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INCREASE DAMAGE AMOUNT FOR POLICE ACCIDENT REPORTS

House Bill 4238 as enrolled
Public Act 66 of 2003
Second Analysis (7-22-03)

Sponsor: Rep. Joseph Rivet
House Committee: Judiciary
Senate Committee: Judiciary

THE APPARENT PROBLEM:

Currently, the Michigan Vehicle Code requires people who are involved in automobile accidents that kill or injure anyone or that result in property damage of \$400 or more to immediately report the accident to the police. Once the police have been contacted, an officer is required to fill out an accident report and forward it to the state police, which uses the reports to compile statistical information about the number, causes, locations, and severity of accidents. When the Michigan Vehicle Code (Public Act 300 of 1949) was enacted, there was no property damage reporting threshold. Instead, the code required drivers to report accidents involving injury or death or "resulting in a vehicle or vehicles becoming so disabled as to be incapable of being propelled in the usual manner." A property damage reporting threshold of \$200 was first added to the code in 1967 and was increased to the present amount in 1991. It has been suggested that this increase in the threshold does not reflect inflation or the rising costs of new automobiles. In other words, today individuals must report relatively minor "fender benders", which previously were matters to be sorted out by the parties involved in the accident and their insurance companies. Many local police officials find the requirement to respond to relatively minor accidents burdensome, especially at a time when increased demands are being placed on all public safety personnel. Legislation has been introduced to increase this reporting threshold.

THE CONTENT OF THE BILL:

Currently, the Michigan Vehicle Code requires the driver of a motor vehicle that is involved in an accident that injures or kills someone or that damages property to an apparent extent totaling \$400 or more, to immediately report that accident "at the nearest or most convenient police station, or to the nearest or most convenient police officer." The bill would amend the code to raise the property damage

reporting amount from the current \$400 to \$1,000. The bill would take effect January 1, 2004.

MCL 257.622

BACKGROUND INFORMATION:

According to information provided by the bill's sponsor, as measured by the consumer price index, the rate of inflation since the \$200 reporting threshold went into effect in 1967 would have resulted in an \$815 threshold in 1991 and a threshold of \$1,055 in 2001. Similarly, in 1967 the average new vehicle price in 1967 was \$3,216, in 1991 it was \$15,475, and in 2001 it was \$21,010.

FISCAL IMPLICATIONS:

According to the House Fiscal Agency, the bill could reduce costs to local police departments and the Department of State Police resulting from the processing of accident reports. Additionally, costs to the state police associated with analyzing these reports could be reduced. The magnitude of any costs savings to state and local government is indeterminate.

The HFA notes, as a point of reference, that the appropriation in the fiscal year 2002-2003 state police budget for the compilation and evaluation of data on traffic accidents is \$1.5 million, of which \$469,500 is appropriated from general fund/general purpose revenue. (HFA fiscal analysis dated 3-25-03)

ARGUMENTS:

For:

The bill would reduce the additional motor vehicle accident reporting burdens on police officers that

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have resulted from the effects of inflation on the prices of motor vehicles over the years since the property damage reporting threshold was last raised in 1991. As the prices of vehicles have escalated over the years, even relatively minor (“low impact”) accidents – especially those involving more expensive vehicles – easily result in at least \$400 worth of property damage. While the \$200 reporting level in 1967, when the average new car price was \$3,216, may have been appropriate, even the increase to \$400 in 1991, when the average new car price had risen to \$15,475, already had not kept pace with inflation. Had the 1991 reporting increase done so, it would have been increased to \$815 instead of \$400. By 2001, the average new car price was \$21,020, and the \$400 accident reporting threshold means that even very minor “fender benders” require police officers to fill out accident reports that would not have been required had the rate of inflation been factored into the threshold.

In May 2001, the House Civil Law and Judiciary Committee heard testimony on House Bill 4486 of 2001, which was identical to House Bill 4238. According to that testimony, just over 1,000 of the 1,300 motor vehicle accidents in Bay City during 2000 were low impact accidents. Such figures suggest that Bay City’s police department spends an inordinate amount of time and resources on accident reports. Since that testimony was given, it has become increasingly evident that local police departments’ time and resources could be better spent on more important public safety issues. Further, committee testimony last session indicated that the police can give people an alternate accident reporting number to submit to their insurance companies for insurance purposes, so raising the property damage threshold would not mean that people involved in low impact auto accidents would have greater difficulty in substantiating their auto insurance claims. It is long past time that the property damage reporting threshold be raised to take into account the effects of inflation, and to thereby free up police officers’ time for more important public safety work.

Analyst: J. Caver

■ 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.