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BILL



ANALYSIS

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Senate Bill 1307 (as reported without amendment)
Sponsor: Senator Jud Gilbert, II
Committee: Transportation

Date Completed: 11-2-10

RATIONALE

The Limousine Transportation Act, enacted in 1990, regulates the operation of limousines by "limo carriers of passengers". The Act requires a limo carrier to obtain a certificate of authority from the Michigan Department of Transportation, pay a filing fee of \$300 plus \$50 for each limousine to be used, pay an annual renewal fee of \$50 per limo, have each limo inspected annually, and maintain liability insurance at specified minimum levels. In addition to meeting these requirements, if a carrier operates a Class B limousine (a vehicle with a seating capacity of fewer than seven passengers including the driver) for the purpose of picking up passengers in a city with a population of 750,000 or more (Detroit), the Act requires the carrier to comply with that city's limo ordinance.

The Detroit ordinance regulates vehicles for hire, including luxury sedans (chauffeur-driven full-size sedans with a maximum seating capacity of six people including the driver). The ordinance requires operators to obtain a vehicle-for-hire license, called a bond plate in the case of a luxury sedan. A bond plate may be purchased from the city or, with the city's approval, from another owner. The price charged by the city fluctuates according to the market price for a bond plate, but is currently \$2,000. A bond plate must be renewed annually for \$432. Operators also must meet liability insurance requirements, drivers must obtain a public driver license through the city's police department, and vehicles are subject to safety inspections.

Many people believe that the city ordinance unnecessarily duplicates the State law, and they find that complying with the ordinance

is expensive and difficult. Multiple city departments are involved and the process of meeting all of the city's requirements reportedly can take months. Also, there are reports of incidents in which drivers have been improperly stopped and arrested for alleged bond plate violations.

Although the Limousine Transportation Act requires limo carriers to comply with local ordinances only in a city with a population of 750,000 or more, it is reported that other cities in southeastern Michigan are considering enacting vehicle-for-hire ordinances. To prevent this from occurring, and address the situation in Detroit, it has been suggested that only the State should have the authority to regulate limousines.

CONTENT

The bill would amend the Limousine Transportation Act to do all of the following:

- **Provide that the Michigan Department of Transportation (MDOT) and the Department of State would have exclusive authority to license limousines, limo carriers of passengers, and limo operators.**
- **Prohibit local units of government from licensing limousines, limo carriers of passengers, or chauffeurs, or adopting ordinances to do so.**
- **Delete a provision under which a limo carrier that operates Class B limousines within Detroit also must comply with that city's vehicle-for-hire ordinance.**

The bill also would repeal a section allowing a local unit that has an ordinance regulating limousines to perform required annual safety inspections.

Local Regulation

In addition to complying with the Act, a limo carrier of passengers that operates Class B limousines for the purpose of picking up passengers in a city with a population of 750,000 or more must comply with that city's vehicle-for-hire ordinance but may remain in the city during a given trip for the sole purpose of picking up the same passengers whom it originally brought into the city on that trip. The bill would delete that provision.

The bill specifies that MDOT and the Department of State would have exclusive authority to license limousines and limo carriers of passengers and to license operators, drivers, and chauffeurs for limousines and limo carriers of passengers.

Counties, regional authorities, cities, townships, and villages and any other local units of government would be prohibited from licensing limousines, limo carriers of passengers, or chauffeurs of limousines or limo carriers of passengers. A county, city, village, or township could not adopt a local ordinance to license limousine drivers or limo carriers of passengers within the limits of the county, city, village, or township.

Local Safety Inspections

Section 19 of the Act requires each limo carrier of passengers holding a certificate of authority issued under the Act to have each limousine inspected annually by a mechanic certified under the Motor Vehicle Service and Repair Act, at a registered motor vehicle repair facility that is designated by MDOT as an inspection station. Each limousine operated by a limo carrier of passengers under its certificate must pass a safety inspection meeting the Department's specifications for safe operating character and condition for the certificate's renewal. A limousine that does not pass a required inspection may not be operated over the State's public highways.

Under Section 14 of the Act, a county, city, village, or township that has adopted a local

ordinance to regulate limousines or a limo carrier of passengers within its corporate limits may perform the safety inspection required by Section 19 upon request of the limo carrier of passengers. A safety inspection performed by a local unit must meet or exceed the requirements and standards of an MDOT safety inspection. The bill would repeal Section 14.

MCL 257.1907 et al.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Detroit's vehicle-for-hire ordinance is onerous and unnecessary. Although a local vehicle inspection may satisfy the State requirement for an inspection, the remainder of the city's requirements either duplicate the State requirements or add another layer of unneeded regulation. In particular, Detroit's bond plate requirement serves no apparent purpose other than to generate revenue for the city. Complying with the ordinance costs limo operators money, time, and business. Because various city departments handle different aspects of the process, and city personnel are available for this purpose only during limited hours and on particular days, a limo operator or chauffeur must make repeated visits to multiple offices to obtain the necessary bond plate, license, and inspection—an ordeal that evidently can last for months.

In addition, according to testimony on behalf of limo operators, Detroit police officers have at times wrongly stopped limousines and arrested the drivers, leaving their passengers to find other means of transportation. This not only costs operators in terms of legal fees and lost business, but also gives visitors a very poor image of Detroit. A chauffeur might be someone's first and last contact in the State, and Detroit often is out-of-State travelers' only exposure to Michigan. The experiences they have during their ride between the airport and the city, and as they are driven within the city, can color their view of the entire State—as well as their desire to invest here.

Limo carriers who comply with the Limousine Transportation Act are considered qualified to operate anywhere in the State. There is no need for additional regulation at the local level by the City of Detroit or another municipality that might want to enact a vehicle-for-hire ordinance. Many limo operators are struggling in today's economy, and they simply cannot afford to comply with duplicative licensing requirements.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have an unknown and likely minimal impact on revenue and expenditure for both the State and local units. Most limousine carriers are already licensed by the State and inspected under State provisions. The bill would eliminate local licensing authority, potentially reducing both license revenue and enforcement expenses for local units while increasing revenue and expenses for the State. The specific impact would depend upon relevant fee schedules and the number of violations.

Fiscal Analyst: David Zin

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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.