

**SFA**

BILL ANALYSIS

Senate Fiscal Agency

• Lansing, Michigan 48909 •

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Senate Bill 576 (as enrolled)  
Sponsor: Senator Michael J. O'Brien  
Senate Committee: State Affairs, Tourism, and Transportation  
House Committee: Transportation

**PUBLIC ACT 299 of 1989**

Date Completed: 3-19-90

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MAY 16 1990

**RATIONALE**

Mich. State Law Library

Currently, out-of-state truckers and bus drivers may obtain a 10-day temporary permit to operate in Michigan. If they renew their permits every 10 days, it costs them approximately \$520 per year to operate in Michigan. Michigan truck and bus operators, on the other hand, pay an average \$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 apparently is more profitable for out-of-state trucks and buses to operate in Michigan than it is for Michigan companies. Some feel that this is an inequity that should be corrected by encouraging out-of-state truckers and bus drivers to purchase a full year's registration.

dealership, take delivery in the United States, and be treated to a package that includes personalized service, factory tours, and subsequent shipment of the vehicle 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 tour the U.S., the foreign purchaser would have to obtain a registration in the state where the vehicle was obtained. The Michigan Vehicle Code provides for a special \$5 registration for vehicles purchased in Michigan for removal to a place out of state, but that registration is good only for 30 days, which some feel may not be long enough to meet the needs of many of the overseas purchasers. It has been suggested that these special registrations be allowed to last for a longer period.

**CONTENT**

The bill would amend the Michigan Vehicle Code to:

- Allow the Secretary of State to issue special 90-day registrations for motor vehicles bought in the State to be primarily used, stored, and registered in a foreign country.
- Delete the prohibition against temporary registrations for vehicles over 24,000 pounds and set the fee for temporary registrations at \$5.
- Extend from October 1, 1989, to

Another area of apparent concern is that of license fees. When driver's license fees were changed in 1987, as part of the transportation funding package, the fee for a four-year chauffeur's license was set at \$20, and the fee for a one-year license was set at \$5. Since the Department of State incurs the same cost in issuing a four-year license as it does for a one-year license, it has been suggested that a flat rate for fees be established and the one-year option be dropped.

In another matter, 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

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January 1, 1990, the deadline for licensees to operate vehicles without a vehicle group designation.

- Include school transportation vehicles in the category of vehicles required to have a Group C designation and passenger vehicle indorsement.
- Increase license fees and provide for indorsement fees.
- Specify the scope of the knowledge tests that are mandatory for commercial vehicle operators.
- Specify the distribution of revenues from vehicle group registrations and indorsements that would be made to counties and municipalities that act as examining officers or bureaus.
- Delete the annual renewal option provided for persons 60 years old or older.
- Allow persons with Class 1, 2, or 3 indorsements to apply for license renewal 90 days before expiration (for a specified time period).
- Allow a holder of a chauffeur's license to apply for a 90-day extension if he or she were out of the State when the license expired.
- Delete the option of having a license expire on the licensee's next birthday.

#### Registration

Currently, a temporary registration fee of \$5 is collected for a vehicle weighing 5,000 pounds or less, 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 delete this latter provision and require that the fee for all temporary registrations be \$5.

The bill also would 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 and credited to the Michigan Transportation Fund to defray the expenses of the

registrations.

If a person bought the car from a dealer, the dealer would have to apply for the special registration on behalf of the buyer. If the person bought the car from a manufacturer, the buyer or someone having his or her power of attorney would have to apply in person at an office of the Secretary of State and supply "certification"--along with any other required forms for the special registration--that the person was the bona fide buyer or had the bona fide buyer's power of attorney. The certification would have to include:

- The name and address of the purchaser and the person exercising power of attorney, if any.
- A statement that the vehicle was purchased for registration in a foreign country.
- A statement that the vehicle would be primarily used, stored, and registered outside of the United States and would not be returned to Michigan by the purchaser for use or storage.
- The name of the jurisdiction in which the vehicle was to be registered.
- Any other information required by the Secretary of State.

#### 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 obtain a 10-day temporary permit. Under the bill, a temporary permit would last for 72 hours. The bill also would 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 also could 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

Public Act 346 of 1988 amended the Code to provide for a series of group designations 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, is permitted to operate a vehicle without a vehicle group designation until the license expires. The bill would extend this provision to licensees with indorsements issued before January 1, 1990. The bill also would include school transportation vehicles under the category of vehicles required to have a Group C designation and a P (passenger) vehicle indorsement, and would require that applicants for a P vehicle indorsement take the driving skills test in a bus or school bus.

Further, an applicant for a vehicle group designation would have to take a knowledge and driving skills test that complied with minimum federal standards. The knowledge tests would have to be limited to the knowledge that a driver would have to have for the safe operation of a commercial motor vehicle. The bill specifies that the driver would not be expected to have knowledge of subjects, such as vehicle mechanics, that go beyond the scope of the information necessary for safe operation of the commercial motor vehicle.

The bill also would 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 currently are \$7 for a four-year operator's or chauffeur's license, \$4 for a two-year operator's or chauffeur's license, and \$3 for a one-year chauffeur's license. Under the bill, the fees would be \$20 for each license; an indorsement fee of \$5 per indorsement would be charged; the fee for a corrected license would be increased from \$5 to \$6; the one-year chauffeur's license would be eliminated; and the fee for an original chauffeur's license would be increased from \$3 to \$20, with \$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 the following amount for an applicant whose application was not denied:

- \$3 for each applicant examined for a first designation or indorsement to a four-year operator's or chauffeur's license.
- \$2.50 for each original designation or indorsement to a two-year operator's or chauffeur's license.
- \$1.50 for each renewal designation or indorsement to a two- or four-year operator's or chauffeur's license.

The refund would be 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 provisions of the Act.

#### Operator's or Chauffeur's Licenses

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 as well as 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.

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

of a chauffeur's license.

The Code now requires the Secretary of State to issue vehicle registrations beginning 45 days before the owner's birthday and 90 days before the expiration date. The bill would extend the 90-day period to 120 days.

MCL 257.226 et al.

### **FISCAL IMPACT**

The bill would result in increased revenue to the State and have no impact on local units of government. Although the Department of State anticipates a moderate revenue increase under this bill due to the fee changes, estimates are not available at this time.

### **ARGUMENTS**

#### **Supporting Argument**

By permitting three-day, rather than 10-day temporary permits, the bill would eliminate a loophole in the Code 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 were a suspicion that its use would not be for a true emergency or the "infrequent need" specified under the bill.

#### **Supporting Argument**

By increasing license fees to \$20, the bill would streamline the Code to make it 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.

#### **Supporting Argument**

The bill would help promote tourism and economic development by encouraging foreigners to purchase American cars and tour the U.S. For example, under a Cadillac promotion program being developed by General Motors, a person could arrange to purchase a Cadillac 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 would be travel information, factory tours, and various special

services. An integral part of the promotion would be the ease and comfort with which the purchaser could tour the United States for an extended period of time. The bill, by providing for a 90-day special registration, would augment the tourism aspects of the promotion.

#### **Opposing Argument**

It is unclear why a person wealthy enough to buy a Cadillac and travel extensively in a foreign land needs to have a registration fee that does not exceed \$10, particularly when that person may be using his or her stay in the United States to conduct business and develop profitable contacts in places other than Michigan.

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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.