



**House
Legislative
Analysis
Section**

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THE APPARENT PROBLEM:

Senate Bill 353 has been introduced this year to restructure the Michigan Vehicle Code, mainly to raise license and examination fees to finance the additional duties that have been imposed on the Department of State by new federal guidelines on higher licensing standards for commercial truck and school bus drivers. There are still provisions in the code, according to the department, that need to be amended to be consistent with the intent of the above legislation; and there are areas in the law that pose problems. Currently, for example, out of state trucks and buses may obtain a ten-day temporary permit to operate in Michigan. If they renew their permits every ten days, it will therefore cost them approximately \$720 per year to operate in Michigan. Michigan trucks and buses, on the other hand, pay \$2,000 per year for their license plates. (In addition, Michigan's weight restrictions on trucks are much lower than those in other states.) Therefore, it is more profitable for out of state trucks and buses to operate in Michigan than it is for Michigan companies. Legislation is needed to correct this inequity and to encourage out of state trucks and buses to purchase a full year's registration.

Another area of concern is that of license fees. When driver license fees were changed in 1987, as part of the Transportation Funding Package, the fee for a four-year chauffeur license was set at \$20, and the fee for a one-year license was set at \$5. Since the department incurs the same cost for issuing a four-year license as it does for a one-year license, legislation should be introduced to establish a flat rate for fees, and to drop the one-year option.

Further, General Motors is developing a special promotion for its Cadillac division. Like similar programs offered by foreign luxury car manufacturers, a person will be able to purchase a Cadillac at a European dealership, take delivery in the United States, and be treated to a package that includes personalized service, factory tours, and shipping overseas. Part of the promotion is to include the ability to tour the United States in the new Cadillac prior to dropping it off for overseas shipment. In order to do so, the foreign purchaser would have to obtain a registration in the state where the vehicle was obtained. The Michigan Vehicle Code does provide for a special \$5 registration for vehicles purchased in Michigan for removal to a place out-of-state, but that registration is only good for 30 days, which may not be long enough to meet the needs of many of the overseas purchasers. General Motors seeks legislation enabling purchasers under its U.S. Delivery Program to drive their newly-purchased Cadillacs in this state and elsewhere for longer than 30 days.

THE CONTENT OF THE BILL:

The bill would amend the Michigan Vehicle Code as follows:

Registration. Currently, a temporary registration fee of \$5 is collected for a vehicle weighing 5,000 pounds or less,

COMMERCIAL VEHICLES

Senate Bill 576 (Substitute H-2)
First Analysis (12-7-89)

MAR 05 1990

Mich. State Law Library

Sponsor: Senator Michael J. O'Brien
Senate Committee: State Affairs and Transportation
House Committee: Transportation

and \$10 for a vehicle weighing more than 5,000 pounds; a temporary registration may not be issued for a vehicle with an elected gross vehicle weight of 24,000 pounds or more. The bill would amend the code to delete this latter provision and to require that the fee for all temporary registrations be \$5. The bill would also amend the code to permit a 90-day "special" registration to be issued for a new motor vehicle purchased in the state and delivered to the purchaser by a dealer or manufacturer for removal to a foreign country. For each "special" registration, a fee of \$10 would be collected, to be credited to the Michigan Transportation Fund to defray the expenses of the registrations. (This language is also contained in House Bill 4720, which passed the House in May.)

Nonresident foreign vehicles. The nonresident owner of a foreign vehicle that is operated within the state for the transportation of persons or property for compensation may currently, under the code, obtain a 10-day temporary permit. Under the bill, a temporary permit would last for 72 hours. The bill would also require that each request for a temporary permit be based on emergency or infrequent need for the permit. The secretary of state could refuse to issue a permit if there were reason to believe that the applicant had previously forged or misused a permit, had attempted to circumvent the state's registration laws, or had not demonstrated an emergency or infrequent use. The secretary could also designate an owner or registrant with a fleet of motor vehicles currently registered under the code to act as an agent for the purpose of issuing to himself or herself a temporary registration.

Vehicle Group Designation Fees. Under Public Act 346 of 1988, a series of group designation were established for different types and classes of vehicles to replace Class 1, 2 and 3 operator license indorsements for single or combination vehicles. A licensee with an operator's or chauffeur's license having a Class 1, 2, or 3 indorsement issued before October 1, 1989, was permitted to operate a vehicle without a vehicle group designation until the license expired. The bill would amend the act to permit a licensee to operate his or her vehicle until January 1, 1990. The bill would also include school transportation vehicles under those with a Group C designation and a P vehicle indorsement, and would require that applicants for a P vehicle indorsement take the driving skills test in a bus or school bus, and that an applicant for a vehicle group designation take a knowledge and driving skills test that complied with minimum federal standards. The bill would also increase the charge for vehicle group designation fees for those who hold an unexpired operator's or chauffeur's license and who apply for a vehicle group designation and indorsement for the remainder of the license. The fees are currently \$7 for a 4-year operator's or chauffeur's license, \$4 for a 2-year operator's or chauffeur's license, and \$3.00 for a 1-year chauffeur's license. Under the bill, the fees would be \$20 each; an indorsement fee of \$5 per indorsement would be charged; the fee for a corrected

license would be increased from \$5 to \$6; the 1-year chauffeur's license would be eliminated; and the fee for an original chauffeur's license would be increased from \$3 to \$20, and \$5 for each indorsement.

