

# Legislative Analysis



## WAIVE VEHICLE REGISTRATION LATE FEE FOR VEHICLES KEPT IN STORAGE

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**House Bill 5422 (Substitute H-1)**

**Sponsor: Rep. Pete Lund**

**Committee: Transportation and Infrastructure**

**Complete to 10-1-14**

### A SUMMARY OF HOUSE BILL 5422 AS REPORTED FROM COMMITTEE

Under the Michigan Vehicle Code, if a required vehicle registration tax is not received on or before the expiration date of the registration plate, the Secretary of State is required to collect a late fee of \$10.

House Bill 5422 would require the Secretary of State to waive the late fee collected from the registrant if the registrant satisfies both of the following: (1) presents proof of storage insurance for the vehicle for which a late fee is assessed that is valid for the period of time between the expiration date of the most recent registration and the date of application for renewal; and (2) requests, in person at a Secretary of State branch office, that the late fee be waived at the time of application renewal.

MCL 257.801

### FISCAL IMPACT:

By providing an exception to the current late fee requirement, House Bill 5422 would likely reduce state General Fund revenue. The amount of the revenue reduction would depend on the number of late registration fees waived under terms of the bill, if enacted, as compared to current law. This amount cannot be readily estimated at this time.

Chapter II of the Michigan Vehicle Code (Public Act 300 of 1949) provides for the registration of motor vehicles and gives authority for the vehicle registration program to the Michigan Secretary of State. Taxes associated with vehicle registrations are established in Chapter VII of the Michigan Vehicle Code, and primarily within Section 801 of that chapter. Registration taxes are assessed and collected when vehicle owners obtain new registration license plates, or renewal registration tabs, from the Michigan Secretary of State. Section 226 of the Michigan Vehicle Code indicates that a vehicle registration plate expires on the owner's birthday except for a commercial vehicle registration which expires on the last day of February.

Section 801(4) of the Michigan Vehicle Code currently directs that "if a tax required to be paid under this section is not received by the Secretary of State on or before the expiration date of the registration plate, the Secretary of State shall collect a late fee of

\$10.00 for each registration renewed after the expiration date." This subsection currently directs revenue from this registration tax late fee to the state General Fund.

Of the approximately 8.2 million annual registration transactions processed by the Department of State, approximately 1 million registrations are renewed after the expiration date. Related late registration fee revenue, for credit to the state General Fund, is approximately \$10.0 million each year – this figure has been consistent each year since FY 2006-07.

As noted above, House Bill 5422 would require the Secretary of State to waive the late fee if the registrant presented both proof of storage insurance for the vehicle – insurance valid for the period between the most recent registration expiration date and the date of application – and requested, in person, at a Secretary of State branch office, that the late fee be waived at the time of application renewal.

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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.