



**House
Legislative
Analysis
Section**

Washington Square Building, Suite 1025
Lansing, Michigan 48909
Phone: 517/373-6466

GEN'L. AMENDMENTS TO MOTOR BUS ACT

House Bill 4662 (Substitute H-1)
First Analysis (5-8-89)

RECEIVED

Sponsor: Rep. Curtis Hertel
Committee: Transportation

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THE APPARENT PROBLEM:

The Department of Transportation regulates those who operate motor vehicles used to transport more than ten passengers for hire intra- and inter-state. Persons regulated under the act include those who operate charter buses for hire. Buses operated under public transit authorities (PTAs), which are located primarily within metropolitan areas, are exempt from the act. While most PTAs limit their transportation services to within their own governing jurisdictions, some have expanded to offer charter services outside their service areas. The exemption for these buses, however, still applies even though they no longer are operating as municipal PTA vehicles. The exemption puts these buses at a greater competitive advantage relative to state regulated charter buses, since they are not required to pay the various licensing fees associated with operating a charter. Further, PTA buses used as charters are not required to be state-inspected and could be operating without meeting safety standards established by the department.

Another problem concerns those buses that currently fall under the act's requirements. The state has 3,800 registered buses under the act, and of these the department inspects about 300 annually. The department uses three inspectors who set up dates with licensees in order to inspect their fleets. Licensees often will have many of their vehicles in use at any given time, which prevents inspectors from being able to check every bus on a given date. Reportedly, licensees may intentionally try to avoid having certain vehicles available that they know would fail an inspection. Some feel this could be prevented by exacting a per-vehicle fine from licensees who, for one reason or another, fail to make some buses available for inspection. These people also contend that raising license fees and establishing more stringent enforcement procedures could help the department better regulate licensees.

THE CONTENT OF THE BILL:

The bill would amend the Motor Bus Transportation Act to provide certain motor bus operators exemptions from the act, additional application procedures, higher fees, and stiffer penalties for violations of the act. Under the bill, a person that leased a motor bus to any other person for the transportation of passengers for hire would be required to inform the lessee of the requirements of the act on the motor vehicle lease agreement. Currently the act defines "motor bus" to be a vehicle used to transport passengers, and their baggage, for hire, with a seating capacity of 10 or more persons including the driver. The bill specifies that if the Limousine Transportation Act (as proposed under House Bill 4661) were enacted, this definition would be changed to mean a vehicle used to transport 16 or more persons, including the driver, for hire.

Exemptions. The bill would amend the act to exempt motor carriers that were counties, cities, townships, villages or

public transportation authorities from requirements of the act. They would have exclusive jurisdiction to determine their own contemplated routes, hours of service, estimated transit vehicle miles, costs of public transportation services, and projected capital improvements within a service area. The bill would also exempt motor carriers that were authorities incorporated under the Metropolitan Transportation Authorities Act and the Public Transportation Authority Act, entities operating under an intergovernmental contract, and motor carriers that were authorities financing public improvements to transportation systems under the Revenue Bond Act. The bill would specify that motor carriers exempt under the act would be required to operate under the requirements of the act when they were operating outside of the political subdivisions permitted by the authorizing statute or the contract required by the authorizing statute.

Applications for certificates of authority. The Department of Transportation is required to consider certain provisions when determining the ability of an applicant for a certificate of authority to provide transportation service under the act. The bill would amend the act to specifically require the department to consider the provisions before the issuance of the original certificate of authority. The bill would also require the department to consider the character and condition of a motor bus proposed to be operated by an applicant, as well as whether the applicant was insured as required in the act, before it could issue an original certificate. An applicant that did not meet the act's safety and insurance requirements could not be issued a certificate.

