

# Legislative Analysis



## DRIVER'S LICENSES, STATE ID CARDS, AND VEHICLE REGISTRATIONS AND SOS BRANCH REOPENINGS

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**Senate Bill 507 (H-3) as reported from House committee**  
**Sponsor: Sen. Kevin Daley**

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

**Senate Bill 508 (H-3) as reported**  
**Sponsor: Sen. Ruth Johnson**

**Senate Bill 509 (H-2) as reported**  
**Sponsor: Sen. Curtis S. VanderWall**

**House Committee: Oversight**  
**Senate Committee: Committee of the Whole**  
**Complete to 6-30-21**

### SUMMARY:

Taken together, the bills would extend the validity of driver's licenses, state personal ID cards, enhanced licenses and cards, driver instruction permits, and certain vehicle registrations and certifications expiring on or after March 31, 2021, and before July 1, 2021. (That is, in April, May, or June of this year.) In most cases, the extension would be for 90 days after the expiration. The secretary of state (SOS) could not charge a renewal late fee for a document that expired and was renewed within these time frames and, upon request, would have to reimburse such a fee that was assessed and collected. These provisions would apply retroactively.

In addition, Senate Bills 507 and 508 would prohibit the assessment of any late renewal fees under the Michigan Vehicle Code or the Enhanced Driver License and Enhanced Official State Personal Identification Card Act, respectively, until each open SOS branch office was providing at least 25 hours a week of nonappointment in-person services. Senate Bill 507 would also require the SOS to provide a report to legislative leaders detailing the plan to open all SOS branches to the public without requiring an appointment.

**Senate Bill 507** would amend the Michigan Vehicle Code to provide that an operator's or chauffeur's license that expires after March 31, 2021, but before July 1, 2021, is valid until 90 days after the date of expiration. The extended expiration date provisions would be retroactive.

#### Other licenses, certificates, and permits

The following licenses, certificates, and permits that expire after March 31, 2021, but before July 1, 2021, would also be valid until 90 days after the date of the expiration:

- A temporary driver education certificate.
- A temporary instruction permit issued to someone 18 years old or older.
- A graduated driver license issued to someone under 18 years old.
- A motorcycle temporary instruction permit.

#### Commercial licenses, certifications, and endorsements

Additionally, the following commercial licenses, certifications, and endorsements that expire after March 31, 2021, but before July 1, 2021, would be valid until 90 days after the date of the expiration:

- A commercial learner's permit. Beginning October 1, 2021, a commercial learner's permit would be valid for one year from the date of issuance.

- A commercial driver license.
- Medical certification for license holders with a group designation required under 49 CFR 391.45. (However, the extension would not apply to a certification that was not valid before March 1, 2020, or to a person who, since his or her last medical certificate, has been diagnosed with a medical condition that would disqualify him or her from operating a commercial vehicle or has developed a condition requiring an exemption or skill performance evaluation from the Federal Motor Carrier Safety Administration.)

Additionally, pursuant to a federal waiver, the bill would waive, from July 1, 2020, to August 31, 2021, or any extension of that waiver issued after that date, certain medical certification requirements applicable to vehicle group designations or endorsements under section 312f of the act.

### Registrations

A registration issued to a motor vehicle, recreational vehicle, trailer, semitrailer, or pole trailer that expires after March 31, 2021, but before July 1, 2021, would be valid until 90 days after the date of the expiration. This would include registrations for those vehicles that are used for commercial purposes and commercial registrations issued under the International Registration Plan. A registration for a motorcycle that expires after March 31, 2021, but before July 1, 2021, would also be valid until 90 days after the date of the expiration.

A person operating a vehicle with a registration expiring after March 31, 2021, but before July 1, 2021, would not be in violation of provisions requiring vehicles to be registered when operated on a street or highway if the registration were renewed within 90 days after the date of the expiration.

