

Legislative Analysis



ALLOW FINANCIAL INSTITUTIONS TO PROVIDE REGISTRATION AND LICENSE RENEWALS

Phone: (517) 373-8080
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House Bill 5171 (proposed substitute H-1)

Sponsor: Rep. Matt Maddock

Committee: Transportation

Complete to 8-31-20

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5171 would amend the Michigan Vehicle Code to require the secretary of state to develop and implement a program to allow a *financial institution* to provide *services provided by the secretary of state in its branch offices*. The program would have to be implemented within one year after the bill took effect.

Financial institution would mean a state or national bank, a state or federally chartered savings and loan association, a state or federally chartered savings bank, a state or federally chartered credit union, or other regulated lending institution that maintains a principal office or branch office in Michigan under the laws of Michigan or the laws of the United States.

Services provided by the secretary of state in its branch offices would mean the renewal of a vehicle registration as provided in section 226(6) of the act and the renewal of an operator's license as provided in section 811.

The secretary of state (SOS) would have to allow a financial institution to participate in the program if the institution applied to do so on a form developed by the SOS and met requirements for participation established by the SOS. The SOS could require an employee of a participating financial institution to obtain a bond or errors and omissions insurance in an amount prescribed by the SOS to cover the safe handling of money under the act.

A financial institution would have to remit an amount equal to the service fee charged by the SOS for the service it provided and would also have to remit to the state treasurer all money collected for the renewal of a vehicle registration as provided in section 226 of the act. The treasurer would credit this money to the Michigan Transportation Fund created in 1951 PA 51. A financial institution could charge a higher fee for a service provided under the program than the fee charged by the SOS and keep the difference.

The bill would allow the Joint Committee on Administrative Rules to promulgate rules to implement the above provisions.

The bill would also provide that the SOS could disclose personal information from records maintained under the act to a financial institution for its use in participating in a program described above.

Proposed MCL 257.205a

FISCAL IMPACT:

House Bill 5171 would result in increased administrative costs for the Department of State (DOS) in order to develop and implement the program added by section 205a. The services required by the bill, as defined by section 226(6), would require more services than those currently offered by SOS kiosks found at private retail locations outside of SOS branch offices. DOS reports that developing, implementing, and overseeing the program would necessitate the hiring of three additional FTE positions. The new positions would be responsible for ongoing oversight of financial, regulatory, and privacy concerns. The three FTE positions are estimated to cost approximately \$250,000 annually. Actual costs would possibly vary based on details of final program implementation.

Other developmental costs would likely need to be supported by financial institutions that choose to participate in the program. These costs could include costs such as those for computers with DOS network access and protections, printers capable of replicating Secretary of State documents, insurance as required under the bill, and others.

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