



**House
Legislative
Analysis
Section**

Olds Plaza Building, 10th Floor
Lansing, Michigan 48909
Phone: 517/373-6466

MOTORCYCLE SAFETY EDUCATION

**House Bill 5569 as enrolled
Public Act 345 of 1996
Second Analysis (7-15-96)**

**Sponsor: Rep. Timothy Walberg
House Committee: Transportation
Senate Committee: Transportation
And Tourism**

THE APPARENT PROBLEM:

The state's motorcycle safety education program is conducted by private businesses or by public institutions or governmental agencies, such as colleges, school districts, and sheriffs' departments, under standards established by the Department of Education. The program that is conducted in public institutions and governmental agencies is supported, in part, by fees received from motorcycle registrations and endorsements (\$3 of each \$23 received for a motorcycle registration; \$4 of each \$7.50 received for an original endorsement fee; and \$2 of each \$4 received for a renewal endorsement fee). Current law allows the Department of State to be reimbursed from the motorcycle safety education fund to offset its "reasonable costs" in developing and administering the motorcycle driving tests required for a person to receive a motorcycle endorsement on his or her driver's license. Motorcycle enthusiasts say that funding for motorcycle safety education programs have been drastically cut for 1996, and blame the Department of State for "draining" the motorcycle safety education fund.

THE CONTENT OF THE BILL:

The Michigan Vehicle Code currently imposes a fee of \$7.50 for a motorcycle endorsement on a three-year or four-year driver's license and a \$4 fee to renew the endorsement, and directs \$4 of the original fee and \$2 of the renewal fee into the Motorcycle Safety Fund to fund motorcycle safety and education programs. The bill would amend the act to increase from \$7.50 to \$13.50 the original endorsement fee and from \$4 to \$5 the renewal endorsement fee, and would increase the amount directed into the fund from \$4 to \$10 (from the original endorsement fee) and from \$2 to \$3 (from the renewal fee). However, the bill would specify that revenue from these fees could be used only by the Department of Education to pay for the motorcycle safety education program.

The bill also specifies that, beginning not later than June 1, 1997, the secretary of state could enter into an

agreement with another public or private person or agency to conduct a driving test required under the code. For administering and overseeing a third party motorcycle testing program, the secretary of state would have to be reimbursed from the Motorcycle Safety Fund a total amount that could not exceed 50 percent of the department's fiscal year 1995-96 appropriation for motorcycle testing.

In addition, the act currently requires the secretary of state to charge a \$15 fee for each motorcycle operator driving test and directs revenue from this fee into the fund to pay for motorcycle safety education, but also requires the secretary of state to be reimbursed from this fund for costs it incurs in developing and administering the driving test. The bill would delete this latter provision, and would specify, instead, that revenue from the \$15 fee could only be used by the secretary of state to pay the costs incurred in conducting motorcycle operator driving tests.

MCL 257.312b and 257.312c

FISCAL IMPLICATIONS:

According to the House Fiscal Agency, the increase in fees provided under the bill would result in approximately \$225,000 in additional revenues for the state, based on an annual estimate of 20,000 original endorsements and 105,000 renewal endorsements. (These funds are collected by the state and distributed by the Department of Education to local school districts that operate a motorcycle safety education program.)

The bill also establishes a \$15 limit on charges that the secretary of state may assess from the Motorcycle Safety Fund for expenses incurred in conducting motorcycle operator driving tests. Based on an estimated 6,500 operator tests per year, the department could be reimbursed \$97,500, compared to its 1994-95 fiscal year reimbursements of \$172,700. In addition, the provision

House Bill 5569 (7-15-96)

that would limit the department's future use of the fund for administering a third-party motorcycle testing program to 50 percent of its 1995-96 fiscal year appropriation would limit the department's reimbursement to \$112,550 annually. (7-16-96)

ARGUMENTS:

For:

Motorcycle advocates say that the availability of rider education courses in Michigan has been cut by 50 percent for 1996, as a direct result of the Department of State's practice of misusing the motorcycle education fund. According to these advocates, the department assesses the fund \$26.50 for every license test, resulting in a net loss to the fund of \$11.50 per test. In addition, they claim that the department assesses the fund even for license test no-shows and cancellations, from which no license fee is collected. The intent of the provisions in question, say the motorcycle groups, was to allow a partial offset of the department's costs, not complete funding of its costs. The bill would correct this by specifying that the department could only be reimbursed \$15 for each test, and prohibit assessments for tests not actually conducted.

In addition, the bill would provide for an increase in motorcycle license fees, to be directed into the motorcycle safety education fund. With this increase, and by placing limits on the Department of State's use of the fund, the bill would help restore the fund to a healthy balance. These additional funds will be used to meet the increasing demand for rider education courses, and to fund statewide campaigns to increase motorcycle awareness and safety.

Against:

The allegations that the Department of State charges the fund for unnecessary expenses and tests, and that it charges the fund for more than its reasonable expenses, are not based on fact. According to the department, it receives compensation from the fund only for those expenses it is legally entitled to receive under the provisions of the act. Further, since 1984, the department's role in administering the motorcycle licensing program has been expanded, and thus, its administrative costs have greatly increased. For example, until 1984, the department administered a simple motorcycle test in its parking lots; it now administers an expanded motorcycle driving test. The department reports that it does not charge the fund for people who pass this test, although it does charge for each follow-up test administered to those who fail the first driving test. Further, the department has adopted the new motorcycle written test developed by the Motorcycle Safety Foundation, which is longer and more difficult than the previous test, and incurs additional staff and

administrative costs. For example, the department now checks the driving status of each applicant before administering driving tests, enters the results on a computer after the test is completed, retests those who fail the test, and issues more temporary instruction permits. The department also responds that it does not charge the full amount for "no shows;" it does charge the fund for eight minutes of testing time to cover its administrative costs.

The Department of State asserts that it has been reasonable in the administrative charges it assesses to the motorcycle safety education fund. The department notes that the reason that the fund has decreased has more to do with the decline in the number of motorcycle registrations issued. Between 1981 and 1993, the number of motorcycle registrations issued dropped by more than half (in the last two years, the number has increased slightly). Another factor in the decrease of the fund has been the effect of inflation; there has been no increase in fees that support the fund since its inception.

Analyst: R. Young

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.