### Titles

After March 31, 2021, but before July 1, 2021, a dealer selling, leasing, or exchanging vehicles required to be titled could apply to the SOS for a new title, if required, and transfer or secure registration plates and secure a certificate of registration for the vehicle in the name of the purchaser within 30 days. Both of the following would apply to a dealer that complies with this provision:

- The dealer's license could not be suspended or revoked for failure to apply for a title when required or for failure to transfer or secure registration plates and certificate of registration within the 15-day period required under the code.
- The SOS could not charge late fees and would be required, upon the dealer's request, to reimburse a late fee charged and collected after March 31, 2021, to the end of the period described under this provision.

The above would also apply to a dealer selling or exchanging an off-lease or buy-back vehicle after March 31, 2021, but before July 1, 2021. The dealer could apply for a new title within 30 days after receiving the certificate of title from the lessor or manufacturer and transfer or secure registration plates and secure a certificate of registration for the vehicle in the name of the purchaser.

### Late fees

Late fees could not be assessed on vehicles whose registrations expire after March 31, 2021, but before July 1, 2021, but are renewed within 90 days after the expiration. The SOS would be required, upon an applicant's request, to reimburse a late renewal fee assessed and collected for a vehicle whose registration expires after March 31, 2021, but before July 1, 2021, and

whose registration is renewed within 90 days after the date of the expiration. This would also apply to an operator's or chauffeur's license and other licenses, certificates, and permits that expire after March 31, 2021, but before July 1, 2021, that are renewed within 90 days after the date of the expiration.

#### Adequate in-person services

Notwithstanding any other provision of Chapter VII (Registration Fees) of the code, if, on the bill's effective date, the SOS did not provide ***adequate in-person services***, a late renewal fee could not be assessed until adequate in-person services were resumed.

***Adequate in-person services*** would mean a minimum of 25 hours of in-person services, without the requirement of an appointment, during each week an SOS branch office is open for services in the state.

#### Report on reopening

The bill would add a new section to the code to require the SOS to provide a written report to the Senate Majority Leader, Speaker of the House of Representatives, and chairpersons of the Senate and House appropriations committees within 30 days after the bill's effective date. The report would have to detail the department's plan to reopen all SOS branches to the general public for in-person services without requiring an appointment. The written report would have to include at least all of the following:

- The number of staff returning to in-person work.
- How the SOS will transition returning staff to in-person work.
- How the SOS will notify members of the public that SOS branches are open for in-person services, without a requirement for an appointment.
- How customers who had been unable to renew essential documents beginning March 24, 2020, due to branch closures and appointment-only policy will be prioritized.
- The SOS's plans to ensure the safety of staff and customers in reopened SOS branches.
- Details on hours of operation for reopened SOS branches.
- How kiosks and other automated services will be utilized at reopened branches.

The bill states that it is intended to apply retroactively, except for the provisions described above under "Adequate in-person services" and "Report on reopening."

MCL 257.216 et seq.

**Senate Bill 508** would amend the Enhanced Driver License and Enhanced Official State Personal Identification Card Act to extend the period for which an enhanced driver's license or enhanced state personal ID card is valid under the act. Currently, an enhanced license or card that expires on or after March 1, 2020, is considered valid until March 31, 2021, and a late fee cannot be charged if such an enhanced license or card is renewed before March 1, 2021.

The bill would additionally provide that an enhanced driver's license or enhanced state personal ID card that expires after March 31, 2021, but before July 1, 2021, is considered valid until 90 days after the date of the expiration. A renewal of an enhanced license or personal ID card expiring after March 31, 2021, but before July 1, 2021, would have to be processed as a renewal of an existing (rather than expired) enhanced license or card until 90 days after the date of the expiration. The bill would prohibit assessment of a late renewal fee for an enhanced license or card expiring after March 31, 2021, but before July 1, 2021, that is renewed within 90 days after its date of expiration. In addition, upon request of the applicant, the SOS would

have to reimburse a late renewal fee that was assessed and collected on an enhanced driver's license or enhanced state personal ID card that expired and was renewed within those time frames. The bill states that these provisions are intended to apply retroactively.

