

Legislative Analysis



AMEND MICHIGAN VEHICLE CODE TO DIRECT SERVICE FEES TO TRANSPORTATION ADMINISTRATION COLLECTION FUND

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Senate Bill 210 (Substitute H-1)
Sponsor: Sen. Michael Switalski

Senate Bill 211 (Substitute H-1)
Sponsor: Sen. Michael Switalski
Committee: Appropriations

Complete to 05-17-07

A SUMMARY OF SENATE BILLS 210 AND 211 AS REPORTED FROM COMMITTEE 5-16-07

Under current law, revenue from expedited title service fees and vehicle registration transfer service fees, established in the Michigan Vehicle Code, were credited to the Transportation Administration Collection Fund (TACF) through September 30, 2006; starting October 1, 2006 and through September 30, 2009, the revenue would be credited to the Michigan Transportation Fund (MTF). Senate Bills 210 (H-1) and 211 (H-1) would amend the Michigan Vehicle Code to continue the deposit of the two service fees into the TACF through September 30, 2008.

These bills are necessary to provide revenue assumed in current year General Government appropriations for the Department of State.

The House Appropriations Committee amended both bills. The Committee Substitutes differ from the bills as passed the Senate with regard to the time period during which the two service fees would be directed to the TACF. In the Senate-passed bills the service fees would be credited to the TACF through September 30, 2009. The House Committee Substitutes extend the period during which the two service fees would be credited to the TACF to September 30, 2008. For the period October 1, 2008 through September 30, 2009, the revenue from the two fees would be deposited to the MTF. All the TACF service fees established in Sections 801, 806, and 809 of the Michigan Vehicle Code will sunset on September 30, 2009.

BACKGROUND INFORMATION:

With regard to Senate Bill 210 (H-1): Section 806 of the Michigan Vehicle Code (Public Act 300 of 1949) establishes service fees which must accompany an application for vehicle title to the Michigan Secretary of State. The section requires an additional \$5.00 service fee for "special expedited treatment." Under current law, this \$5.00 expedited service fee is deposited to the Transportation Administration Collection Fund (TACF) through

September 30, 2006. Senate Bill 210 (H-1) would amend the section to provide for the deposit of this fee into the TACF through September 30, 2008.

With regard to Senate Bill 211 (H-1): Under current law, a vehicle owner may transfer registration plates from one vehicle to another vehicle. This is frequently done when trading-in one vehicle to purchase a new vehicle. Section 809 of the Michigan Vehicle Code requires that an \$8.00 registration transfer service fee accompany the application for transfer of registration. Under current law this \$8.00 transfer service fee is deposited to the TACF through September 30, 2006. Senate Bill 210 (H-1) would amend the section to provide for the deposit of this fee into the TACF through September 30, 2008.

Although the two bills are not tie-barred, they are related. The current year General Government appropriation act (Article 7 of 2006 PA 345) assumes TACF revenue from these two service fees to support Department of State appropriations. The two bills effect in statute the continued disposition of service fee revenue assumed in the appropriation act.

Senate Bills 210 and 211 are similar to two House bills which were introduced at the end of the 2005/2006 legislative session. Those two bills (House Bills 6691 and 6692) were not taken up before the close of that session.

FISCAL IMPACT:

The expedited title service fee generates approximately \$1.1 million annually. The registration transfer service fee generates approximately \$8.9 million annually. The two bills together would provide approximately \$10.0 million in revenue annually to the TACF through September 30, 2008. If the bills were not enacted, there would be a \$10.0 million shortfall in the Department of State's current year budget.

Under current law, the title service fees established in Section 806, the registration service fees established in Section 809, and the additional registration service fees established in Section 801 will all sunset on September 30, 2009.

For additional information on the TACF, see our May 2, 2007 memo "Transportation Administration Collection Fund" available on the House Fiscal Agency website:
<http://www.house.mi.gov/hfa/PDFs/TACF%20history.pdf>

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