

**EXPAND FARM VEHICLE
REGISTRATION FEE PROVISION**

House Bill 5669 as enrolled
Public Act 502 of 2000
Third Analysis (12-27-00)

Sponsor: Rep. Mike Green
House Committee: Transportation
**Senate Committee: Transportation and
Tourism**

THE APPARENT PROBLEM:

Since the quarantine resulting from the outbreak of bovine tuberculosis (TB) has gone into effect, farm transport vehicles that haul livestock have undergone much closer scrutiny by regulatory authorities. (See *BACKGROUND INFORMATION*, below.) Indeed, according to reports in the House Transportation Committee, the frequent inspection of farm vehicles by the Motor Carrier Division of the Department of State Police in the "Thumb" region of Michigan has agitated farmers considerably, since the inspection stops have sometimes resulted in penalties for violations of little-known provisions in the Michigan Vehicle Code, although seldom for violations of the quarantine restrictions.

For example, it is common practice for farmers to assist their neighbors by transporting livestock and equipment without remuneration. Money is seldom paid by one farmer to another for these services; instead the assistance is exchanged in-kind, often for other services of similar labor. Sometimes, too, the vehicles used in these joint transportation arrangements are not owned by any individual farmer, but instead the farmers lease the vehicles that are used in order to undertake the joint transport from more than one farm to a livestock exchange or processing center.

The state vehicle code sets a special low vehicle registration rate for a farmer's vehicles. According to committee testimony, the customary annual cost for the "farm plate" is \$25. However, the special license plates are only available to the farmer on the condition that the vehicles licensed are to be used exclusively in connection with his or her farming operations, or to transport the farmer, or the farmer's family, and the law also specifies that the farm vehicles cannot be used for hire. If farm vehicles are used for hire, then more expensive commercial license plates and a commercial drivers license are required. During the routine stops for inspections to enforce the livestock quarantine, the

prevalence of the farmers' shared transport arrangements has come to the attention of authorities. Because the arrangements are violations of the law--that is, the farmers are hauling their neighbors' livestock or farm equipment and not only their own--the farmers have been cited for violations of the vehicle code and paid fines for their violations. In order to prevent the farmers from being further penalized for these informal livestock transport arrangements that occur outside the monetary economy, some have suggested that the law be clarified.

THE CONTENT OF THE BILL:

House Bill 5669 would amend the Michigan Vehicle Code to expand the provision that sets registration fees for farm vehicles, both to clarify the uses to which the vehicles can be put, and to include leased farm vehicles.

Under the law, the secretary of state collects taxes at the time of vehicle registration. For a road tractor, truck, or truck tractor owner by a farmer and used exclusively in connection with the farmer's operations, or used for the transportation of the farmer and the farmer's family, and not used for hire, that fee is 74 cents per 100 pounds of empty weight of the road tractor, truck, or truck tractor. If the vehicles also are used for a nonfarming operation, then the farmer is subject to the highest registration tax applicable to the nonfarm use of the vehicle, but is not subject to more than one tax rate.

House Bill 5669 would expand this provision to specify that the fee of 74 cents per 100 pounds of empty weight would also apply to a road tractor, truck, or truck tractor owned or leased by a farmer and used exclusively in connection with a farming operation, including a farmer hauling livestock or farm equipment for other farmers for remuneration in kind or in labor,

but not for money. As is the case in current law, if the vehicles also were used for nonfarming operations, then the farmer would continue to be subject to the highest registration tax applicable to the nonfarm use of the vehicles.

MCL 257.801

BACKGROUND INFORMATION:

In a public health brochure entitled "Bovine Tuberculosis in Michigan," published by the Michigan Department of Natural Resources, the Michigan Department of Agriculture, the Michigan Department of Community Health, the U.S. Department of Agriculture, and Michigan State University, tuberculosis (TB) is described as a serious disease caused when bacteria attack the respiratory system. There are three types of TB--human, avian, and bovine. Human TB is rarely transmitted to non-humans, avian TB is typically restricted to birds (pigs and occasionally other animals have been found to be susceptible), and bovine TB--or cattle TB--is the most infectious, capable of infecting most mammals.

Although bovine TB was once relatively common in cattle in the U. S. it has historically been a very rare disease in wild deer. Prior to 1994, only eight wild white-tailed or mule deer had been reported with bovine TB in North America.

In 1994, a hunter in southwestern Alpena County shot a 4-year old male white-tailed deer infected with bovine TB. The only other time TB was found in a wild deer in Michigan was in 1975, when a hunter killed a 9-year old bovine TB-infected female white-tailed deer in Alcona County.