In addition, notwithstanding any other provision of the act, if on the bill's effective date the SOS does not provide ***adequate in-person services*** (defined as in SB 507), a late renewal fee could not be assessed at all under the act until adequate in-person services were resumed.

MCL 28.304 and 28.306

**Senate Bill 509** would amend 1972 PA 222, which provides for an official state personal identification card, to extend the period for which a personal ID card is valid under the act. Currently, a personal ID card that expires on or after March 1, 2020, is considered valid until March 31, 2021, and a late fee cannot be charged if such a card is renewed before March 31, 2021.

The bill would additionally provide that a personal ID card that expires after March 31, 2021, but before July 1, 2021, is considered valid until 90 days after the date of the expiration. A renewal of a personal ID card expiring after March 31, 2021, but before July 1, 2021, would have to be processed as a renewal of an existing (rather than expired) personal ID card until 90 days after the date of the expiration. The bill would prohibit assessment of a late renewal fee for a card expiring after March 31, 2021, but before July 1, 2021, that is renewed within 90 days after its date of expiration. In addition, upon request of the applicant, the SOS would have to reimburse a late renewal fee that was assessed and collected on a card that expired and was renewed within those time frames.

The bill states that it is intended to apply retroactively.

MCL 28.292

The bills are all tie-barred to one another, which means that none of them could take effect unless all of them were enacted.

## **BRIEF DISCUSSION:**

The closure of SOS branch offices in response to the COVID-19 pandemic made it difficult or impossible for many to renew their driver's licenses, state ID cards, vehicle registrations, and other essential documents. Executive Orders 2020-47 and 2020-78 suspended strict compliance with the law to extend the validity of these documents to July 31, 2020. In July, 2020 PAs 127, 128, and 129 amended the three applicable acts to extend the validity of certain documents to September 30, 2020. At the end of October, 2020 PAs 241, 242, and 243 extended document validity for another six weeks, to December 11, 2020. Then, at the end of December, 2020 PAs 304, 306, and 374 extended document validity to March 31, 2021.

However, despite making it easier to conduct most business online and resuming in-person services, albeit by appointment only, the SOS experienced a large backlog that made it difficult for people to complete their renewals by the end of March. Anecdotally, the ability to obtain in-person appointments appears to be mixed, with some reporting ease of getting appointments in a timely manner and receiving quick service during their appointments, while others report difficulty getting a timely appointment, having to wait at the branch office even with an appointment, or finding that their issue cannot be resolved during the appointment. Some have

reported snagging an appointment only to find that it is three to five months away. Some feel that they are therefore left with no option but to drive without proper licensing or registration and take their chances on being ticketed.

There may be several compounding factors resulting in the backlog, but one that has been identified is that extending the validity of documents to a specific day may have inadvertently failed because of the human tendency to wait until the last minute. Once March 31 neared, the SOS experienced a deluge of appointment seekers. Senate Bill 507 would give those whose documents expired in April, May, or June of this year a grace period of 90 days from their document's expiration date. It is hoped that having a rolling period, rather than a set date by which all documents must be renewed, will help prevent another surge in appointment requests. The bill also would enable those who were unable to renew their documents in April, May, or June to request a reimbursement if they were assessed a late fee.

In addition, the bills would require the SOS to reestablish a minimum amount of time per week at each branch office for walk-in service. Whether due to a requirement or preference to conduct certain business in person, a lack of internet access, a need for scheduling flexibility, or even a sudden change in plans that requires immediate attention, many are more comfortable having the option to walk into an SOS branch, even if it may require a bit of a wait.

