bill of sale. The secretary of state shall use the documentation provided to issue the appropriate certificate of title. The proceeds of the foreclosure sale shall be distributed in the following order of priority:

- (a) To discharge any lien on the vehicle that was recorded prior to the creation of the lien under subsection (1).
- (b) To the clerk of the court for the payment of the fine, costs, and damages, that the defendant was ordered to pay.
- (c) To discharge any lien on the vehicle that was recorded after the creation of the lien under subsection (1).
- (d) To the owner of the vehicle.

(4) The department may use any and all available legal and equitable remedies of a civil nature to enforce this act, an order issued, or a rule promulgated pursuant to this act. The department may employ experts, assistants, inspectors, and other personnel as necessary subject to civil service rules, to enable it to administer and enforce this act. An employee of the department shall not ask for or receive any fee from a person for the taking of acknowledgments or any other service. State and local police officers shall enforce this act and the rules promulgated pursuant to this act. A police officer or a peace officer may arrest, on sight or upon warrant, any person found violating or having violated a provision of this act or a rule promulgated pursuant to this act. The attorney general of this state and the prosecuting attorneys of the counties of this state shall prosecute all violations of this act. A violation of this act may be prosecuted in any jurisdiction in or through which the bus implicated was present at the time of the violation.

Sec. 33. Notwithstanding any other provision of this act, a person subject to this act who operates a passenger service without obtaining an authority required under this act or without meeting the insurance requirements provided in this act shall be subject to a civil fine of not more than \$500.00. Each violation constitutes a separate offense.

Sec. 34. A motor carrier, or an officer or agent of a motor carrier, that requires or permits a driver or operator to drive or operate a bus in violation of this act, or a rule promulgated under this act, is responsible for a state civil infraction and may be ordered to pay a civil fine of not more than \$500.00.

Sec. 35. The department may alter, suspend, or revoke an authority issued under this act if the department determines in a contested case hearing held under chapter 4 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.271 to 24.287, that a motor carrier to which an authority has been issued has willfully violated or refused to comply with this act. If a motor carrier is found operating a bus for the transportation of persons after its authority has been revoked under this section, the department may compel compliance with this act by proceedings in mandamus, injunction, or other appropriate civil remedy. The proceedings described in this section may be brought in any county in which the alleged violator may be sued or in Ingham County circuit court.

Sec. 39. The department may promulgate rules to implement this act under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

Enacting section 1. Sections 6, 11, 13, 21, 25, 31, and 41 of the motor bus transportation act, 1982 PA 432, MCL 474.106, 474.111, 474.113, 474.121, 474.125, 474.131, and 474.141, are repealed.

Enacting section 2. This amendatory act takes effect 90 days after the date it is enacted into law.

Enacting section 3. This amendatory act does not take effect unless all of the following bills of the 98th Legislature are enacted into law:

- (a) House Bill No. 4637.
- (b) House Bill No. 4639.
- (c) House Bill No. 4640.
- (d) House Bill No. 4641.

This act is ordered to take immediate effect.



Secretary of the Senate



Clerk of the House of Representatives

Approved

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Governor