



**House
Legislative
Analysis
Section**

Manufacturer's Bank Building, 12th Floor
Lansing, Michigan 48909
Phone: 517/373-6466

COMMERCIAL TRUCK REGISTRATION FEE

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Senate Bill 649 as passed by the Senate
First Analysis (11-27-89)

MAR 05 1990

Sponsor: Sen. William Faust Mich. State Law Library
Senate Committee: State Affairs, Tourism &
Transportation
House Committee: Transportation

THE APPARENT PROBLEM:

Public Act 347 of 1988 amended the Motor Carrier Act to require the Public Service Commission (PSC) to charge a \$50 annual fee for each out-of-state motor carrier operating in Michigan if the state or province in which the vehicle is registered charges a fee greater than the \$10 maximum allowed under the federal Interstate Commerce Act. The act becomes effective January 1, 1990. Apparently, some people believe this type of fee structure is retaliatory and unfair and may challenge the fee in court. The American Trucking Association, in fact, recently filed suit against the PSC requesting the commission be enjoined from charging this fee, while a similar fee was declared unconstitutional, and refunds were ordered, by the Vermont Supreme Court. For this reason, the commission requests replacing the \$50 fee that will have to be charged in some instances with a flat \$10 fee that could be waived if another state or Canadian province did not charge Michigan carriers a fee.

THE CONTENT OF THE BILL:

The bill would amend the Motor Carrier Act to delete the \$50 registration fee that some out-of-state motor carriers are charged if their state or province charges a Michigan carrier more than \$10, and would require instead a flat registration fee of \$10 on each interstate or foreign motor carrier vehicle operated in the state and licensed in another state or province of Canada. If a state or Canadian province did not charge a Michigan-licensed commercial vehicle a fee, the Public Service Commission could enter into a reciprocal agreement with that state or province to waive the \$10 fee. (Currently, the commission may unconditionally enter into reciprocal agreements to waive the fee.) Not less than 90 percent of the fees in excess of \$1.4 million annually collected under the bill would have to be deposited into the Truck Safety Fund.

The act also requires a motor carrier licensed in the state to pay a \$100 annual fee for each vehicle operated by the motor carrier strictly for interstate commerce. The bill would prorate this fee to \$50 for each self-propelled motor vehicle that was operated by the carrier (and used only for interstate commerce) if operation of a vehicle was to begin after June 30 and the carrier had not previously paid a registration fee for that vehicle.

MCL 478.2 and 478.7

FISCAL IMPLICATIONS:

The Public Service Commission, within the commerce department, estimates that revenues would be the same under the bill as they will be under Public Act 347 of 1988, scheduled to take effect January 1, 1990, because the registration fee for out-of-state motor carriers under the bill would, in some cases, be reduced from \$50 to \$10, while in other cases would increase from 0 to \$10. Public Act 347

is expected to generate an additional \$400,000 annually, all of which will go into the Truck Safety Fund; Senate Bill 649 is expected to generate the same amount. Under Senate Bill 649, not less than 90 percent of this revenue would be directed into the Truck Safety Fund, while the other 10 percent would be available for use by the Motor Carrier Divisions of the PSC and the Department of State Police to offset higher regulatory costs that would occur due to a probable increase in vehicle registrations under the bill. (11-14-89)

ARGUMENTS:

For:

The bill would replace the \$50 fee that some out-of-state carriers will be charged with a \$10 fee, which should appease some who feel the impending fee is retaliatory in nature. A court challenge has already been filed against the PSC regarding the \$50 fee, and a similar fee was declared unconstitutional by the Vermont Supreme Court. In that case, a refund of the fee was ordered. The \$10 fee proposed in the bill would conform the state's Motor Carrier Act to federal guidelines for the fee established in the Interstate Commerce Act. Those states that did not charge Michigan carriers a fee, however, could be waived from having to pay the fee. Although it appears that such a dramatic decrease in the fee would lower PSC revenues needed to regulate commercial truckers, the commission believes revenues should not vary from those expected under Public Act 347 since some out-of-state carriers would pay higher fees under the bill while others' fees would decrease. Further, because a lower fee probably would encourage more truck registrations, and thus require more administrative work by the motor carrier divisions of the PSC and state police, the bill would set aside up to 10 percent of revenues that exceeded \$1.4 million — the current annual operating budget for regulating motor carriers — for funding administrative duties under the act. Most of the additional revenue, however, would go into the Truck Safety Fund.

For:

Currently, interstate carriers licensed in the state pay a \$100 registration fee even if they operate less than half the year. The bill would prorate this fee to \$50 annually per vehicle if a vehicle in question began operation after June 30. Apparently, the commission currently prorates the fee by administrative rule and the bill would codify this practice.

POSITIONS:

The Department of Commerce supports the bill. (11-13-89)

The Department of Transportation supports the bill. (11-13-89)

The Department of State Police supports the bill. (11-15-89)

The Michigan Trucking Association supports the bill. (11-15-89)

S.B. 649 (11-27-89)