Others feel that forcing the SOS to reestablish walk-in service is not necessarily the best way to address either the current backlog of services requested or future needs. Such things as increasing funding for the SOS, even temporarily, to cover overtime for employees to extend branch hours or to open on the weekends could help catch up with the backlog. Going forward, other initiatives, some of which may require additional legislative authority, could include having mobile SOS units visit people where they are—for example, a monthly stop at senior citizen centers, shopping malls, big box stores, or schools. According to the SOS, an appointment-only model reduces inefficiencies and saves money. SOS representatives say that, unlike appointments, where both parties know ahead of time which documents will be needed to complete the transaction, people walking in may not bring all the needed documentation or, if it is a complicated matter, an employee experienced in that matter may not be available. Service times under the appointment model have reduced most appointments to close to ten minutes, and many have reported satisfaction knowing exactly when they needed to be at the branch and how long they would be there.

## **FISCAL IMPACT:**

Senate Bills 507, 508, and 509 would lead to a reduction of state restricted revenue to the Department of State (DOS) in fiscal year (FY) 2020-21 from an anticipated reduction of renewals of licenses, registrations, permits, and certifications and their related transaction fees. Most revenue deferred in FY 2020-21 from extended renewal dates would likely be collected later in FY 2021-22. However, it is not known if all deferred revenue would be collected after the 90-day expiration extensions that would have otherwise been collected, potentially resulting in an indeterminate one-time net reduction in revenue. Revenue from renewals and transaction fees are deposited into the Transportation Administration Collection Fund (TACF), Personal Identification Card Fees Fund, and Enhanced Driver License and Enhanced Official State Personal Identification Card Fund, which support SOS driver and vehicle services.

All revenue collections deferred from prior extended due dates in 2020 and 2021 have not yet been collected following the current passed deadline extension of March 31, 2021. It is not yet

known if uncollected fees are outstanding due to a backlog of appointments and transactions at SOS branch offices or if some individuals have decided to forgo renewing certain licenses, registrations, permits, or certificates, leading to a net reduction of transaction fee revenue. Revenue to the TACF in FY 2020-21 as of May 2021 is \$12.7 million below the amount it was in May of FY 2018-19, the most recent FY prior to pandemic-related service changes and renewal waivers.

The TACF is currently projected to run a revenue shortfall of between \$1.0 and \$10.0 million in FY 2020-21, depending on how much outstanding revenue is collected from renewal transactions of the existing backlog and any additional future backlog that the bills would create. There are currently two bills that would each transfer \$18.0 million to TACF to offset the revenue shortfall in the current and next FY. SB 256 would transfer \$18.0 million from the Comprehensive Transportation Fund to the TACF, and HB 4410 would transfer a GF/GP deposit in a newly created fund in Treasury to DOS. If neither SB 256 nor the \$18.0 million appropriation in HB 4410 are enacted, the bill's indeterminate reduction of renewal fee revenue in FY 2020-21 would likely add to the current projected shortfall and could require additional funding being appropriated to DOS to support operational expenses or the achievement of significant cost savings.

The bills also would lead to a reduction of revenue to the state general fund from a reduction in the assessment of late fees for registrations and license renewals from both the renewal deadline extensions and the provision in the bills to reimburse late fees upon request if they relate to the eligible renewal dates extended in the bills. In FY 2018-19, the department collected \$11.6 million in registration late fees and \$1.8 million in driver license renewal late fees. In FY 2019-20, when renewal deadlines were first waived in March 2020, registration late fees fell to \$5.6 million. Data on driver license renewal late fees in FY 2019-20 had not been updated from available reports at the time of this analysis.

Revenue collected from late fees on vehicle registrations is deposited into the state's general fund. Renewal and late fee revenue associated with driver's licenses and state personal identification cards is allocated to the state's general fund, counties and municipalities, the Traffic Law Enforcement and Safety Fund, the Transportation Economic Development Fund, and the Enhanced Driver License and Enhanced Official State Personal Identification Card Fund.

## **POSITIONS:**

A representative of the Department of State testified in opposition to the bills. (6-17-21)

UAW Local 6000 indicated opposition to the bills. (6-17-21)

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.