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**BILL ANALYSIS**

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House Bill 4749 (Substitute S-1 as reported)
Sponsor: Representative Barbara Farrah
House Committee: Regulatory Reform
Senate Committee: Economic Development and Regulatory Reform

CONTENT

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

- Allow a person to operate a motorcycle without a helmet if he or she were at least 21 years old; had been licensed to operate a motorcycle for at least two years or had passed a motorcycle safety course; had at least \$20,000 security for medical benefits; and had a permit issued under the bill.
- Exempt an out-of-State motorcycle operator, who owned the motorcycle, from the Code's requirement to wear a crash helmet.
- Exempt from the helmet requirement a motorcycle passenger who was at least 21, if the motorcycle operator met the bill's conditions for operating without a helmet.
- Require the Secretary of State to issue a permit to a person who satisfied the bill's requirements for operating a motorcycle without a helmet.
- Establish fees of \$100 for a one-year permit and \$200 for a three-year permit.
- Require the Secretary of State, upon request, to issue a license plate sticker with a permit.
- Create the "Motorcycle Crash Helmet Permit Fee Fund" and require the Secretary of State to deposit revenue from permit fees into the Fund.
- Require that, annually upon appropriation, the first \$5.0 million in the proposed Fund be paid to the Commission on Law Enforcement Standards to defray the cost of developing and implementing minimum training standards concerning enforcement of the bill's provisions; the next \$1.0 million be paid to the Secondary Road Patrol and Training Fund; and the remainder be paid to the Traffic Law Enforcement and Safety Fund.
- Designate helmet and motorcycle license indorsement violations as civil infractions and specify maximum fines.

The bill's provisions allowing motorcycle operators and passengers not to wear helmets and establishing the Fund would be repealed effective January 1, 2013.

MCL 257.312a et al.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have a potentially significant positive fiscal impact on the operations of Department of State Police and county sheriff departments, and a possible added burden on State and Federal tax dollars designated for health care.

Under the bill, on an annual basis, the first \$5.0 million of revenue earned from the proposed permits would be designated for use by the Michigan Commission on Law Enforcement Standards (MCOLES) within the Department of State Police for the purpose of developing and implementing training standards for the enforcement of the bill's provisions. The next \$1.0 million would be deposited in the Secondary Road Patrol and Training Fund

for use by county sheriff departments. All subsequent annual earnings from the permits would be designated to the Traffic Law Enforcement and Safety Fund to fund Michigan State Troopers within the Department of State Police budget.

The amount of permit revenue that could be generated depends upon how many of the approximate 200,000 motorcycle registrants (or, more broadly, the approximate 500,000 people who have a license indorsement to operate a motorcycle) in the State would opt for a permit allowing them to operate without wearing a crash helmet. It is not known how many of those who do not hold a motorcycle registration, but have a motorcycle license indorsement, would choose to obtain a permit. While the number of potential permits granted the bill and the amount of State restricted revenue obtained from them cannot be known, the State Police estimates that the motorcycle registrants who would opt for a permit could range from 20% to 50% of this population. This would equate to an estimated range of expected revenue in the first year of the bill's effectiveness of between \$4.0 million and \$20.0 million. The first figure would apply if 20% of the registrants purchased a one-year permit, and the second figure would apply if 50% of that population purchased a three-year permit. With the low-end estimate, this would mean that MCOLES would receive all of the revenue from permits (\$4.0 million), while the other designated recipients would receive no funds. With the high-end estimate, MCOLES would receive \$5.0 million, the Secondary Road Patrol and Training Fund would receive \$1.0 million, and the Traffic Law Enforcement and Safety Fund would receive the balance, or \$14.0 million. Depending upon the potential staggered time frame of when those eligible for permits would obtain them, revenue from the bill would decrease considerably after the first year, with revenue picking up after the second year, depending upon how many initial three-year permits would be renewed at that time.

Regarding the bill's potential impact on health care cost, the Michigan State Police's Office of Highway Safety Planning has reported that if Michigan's mandatory motorcycle helmet law were to be repealed or helmet use be made optional, the State would see an estimated increase of at least 30 fatalities, 127 incapacitating injuries, and \$129.0 million in economic costs. An indeterminate percentage of any increased costs would be covered by the State's Medicaid program and would increase State GF/GP costs.

In addition, the bill would make operating a motorcycle without the proper indorsement a civil infraction and impose a fine of not more than \$200 prior to January 1, 2013, and a fine of not more than \$100 on and after that date. Currently, this violation is considered a misdemeanor and subject to a maximum fine of \$100. The bill also would make riding without a helmet without the proper permit a civil infraction, and subject to a fine of up to \$300. There are no data to indicate the number of violations of these sections of the Michigan Vehicle Code. Any civil infraction revenue would go to support public libraries.

Date Completed: 10-18-07

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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.