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Senate Bills 706 and 799 (Substitute S-1 as passed by the Senate)
Sponsor: Senator Veronica Klinefelt
Committee: Transportation and Infrastructure

Date Completed: 4-16-24

RATIONALE

Generally, the Code prescribed driver responsibility fees (DRFs) for individuals who broke the law while driving (for examples, see **BACKGROUND**). According to testimony before the Senate Committee on Transportation and Infrastructure, some individuals have outstanding DRFs that inhibit their ability to reinstate their licenses; however, DRFs have not been collected since 2018, when Public Acts 43 through 50 discontinued the assessment of, and phased out liability for, DRFs. Accordingly, it has been suggested that Michigan law be amended to allow the Secretary of State (SOS) to reinstate a license for an individual whose driving privileges were suspended due to a DRF without requiring the individual to pay the license reinstatement fee.

CONTENT

Senate Bill 706 (S-1) would amend the Michigan Vehicle Code to do the following:

- Remove a requirement that the SOS include whether an individual has failed to pay a DRF in the individual's driving record.
- Allow the SOS to reinstate the operator's license of an individual whose driving privileges were suspended for failure to pay a DRF without requiring the individual to pay the license reinstatement fee.
- Remove language pertaining to DRFs from the Code.
- Repeal sections 732b and 732d of the Code, which generally concern the administration of DRFs.

Senate Bill 799 (S-1) would amend the Enhanced Driver License and Enhanced Official State Personal Identification Card Act to remove from the definition of "licensing sanction" a reference to the assessment of DRFs.

The bills are tie-barred. Each bill would take effect 90 days after its enactment. Senate Bill 706 (S-1) is described in greater detail below.

Senate Bill 706 (S-1)

Driver Responsibility Fees

Generally, the Code prescribes DRFs for individuals who break the law. For example, an individual who fails to stop and disclose identity at the scene of an accident when required by law or who flees or eludes an officer is assessed a \$1,000 DRF each year for two consecutive years.

The Code requires the SOS to create and maintain a computerized central file that compiles an individual's historical driving record. Among other things, it must include information on

whether an individual has failed to pay a Department of State (MDOS) DRF. The bill would remove this requirement.

Additionally, the bill would delete references to DRFs throughout the Code.

License Reinstatement Fees

If an individual assessed a DRF fails to submit a payment or establish an installment plan within 30 days after receiving the individual's second notice, the SOS must suspend the individual's driving privileges until the assessment and any other fees are paid. If the assessed individual makes a proper payment, the SOS may reinstate the individual's license. Generally, an individual must pay a \$125 fee to the SOS to have the individual's license reinstated.¹ Under the bill, the SOS could reinstate the operator's licenses of individuals whose driving privileges were suspended for nonpayment of DRFs without requiring them to pay the reinstatement fee.

Repeals

The bill would repeal sections 732b and 732d of the Code. Section 732b allows individuals assessed a DRF, instead of paying that fee, to engage in 10 hours of a workforce training program. Section 732d required the Department of Treasury to create and administer a workforce development program.

MCL 257.204a et al. (S.B. 706)
28.304 (S.B. 799)

BACKGROUND

Driver responsibility fees were introduced in 2003 and generally set to phase out in 2019. The following provides an overview of the DRFs enacted in 2003.

Violation resulting in Fee	Amount of Fee
Accumulation of seven or more points within two years	\$100 plus \$50 for each point above seven (except for a violation subject to a higher DRF)
Driving without a valid license or possessing more than one driver license*	\$150 each year for two consecutive years
Failing to produce proof of insurance upon request by a police officer, or knowingly providing false evidence of insurance*	\$150 each year for two consecutive years
Operating a motor vehicle while visibly impaired due to the consumption of alcohol or a controlled substance	\$500 each year for two consecutive years
Driving with any bodily alcohol content, if under the age of 16	\$500 each year for two consecutive years
Operating while visibly impaired or intoxicated with a passenger under 16	\$500 each year for two consecutive years
Reckless driving	\$500 each year for two consecutive years
Driving with a suspended or revoked license	\$500 each year for two consecutive years
Driving a motor vehicle or motorcycle without insurance	\$500 each year for two consecutive years

