

Legislative Analysis



COMMERCIAL LOOK-UP SERVICE: WEB PORTAL DEVELOPMENT FEE & ALLOW PRIVATE ENTITY

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House Bill 5142

Sponsor: Rep. Michael D. McCready

Committee: Transportation and Infrastructure

Complete to 1-27-14

A SUMMARY OF HOUSE BILL 5142 AS INTRODUCED 11-12-13

Currently, under the Michigan Vehicle Code, the Secretary of State may provide a commercial look-up service of records maintained under the act. For each individual record looked up, the Secretary of State must charge a fee specified annually by the Legislature or, if the Legislature does not specify a fee, by a market-based price established by the Secretary of State. The SOS need process a commercial look-up request only if the request is in a prescribed form or format.

House Bill 5142 would amend the Michigan Vehicle Code to specify that in addition to the fee specified annually by the Legislature, or a market-based price established by the Secretary of State, the department could, upon request from the Department of Technology, Management, and Budget (DTMB) collect an additional **web portal development fee** to be used for State of Michigan web portal development.

The commercial look-up fees are credited to the Transportation Administration Collection Fund through October 1, 2015. House Bill 5142 would eliminate that sunset date, thus directing the fees to the TACF indefinitely.

The bill would also allow the Secretary of State to designate **a private entity to provide a commercial look-up service** and collect fees authorized by the Legislature or SOS. Fees collected would be credited to the Transportation Administration Collection Fund, except that a web portal development fee collected by a private entity would be used for State of Michigan portal development and would not be remitted to the TACF.

A private designated entity would be chosen through competitive bidding unless the department affirmatively finds that under the circumstances some other method is in the public interest. The department would be required to report its findings to the DTMB and the Appropriations subcommittees of the State Senate and House of Representatives not later than 90 days before work is begun.

MCL 257.2085b

FISCAL IMPACT:

The bill would have no direct fiscal impact on the state or local units of government, at least prior to October 1, 2015. Under the bill, the State could contract with a private

entity to provide a commercial look-up service and collect and remit the associated fees to the State, plus collect and retain a web portal development fee.

Record look-up fees are deposited into the Transportation Administration Collection (TAC) Fund and used under statute to defray certain Department of State administrative costs. The Department of Management and Budget reports that commercial look-up fees paid by data aggregators and other commercial purchasers with direct access generated about \$27.2 million in revenues in FY 2011-12. According to the Department of State, total look-up fee revenue was about \$34 million annually in Fiscal Years 2011-12 and 2012-13. The bill also would delete language that operates as an October 1, 2015, sunset on the distribution of look-up fees to the TAC Fund, thereby presumably preserving that source of revenue for the Fund. However, the funds would have to be appropriated and they could be appropriated separately for the same purposes if they were not statutorily designated for deposit into the TAC fund as currently provided by the Vehicle Code.

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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.