



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 4082 (Substitute S-3)
Sponsor: Representative John Gleason
House Committee: Transportation
Senate Committee: Appropriations

Date Completed: 5-23-05

CONTENT

The bill would amend the Michigan Vehicle Code to do the following:

- Provide for a heart insignia on the front of Michigan driver licenses for residents who choose to participate in the Organ and Tissue Donor Registry; and require, beginning January 1, 2007, that the Secretary of State inquire of each driver licensee (in person or by mail) whether the licensee agreed to participate in the Organ, Tissue, and Eye Donor Registry. This provision is part of a package of bills (SB 301, HB 4469 and HB 4470) to implement a new process for registration of organ donors.
- Provide that for FY 2004-05 only, revenue from vehicle registration transfers (\$8 per transaction) and revenue from expedited title services (\$5 per transaction), would be deposited in the Transportation Administration Collection Fund (TACF) instead of the Michigan Transportation Fund (MTF).
- Specify that TACF revenue generated from Sections 801 to 810 could be spent only on necessary collection costs incurred by the Department of State in the administration and enforcement of Sections 801 to 810 of the Code (which govern vehicle registration fees, certification of title fees, and license fees).

House Bill 4082 (S-3) is tie-barred to Senate Bill 301, House Bill 4469, and House Bill 4470.

MCL 257.310 et al.

FISCAL IMPACT

Programming costs related to changes to the organ donor process would be absorbed through the Department of State's Business Application Modernization Project. Minimal costs would result from inquiry requirements regarding whether applicants or current personal identification cardholders wished to participate in the Registry.

Executive Order 2005-7 reduced the FY 2004-05 General Fund/General Purpose (GF/GP) appropriation to the Department of State by \$10.6 million. After the Executive Order was approved, Public Act 11 of 2005 provided a \$10.0 million appropriation from the Transportation Administration Collection Fund (TACF) to cover a portion of the GF/GP reduction. The new TACF revenue appropriated in the PA 11 would come from proposed changes to the Michigan Vehicle Code as described below.

Currently, the revenue from the expedited title fee (\$5 per transaction) authorized under Section 806 of the Code is deposited in the Michigan Transportation Fund (MTF). Based on transaction data supplied by the Department of State for fiscal year (FY) 2003-04, the expedited title fee generates about \$900,000 annually. Currently, the revenue from the registration transfer fee (\$8 per transaction) authorized under Section 809 of the Code is deposited in the MTF. Based on transaction data supplied by the Department of State for FY 2003-04, the transfer fee generates about \$9.6 million annually.

Under the bill, the revenue from these two fees, which generate about \$10.5 million annually, would be deposited in the Transportation Administration Collection Fund, for FY 2004-05 only. Beginning October 1, 2005, the fee revenue would again be deposited in the MTF. The redirection of \$10.5 million from the MTF to the TACF would have an impact on recipients of MTF revenue in the following amounts in FY 2004-05:

- Comprehensive Transportation Fund: (\$1.05 million)
- State Trunkline Fund: (\$3.7 million)
- County road commissions: (\$3.7 million)
- Cities and villages: (\$2.05 million)

The Governor's FY 2005-06 budget recommendation for the Department of State assumes the continuation of the funding shift contemplated in the bill. The TACF revenue from the two fees for FY 2005-06 is estimated at \$10.9 million.

The bill would limit the activities that could be funded with TACF revenue. Currently, the TACF may be used to support all Department of State expenses associated with the administration and enforcement of Sections 801 to 810 of the Code. Under the bill, use of TACF revenue generated from Sections 801 to 810 would be limited to "collection expenses" associated with the administration and enforcement of Sections 801 to 810.

Fiscal Analyst: Bill Bowerman
Craig Thiel

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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.