Renewal of certificates of authority. The bill would increase the annual renewal fee for certificates for motor carriers of passengers from \$20 to \$25 for each motor bus used by the motor carrier. All certificates of authority allowing motor carriers to provide transportation service granted by the department would be annually terminated on the last day of February unless renewed on or before that date with payment of the proper fees. A motor carrier who was delinquent in payment of fees would have its certificate canceled and revoked on or after March 1 of the year for which renewal should have been made, and the carrier would be prohibited from operating any of its vehicles in the state. Under these circumstances, all privileges granted the motor carrier under the expired certificate would cease.

Safety provisions. The bill would require each motor carrier to permit the department to annually inspect each motor bus at least once, or more frequently if necessary, to determine the current character and condition of the motor vehicle. An annual renewal fee of \$500 would be due for each motor bus not meeting the annual inspection requirement. A motor bus that did not pass the required departmental safety inspection would not be allowed to operate in the state. Each motor bus operated by a motor carrier under the carrier's certificate of authority would be required to pass the safety inspection which met the department's specifications for safe operating character

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and condition for the renewal of a certificate of authority. The bill would require the department to adopt certain Federal Motor Carrier Safety Regulations that were in effect on the effective date of the bill.

Changes to certificates of authority. The Department of Transportation may grant motor carriers extensions of authority for regular route service between points within the state or for charter service within the state upon application and payment of a \$25 fee. The bill would amend the act to allow the department to grant a change to the certificate of authority upon application and payment of the proper fee. A motor carrier could apply for discontinuance of its regular route service upon payment of the \$25 fee required for a change to a certificate and the publication of a notice of application to discontinue for two days in each affected county. If an application is opposed under the act, the department is required to conduct a hearing on the application. Under the bill, the department would be allowed but not be required to conduct a hearing. The bill would also specify that a motor carrier holding a certificate of authority for service, other than regular route service, could discontinue all or a portion of the service by filing written application with the Department of Transportation and paying the \$25 for a change to the certificate.

Enforcement provisions. The department could use any and all available legal and equitable remedies of a civil nature to enforce provisions of the bill, or of rules promulgated pursuant to the bill. The department could employ experts, assistants, inspectors, and other personnel as were necessary, subject to civil service rules, to permit it to administer and enforce the bill. A department employee could not ask or receive any fee from a person for the taking of acknowledgments or any other service. State and local police officers would be required to enforce the bill, and peace officers could arrest, on sight or upon warrant, any person found violating or having violated a provision of, or a rule promulgated under, the bill. The bill would require the attorney general's office and the prosecuting attorneys of the counties of the state to prosecute all violations of the bill. Further, when the bill was violated, the bill would allow the offense to be prosecuted in any jurisdiction in which a motor bus implicated in a violation was present at the time of violation.

MCL 474.101 et al.

FISCAL IMPLICATIONS:

According to the Department of Transportation, there currently are 3,800 motor buses registered under the act. The bill's \$5 fee increase would increase revenues under the act by \$19,000 annually, which would be used to provide better enforcement of the act. Additional revenue could be raised from the \$500 penalty on buses that licensees withheld from inspection. (5-2-89)

ARGUMENTS:

For:

The bill would provide that public transit authority buses that operated outside of their metropolitan jurisdictions would be subject to the same regulations, fees, and penalties as inter- and intra-state charters currently are. These buses are exempt from the act now, and, under the bill, would continue their exemption if they operated within their own service areas. Allowing public transit authorities to operate as charters without making them subject to the act gives them a competitive advantage, and could present

a danger to the public since they may be operating below the act's safety standards for charter buses.

For:

The bill would help the department better regulate charter bus operators by providing better enforcement procedures, increasing fees, and exacting tougher penalties for licensees. The \$5 fee increase per vehicle would raise additional revenue to help offset inspection costs, and the \$500 penalty should help deter licensees from trying to skirt inspections, whether intentionally or not.

POSITIONS:

The Department of Transportation supports the bill. (5-5-89)

The Michigan Public Transit Association supports the bill. (5-2-89)

The Michigan Motor Bus Association supports the bill. (5-4-89)