

Legislative Analysis



MICHIGAN VEHICLE CODE – REGISTRATION TAXES

Mary Ann Cleary, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4632

Sponsor: Rep. Wayne Schmidt

Committee: Transportation and Infrastructure

Complete to 4-30-13

A SUMMARY OF HOUSE BILL 4632 AS INTRODUCED 4-25-13

The bill would amend Section 801 of the Michigan Vehicle Code; the section which establishes vehicle registration tax rates. A detailed analysis is in process.

BACKGROUND INFORMATION:

Vehicle registration taxes represent one of the two major sources of constitutionally-dedicated state transportation revenue – the other major source being motor fuel taxes. Registration taxes, established in the Michigan Vehicle Code (Public Act 300 of 1949), generated \$905 million in transportation revenue in FY 2011-12.

Sections 224 and 225 of the Michigan Vehicle Code provide for the registration of motor vehicles and give authority for the vehicle registration program to the Michigan Secretary of State. Registration taxes are assessed and collected when vehicle owners obtain new registration license plates from the Secretary of State or renew registrations.

Vehicle registration taxes can be considered more of a "retail" tax as compared to the motor fuel taxes. They are collected primarily at 131 Secretary of State branch offices, as well as on-line or by mail. Section 205 of the Michigan Vehicle Code requires at least one branch office in each county, as well as branch offices within certain cities, and a branch office in the state Capitol complex.

There is not a single registration tax. There are in fact a number of different registration taxes established in Section 801 of the Michigan Vehicle Code. A number of factors determine the tax rate and base on which the tax is applied: the vehicle model year, the list price of the vehicle, the weight of the vehicle, the use of the vehicle, and in some cases some characteristic of the vehicle owner.

FISCAL IMPACT:

We do not currently have an estimate of the total revenue impact associated with the changes to the registration tax schedules proposed in House Bill 4632.

According to the Department of State (DOS), House Bill 4632 would have a significantly negative fiscal impact on the DOS to the extent that the DOS would have to reprogram its information technology systems to account for the increased registration fees. The DOS

estimates that the one-time costs to reprogram its information technology systems would be approximately \$2.3 million dollars. Additional, yet indeterminate, reprogramming costs would be engendered by the change from a permanent to 3-year trailer plates and the collection of relevant information and calculation of registration fees for hybrid and alternative fuel vehicles.

Fiscal Analyst: William E. Hamilton
Paul Holland

■ 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.