

Legislative Analysis



DRIVER RESPONSIBILITY FEES

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House Bill 4098

Sponsor: Rep. Bettie Cook Scott

Committee: Judiciary

Complete to 6-18-09

A REVISED SUMMARY OF HOUSE BILL 4098 AS INTRODUCED 1-22-09

Public Act 165 of 2003 amended the Michigan Vehicle Code to establish "driver responsibility fees" for drivers who accumulate a certain number of points on their licenses and for drivers who commit certain specified offenses. These are in addition to the penalties for committing the offenses. House Bill 4098 would eliminate these driver responsibility fees as of December 31, 2009.

A number of the fees, ranging from \$150 to \$1,000 (depending on the underlying violation), are assessed annually for two consecutive years. House Bill 4098 would amend the Vehicle Code so that these driver responsibility fees would be assessed once, rather than for two consecutive years, until the repeal of the fees in December 31, 2009.

Further, once the bill is enacted, individuals who owe driver responsibility fees would only have to pay only 50 percent of outstanding fees owed, and then the remainder would be waived. (If a driver paid more than 50 percent owed by January 1, 2010, the excess would be refunded by the Secretary of State.)

MCL 257.732a

FISCAL IMPACT:

Driver Responsibility Fee revenue is required to be deposited into the State General Fund. If the amount of collections is high enough, revenue is also deposited into the Fire Protection Fund, which is used for Fire Protection Grants funded within the Department of Energy, Labor, and Economic Growth. Public Act 165 of 2003 provides that if Driver Responsibility Fee collections exceed \$65.0 million, then \$3.5 million of the revenue is to be deposited into the Fire Protection Fund. The act also provides that an additional \$5.0 million may be deposited if collections exceed \$100.0 million, for a potential total deposit of \$8.5 million.

In FY 2008, approximately \$114.2 million net revenue was generated through the collection of Driver Responsibility Fees after collection costs. Of this \$114.2 million revenue, \$105.7 million was deposited into the State General Fund and \$8.5 million funding was dedicated for Fire Protection Grants.

Overall, as of 2008, the collection rate of Driver Responsibility Fees since the program's inception in 2004 is 48.5 per cent. In 2008, the total of all assessments for Driver Responsibility Fees over the program's five years of existence totaled almost \$800.0 million. Of this amount, just under \$400.0 million has been collected.

The provisions of House Bill 4098 would significantly reduce revenue to the State General Fund by an indeterminate amount by eliminating the Driver Responsibility Fee assessments after December 31, 2009. The only revenue that would be recovered after that date would come from past assessments that individuals have not yet paid. The Bill also provides that if individuals pay 50% of these past assessments, the remaining balance would be waived. In addition, the bill could potentially totally eliminate the \$8.5 million revenue for the Fire Protection Grants since that payment is deposited only when collections exceed \$65.0 million in a year.

BACKGROUND INFORMATION:

The following driver responsibility fees are assessed each year for ***two consecutive years***, upon the posting of an abstract that an individual has been found guilty of any of the following:

\$1,000

**** Manslaughter, negligent homicide, or a felony resulting from the operation of a motor vehicle, off-road vehicle (ORV), or snowmobile.**

****A moving violation subject to criminal penalties that results in injury or death to a person working in a construction zone or operating an implement of husbandry on a highway; or causing injury or death to a police officer, firefighter, or other emergency response personnel in the immediate area of a stationary authorized emergency vehicle.**

**** Operating a motor vehicle or ORV under the influence of alcohol or a controlled substance (OUIL); or causing the death or serious impairment of a body function of another person while driving under the influence or while visibly impaired due to the consumption of alcohol or a controlled substance (OWI).**

**** Failing to stop and disclose identity at the scene of an accident when required by law.**

**** Fleeing or eluding an officer.**

\$500

**** Operating while intoxicated (OWI).**

**** Driving with any bodily alcohol content if under the age of 21.**

**** Operating under the influence or while intoxicated with a passenger under 16.**

**** Reckless driving.**

**** Driving with a suspended or revoked license or registration certificate.**

**** Driving a motor vehicle or motorcycle without insurance.**

\$200

**** Failing to produce proof of insurance upon request by a police officer or knowingly providing false evidence of insurance.**

\$150

**** Driving without a valid license or possessing more than one valid driver's license.**

Assessment for Points on the license

Under the law, if a licensed or unlicensed driver accumulates seven points on a driving record within a two-year period, for a violation not subject to a \$150, \$500, or \$1,000 fee, the driver is assessed a \$100 driver responsibility fee. For each additional point above seven, the driver is assessed an additional \$50. The Secretary of State (SOS) must collect the fee once each year that the point total is at least seven.

Payment of Fees

A driver may pay the driver responsibility fee assessments in full or enter into an approved installment agreement for up to 24 months. Failure to make timely payments will result in an indefinite suspension of a driver's license. A reinstatement fee of \$125 is required before the license is reinstated.

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■ 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.