To assess the extent of the bovine TB infection in the deer population from the area surrounding where the 1994 TB deer was taken, over 17,721 deer from Alpena, Montmorency, Oscoda, Alcona, Presque Isle, and Otsego counties were examined from the fall of 1995 to the summer of 1999.

To date, 228 deer have tested positive for bovine TB. Bovine TB has also been found in five coyotes, two raccoons, one black bear, and one bobcat from Alcona, Alpena, and Montmorency counties. The most likely source of infection for the coyotes, raccoons, bear, and bobcat is through eating the lungs and lymph nodes of a TB-infected deer.

Bovine TB has been confirmed in one captive cervid herd in Presque Isle County, one beef cow herd in

Alpena County, and two beef cow herds in Alcona County. Ongoing statewide surveys of deer (over 30,000 as of July 1999) from Michigan's 83 counties have not identified any bovine TB-infected deer outside the six-county area noted above.

The presence of bovine TB in Michigan's white-tailed deer is a serious problem. At risk are Michigan's deer herd and other wildlife species with their many social, ecological, and economic values; Michigan's livestock industry; and most importantly the health of Michigan's citizens.

To address this unique situation, a multi-agency committee composed of individuals with diverse expertise and jurisdiction was formed. A management strategy was recommended by the committee in 1997 that includes surveying wildlife populations, testing livestock, eliminating supplemental feeding of deer, reducing the deer density through legal hunting in the areas of northeast Michigan where bovine TB has been found, and educating the public.

For more information about bovine TB, visit the Bovine Tuberculosis in Michigan website at: <http://www.dnr.state.mi.us/wildlife/division/roselake/bovinetb>.

FISCAL IMPLICATIONS:

The House Fiscal Agency notes that the bill would amend the Michigan Vehicle Code to include leased farm vehicles (road tractors, trucks, or truck tractors) in the provision of the code that sets the registration fees for farm vehicles. Currently, the provision pertains to vehicles owned by farmers. The bill also would allow, as a farm-related use for an owned or leased vehicle, a farmer hauling livestock or farm equipment for others, when his or her remuneration is in-kind or in labor, rather than money. The agency notes that the bill would have no fiscal impact on the state, nor on local units of government. (12-21-00)

ARGUMENTS:

For:

Barter arrangements among farm families are a customary practice. Farmers sometimes exchange services rather than money in order to share the expense of equipment, or the cost to transport livestock to the livestock exchange. These barter arrangements should be encouraged rather than penalized. Currently the Michigan Vehicle Code penalizes farmers who transport their neighbors'

livestock, by requiring the farmers to buy a costly commercial license plate for their transport vehicle, and also by requiring the farmer to get a commercial drivers license. This is an unnecessary requirement and expense when small family farmers transport each others' livestock for in-kind services, and not for hire. This legislation which clarifies the proper use of vehicles that bear the "farm plate" would encourage farmers to continue their cooperative transportation ventures, and spare them the burden of additional licensing costs.

Response:

This bill could be used as a vehicle to achieve more control over contaminated cattle herds. Greater regulation of livestock transport is needed because cattle may be contaminated with bovine TB. For example, there should be inspections of cattle that are being transported from the Lower Peninsula to the Upper Peninsula, to ensure that contaminated cattle will not enter the UP where they might infect the white-tailed deer population.

Reply:

This bill is not intended to offer farmers a way to circumvent the bovine TB cattle transport restrictions in the contaminated cattle quarantine area of Michigan. That issue could be better addressed by House Bill 5539, which is designed to achieve more control over the transport of contaminated cattle herds. House Bill 5539 was referred to the House Committee on Agriculture and Resource Management on March 23, 2000.

Against:

The bill was amended in the Senate to remove an important provision that would have assisted persons with disabilities. The House-passed version of this legislation clarified the vehicle registration process for those who are permanently confined to a wheelchair, and for those who transport residents of their households who use wheelchairs full-time. Currently, only vans that transport wheelchair users are eligible for registration plates at 50 percent of the tax customarily paid. As amended, the bill would have expanded the availability of the low-cost plate to all vehicles, not only vans, if those vehicles transported people permanently confined to wheelchairs. However, the amendment specified that only one registration plate would be issued to each household at the reduced rate. These provisions were removed during deliberations in the Senate.

Response:

If the 50 percent reduced fee policy had been expanded to all handicapper vehicles, the bill would have reduced revenue in the Michigan Transportation Fund. In its

analysis, the Senate Fiscal Agency noted that currently, there are 93,357 handicapped license plates on vehicles; 1,477 vans and an unknown number of mini-vans would have been eligible for the 50 percent reduced registration rate. Although there is no record of how many vehicles are equipped with a wheelchair lift system, the Department of State estimated that over 25,000 vehicles could have become eligible under the provisions that would have expanded the reduced fee policy.

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