Under the bill, revenues from money received for vehicle group designations or indorsements would be deposited in the general fund, and the secretary of state would be required to refund to each county or municipality that acted as an examining officer or bureau, as follows:

- \$3 for each applicant examined for a first designation or indorsement to a 4-year operator's or chauffeur's license.
- \$2.50 for each original designation or indorsement to a 2-year operator's or chauffeur's license.
- \$1.50 for each renewal designation or indorsement to a 2-or 4-year operator's or chauffeur's license, whose application is not denied, on the condition that the money refunded be paid to the county or local treasurer and appropriated to the county, municipality, officer or bureau receiving that money for the purpose of carrying out the act.

Operator's or Chauffeur's License Fees. Under the code, a person aged 60 or older has the option to renew a chauffeur's license annually for \$4 per year, instead of every four years. The bill would delete this provision, and also the provision that permits a person making this choice to pay a \$2 fee to apply for a vehicle group designation or indorsement for the same period.

Currently, under the code, an operator's license expires on the person's birthday in the fourth year following the date the license is issued. Under the bill, a person with a license with a Class 1, 2, or 3 indorsement could make application for renewal of his or her license 90 days before expiration of the license. However, a knowledge test for an original group designation or endorsement could be taken at any time during this period and the results would be valid for 12 months. This provision would apply from November 15, 1989, through March 31, 1992. The bill would delete the provision of the act that requires that a first chauffeur's license expire on the licensee's next birthday. Currently, a person may apply for a 90-day extension of an operator's license if he or she is out of state when the license expires. The bill would extend this provision to a holder of a chauffeur's license.

MCL 257.226 et al.

HOUSE COMMITTEE ACTION:

The House Transportation Committee adopted amendments to the bill to make the provisions of the code consistent with amendments proposed in House Bill 4999 and Senate Bill 353. Senate Bill 576, as it passed the Senate, amended the code to permit vehicles weighing over 24,000 pounds to receive temporary registration, and to require a fee of \$5 for all temporary registrations; to reduce from ten to three days temporary permits granted certain out of state truck drivers; and to delete the one-year option provided applicants for chauffeur's licenses. All other amendments to the bill were added by the House Transportation Committee. (12-6-89)

FISCAL IMPLICATIONS:

According to the House Fiscal Agency, the provision under the bill that would reduce temporary registration fees for vehicles weighing over 5,000 pounds from \$10 to \$5 would result in a small cost. Since the Department of State has not kept records on how many of these registrations are issued, it is not possible to determine exactly what the cost will be. (12-11-89)

ARGUMENTS:

For:

By permitting three-day, rather than ten-day temporary permits, the bill would eliminate a loophole in the act that encourages out of state truckers to misuse temporary permits and makes it less expensive for them to operate in Michigan than for Michigan truckers. In addition, the bill would permit the secretary of state to refuse to issue a permit if there was a suspicion that its use would not be that of a true emergency or the "infrequent need" specified under the bill. Also, by increasing license fees to \$20, the bill would streamline the code to be consistent with other legislation that has been proposed this year to pay for new duties the Department of State is required to undertake under new federal regulations.

For:

Along with House Bill 4731, which would provide for a sales tax exemption, the bill is an important piece in a Cadillac promotion program being developed by General Motors. Under that program, a person could arrange a Cadillac purchase in Europe, take delivery in the United States, and receive substantial financial incentives in the form of suspended sales taxes, free overseas shipping, and currency exchange rates. Included in the package will be travel information, factory tours, and various special services. An integral part of the promotion will be the ease and comfort with which the purchaser could tour the United States for an extended period of time. For deliveries in Michigan, that period is suggested to be 90 days. The bill, by providing for a 90-day special registration, would augment the tourism aspects of the promotion.

POSITIONS:

The Department of State supports the bill. (12-7-89)

The Michigan Trucking Association supports the bill. (12-7-89)

The Department of State Police supports the bill. (12-7-89)

AAA Michigan supports the bill. (12-7-89)

The Department of Transportation has no position on the bill. (12-7-89)