



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 5850 (as reported without amendment)
 Sponsor: Representative Terry London
 House Committee: Transportation
 Senate Committee: Financial Services

Date Completed: 9-19-96

RATIONALE

An applicant for a certificate of authority to provide transportation service under the Motor Bus Transportation Act must acquire insurance for bodily injury and property damage liability and personal protection coverage. An applicant who does not satisfy that requirement may not be issued a certificate of authority to provide transportation service. Apparently, Federal law allows passenger common carriers (such as Greyhound bus lines) to be self-insured, as do most other states. Some people believe that the Act's insurance requirement should not apply if a transportation provider obtained State approval to self-insure.

CONTENT

The bill would amend the Motor Bus Transportation Act to waive the insurance requirement for an applicant for a certificate of authority to provide transportation service under the Act if the applicant qualified for and obtained a certificate of self-insurance from the Secretary of State under the Michigan Vehicle Code. An applicant who did not satisfy either the current requirement or the bill's self-insurance option could not obtain a certificate of authority.

(The Michigan Vehicle Code allows a person in whose name more than 25 motor vehicles are registered to obtain a certificate of self-insurance; the Secretary of State may issue a certificate of self-insurance if he or she is satisfied that the applicant is and will continue to be able to pay judgments obtained against the applicant.)

MCL 474.109

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Allowing private bus lines to self-insure would be beneficial to them financially, and apparently would pose no risk to the public. Greyhound Lines, Inc. reportedly noted in information provided to the House Transportation Committee that it has been able to self-insure under Federal law, and in all but a few states, for several years. Michigan should follow suit and waive the insurance requirements if a provider of public transportation service obtained approval to be self-insured.

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: B. Bowerman

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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.