¹ MCL 257.320e

Manslaughter, negligent homicide, or a felony resulting from the operation of a motor vehicle, off-road vehicle, or snowmobile	\$1,000 each year for two consecutive years
A moving violation subject to criminal penalties that results in injury or death to a person working in a construction zone or operating an implement of husbandry; or causing injury or death to a police officer, firefighter, or other emergency response personnel in the immediate area of a stationary emergency vehicle	\$1,000 each year for two consecutive years
Operating while intoxicated; or causing the death or serious impairment of a body function of another person while driving under the influence or while visibly impaired due to the consumption of alcohol or a controlled substance	\$1,000 each year for two consecutive years
Failing to stop and disclose identity at the scene of an accident when required by law	\$1,000 each year for two consecutive years
Fleeing or eluding an officer	\$1,000 each year for two consecutive years
*Not applicable after September 30, 2012	

Driver responsibility fees proved unpopular, with opponents alleging that many Michiganders were unable to pay the additional fees. In 2017, there was \$637.0 million in outstanding DRFs.² In 2018, Public Acts 43 through 50 discontinued the assessment of, and phased out liability for, DRFs.

Public Act 43 provided that, beginning September 30, 2018, assessed DRFs could no longer be collected; an individual would no longer be liable for an outstanding DRF or responsible for completing community service; and an individual whose driving privileges were suspended for unpaid DRFs could reinstate the individual's operator's license. Public Act 45 provided that, for individuals who entered an installment payment plan by February 1, 2018, any outstanding DRF or installment payment could not be collected; an individual was not liable for any outstanding DRF; and, if the individual's driving privileges were suspended, the individual could reinstate the individual's operator's license. Public Act 46 discontinued the assessment of DRFs beginning October 1, 2018, rather than October 1, 2019.³

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

People should not be held liable for outstanding DRFs when the State has stopped assessing the fees. According to testimony before the Senate Committee on Transportation and Infrastructure, an estimated 10,000 people are affected by a DRF-only requirement, almost six years after DRFs were phased out. People may not want to pay their DRFs for a variety of reasons, such as lack of capability, confusion about the law, or an unwillingness to pay for a charge no longer applied to others; however, they still are punished for failing to pay. The bills would erase an unnecessary barrier preventing individuals from regaining their licenses.

Legislative Analyst: Abby Schneider

² Kaffer, Nancy, "Michigan's driver responsibility fees: A cautionary tale of bad-policy making", *Detroit Free Press*, November 3, 2017.

³ For more detailed information, see the Senate Fiscal Agency's Analysis as Enacted of Senate Bills 613 and 625 and House Bills 5040, 5041, 5043, 5044, 5046, 5079, which can be found at the Michigan Legislature Website: <https://www.legislature.mi.gov>.

FISCAL IMPACT

The bill could result in a reduction in revenues for the MDOS, and others, with the elimination of the reinstatement fee as proposed in the bill. Currently, a \$125 reinstatement fee is charged upon the reinstatement of an operator's or chauffeur's driver license that has been suspended or revoked for violation of various sections of the Code (such as drunk driving, seven or more points on a driver's record, etc.).

In 2018, all DRFs were eliminated and reinstatement fees waived from March 2018 to December 2018. The Department was allowed to begin charging the reinstatement fee beginning January 1, 2019. The bill would permanently eliminate the reinstatement fee for those whose operator's or chauffeur's licenses were suspended or revoked due to nonpayment of the fee after DRFs were eliminated. The Department has stated that current practice is to not charge the reinstatement fee for those mentioned above and thus would lose a minimal, if any, revenue.

In Fiscal Year 2022-23 the MDOS collected an estimated \$3.2 million in revenue from reinstatement fees which equates to approximately 25,600 reinstatements. It is uncertain if any of the current reinstatement fees would be eliminated and how much of the \$3.2 million in estimated revenue would be lost. The bill likely would have a minor fiscal impact on the Department of Treasury but would not result in significant cost changes or changes to required appropriations.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.