

**SFA**

BILL ANALYSIS

Senate Fiscal Agency

• Lansing, Michigan 48909

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Senate Bill 649 (as enrolled)

Sponsor: Senator William Faust

Senate Committee: State Affairs, Tourism, and Transportation

House Committee: Transportation

Date Completed: 1-9-90

**PUBLIC ACT 221 of 1989****RECEIVED**

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**RATIONALE**

Mich. State Law Library

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 Canadian province in which the vehicle is registered charges a fee greater than the \$10 maximum allowed under the Federal Interstate Commerce Act. According to the PSC, it is expected that this type of fee structure will be challenged in court as discriminatory and retaliatory. The Commission also reports that a similar fee was recently declared to be unconstitutional by the Vermont Supreme Court, and refunds were ordered. To avert such a situation in Michigan, it has been suggested that the \$50 fee be replaced with a flat \$10 fee that could be waived if another state or province did not charge Michigan carriers a fee.

**CONTENT**

The bill would amend the Motor Carrier Act to do the following:

- Provide for a \$10 per-vehicle fee to be imposed on motor vehicles operated by interstate or foreign motor carriers, and eliminate the \$50 fee that is charged for vehicles licensed in states that charge Michigan vehicles more than \$10.
- Prorate the annual fee that is charged to Michigan-licensed motor carriers on vehicles that are

registered in this State and operated entirely in interstate commerce.

- Revise the amount of fee revenue from commercial truck registrations that is deposited in the Truck Safety Fund.

Currently, a \$50 annual fee is imposed for each motor vehicle operated by an interstate or foreign motor carrier licensed in another state or province of Canada that levies a regulatory fee or tax on a Michigan-licensed motor carrier in excess of the \$10 fee provided under the Federal Interstate Commerce Act, if the state or province does not have a reciprocal agreement with Michigan relating to motor carrier regulatory fees or taxes. The Act also provides that the annual fee levied on interstate and foreign motor vehicles licensed in another state or province must be equal to the annual fee charged to a Michigan-licensed motor carrier vehicle in that state or province. The bill would delete these provisions, and provides that the annual fee levied on each interstate or foreign motor carrier vehicle operated in this State and licensed in another state or province would be \$10. Further, the Act authorizes the Public Service Commission to enter into a reciprocal agreement with a state or province relating to motor carrier regulatory fees or taxes and to waive this annual fee. The bill provides, instead, that the Commission could enter into a reciprocal agreement with a state or province that does

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not charge vehicles licensed in this State economic regulatory fees or taxes, and could waive the fee.

The Act requires that a motor carrier licensed in Michigan pay an annual \$100 fee for each vehicle operated by the carrier that is registered in this State and operated entirely in interstate commerce. Under the bill, a motor carrier would have to pay only a \$50 fee for each self-propelled motor vehicle operated by or on behalf of the carrier if the carrier began operating the vehicle after June 30 and had not previously paid a \$100 fee for the vehicle.

Under the Act, commercial truck registration fees must be deposited in the Truck Safety Fund. The bill would require, instead, that at least 90% of the fees collected in excess of \$1.4 million annually be deposited in the Truck Safety Fund.

MCL 478.2 and 478.7

### **FISCAL IMPACT**

The bill would have a fiscal impact of approximately \$400,000 additional annual revenue to State government and no fiscal impact on local government.

Current State collections of the annual motor carrier fees for interstate- or foreign-licensed motor carriers are approximately \$1,400,000 annually. The Public Service Commission Motor Carrier Division estimates that collections would increase to \$1,800,000 annually under the provisions of the bill. In most cases, the fee would be reduced from \$50 to \$10 per motor carrier, but the number of motor carriers that would be licensed is expected to increase since many motor carriers would license their entire fleet rather than a few vehicles.

### **ARGUMENTS**

#### **Supporting Argument**

The bill is designed to establish a more equitable fee structure that would not result in potential litigation and refunding of fees. In addition to appeasing those who believe that the \$50 fee is retaliatory in nature, replacing the \$50 fee with a \$10 fee would conform the State's Motor Carrier Act to Federal guidelines

for the fee established in the Interstate Commerce Act.

#### **Supporting Argument**

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 if a vehicle began operation after June 30. According to the PSC, this change would codify an existing administrative policy that was intended to assure a fair fee structure.

#### **Supporting Argument**

The bill's funding mechanism would ensure that the major portion of the fees collected annually, beyond the \$1.4 million required to operate the Motor Carrier Divisions of the PSC and the State Police, was assigned to the new Truck Safety Fund. Reserving up to 10% of the total fees above the \$1.4 million would ensure that any significant increase in the number of vehicles registered in Michigan was accompanied by a modest increase in the revenue available for the operation of the regulatory programs. Funds not required for the operation of the programs could be used in the ongoing development of the Truck Safety Fund, according to the PSC.

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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.

HOUSE LEGISLATIVE ANALYSIS SECTION

Senate Bill 652

Analysis First

See SB 197

SENATE ANALYSIS SECTION

SENATE BILL 652

ANALYSIS Enrolled

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