

MOTORCYCLE ENDORSEMENT AND REGISTRATION FEES

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 575 as passed by the Senate
Sponsor: Sen. Tom Casperson
House Committee: Transportation and Infrastructure
Senate Committee: Transportation
Complete to 12-5-17

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

Senate Bill 575 would amend the Michigan Vehicle Code to delay implementation of increases in the motorcycle endorsement fee and motorcycle registration tax that were made by Public Act 115 of 2017.

Specifically, the bill would do all of the following:

- Delay, until January 20, 2018, the increase in the fee for an original motorcycle endorsement on an operator's or chauffeur's license from \$13.50 to \$16 and the increase in the fee for renewal of a motorcycle endorsement from \$5 to \$7.
- Delay, until February 19, 2019, the increase in the motorcycle registration tax from \$23 to \$25.
- Delay, until February 19, 2019, the increase in motorcycle registration tax payments to the Motorcycle Safety Fund.

The bill would also increase renewal motorcycle endorsement fees by \$2 for a period beginning October 1, 2018 and ending December 31, 2019. This \$2 increase would be deposited in the Motorcycle Safety Fund.

The bill would take effect 90 days after its enactment.

MCL 257.312c and 257.801

FISCAL IMPACT:

Senate Bill 575 provides for delays in fee and revenue increases to the Motorcycle Safety and Education Awareness Fund and the Motorcycle Safety Fund as required under Public Act 115 of 2017. The bill also provides an additional temporary increase in fees and revenue to the Motorcycle Safety Fund. The bill extends the date of the implementation of the fee changes from October 25, 2017, the effective date of Public Act 115 of 2017.¹

¹ The House Fiscal Agency analysis for the changes introduced by Public Act 115 of 2017 can be found at <http://www.legislature.mi.gov/documents/2017-2018/billanalysis/House/pdf/2017-HLA-4306-6A992019.pdf>.

Senate Bill 575 effectively resets motorcycle license endorsement fees and motorcycle registration taxes, and the earmark of “motorcycle fees,” back to the amounts in effect prior to the enactment of Public Act 115. The bill delays implementation of the increase in the registration tax, and the increase in the Motorcycle Safety Fund earmark, to February 19, 2019.

The fee changes from both Public Act 115 of 2017 and SB 575 are summarized in the table below, with the implementation dates in parentheses.

	2016 Fees	2017 PA 115	SB 575
Original Motorcycle License Endorsement	\$13.50	\$16 (10/25/17)	\$16 (1/20/18)
Renewal Motorcycle License Endorsement	\$5	\$7 (10/25/17)	\$7 (1/20/18) \$9 (10/1/18 – 12/31/19)
Motorcycle Registration	\$23	\$25 (10/25/17)	\$25 (2/19/19)

The delayed date changes in the bill will not likely result in any impact on the number of fees or revenue collected. According to the Department of State, no fee changes from Public Act 115 of 2017 have been implemented, and the date changes proposed in SB 575 are in line with when the Department will be first able to implement the changes in the Secretary of State’s automated information systems.

The temporary \$2 increase for Motorcycle License Endorsement Renewals, however, would result in an estimated \$312,500 increase in revenue to the Motorcycle Safety Fund over the 15-month period from October 2018 to the end of December, 2019. This additional revenue would be earmarked for use for the Motorcycle Safety Education program provided under Section 811a of the Michigan Vehicle Code. This education program is separate from the “Look Twice – Save a Life” program funded from the Motorcycle Safety and Education Awareness Fund, which was created in Public Act 115 of 2017 and which received funding from the additional motorcycle endorsement fee revenue provided by the Act.

Note on Motorcycle Registration Tax

The current registration tax on motorcycles is established in Section 801(1)(n) of the Michigan Vehicle Code. This subdivision establishes a registration tax for each motorcycle. The subdivision also states: “Beginning January 1, 1984, the registration tax for each motorcycle is increased by \$3.00,” and directs that “Beginning January 1, 1984, \$3.00 of each motorcycle fee shall be placed in a motorcycle safety fund...”

Senate Bill 575 would increase the earmark of “motorcycle fees” to the Motorcycle Safety Fund effective February 19, 2019.

The Michigan Vehicle Code generally uses the word “registration tax” to refer to the specific vehicle registration taxes that are constitutionally dedicated to transportation and are earmarked to the Michigan Transportation Fund in statute. The word “fee” is generally used to refer to late fees, service fees, regulatory fees, or recreation passport fees that are

not considered specific registration taxes and thus not constitutionally dedicated to transportation. The subdivision establishing the registration tax on motorcycles, Section 801(1)(n), uses both terms, “tax” and “fee.”

The language of Section 801(1)(n) appears to establish a base registration tax rate for each motorcycle, plus a separate registration tax increase, effective January 1, 1984, earmarked for the Motorcycle Safety Fund. The base registration tax prior to the enactment of Public Act 115 was \$23.00; the \$3.00 increase, effective January 1, 1984, would appear to bring total taxes and fees to \$26.00. However, it is our understanding that the Secretary of State collects only \$23.00 in total for each from motorcycle registration and credits \$3.00 to the Motorcycle Safety Fund from the \$23.00 registration tax.

This treatment would apparently continue under Senate Bill 575. The base registration tax would increase to \$25.00, effective February 19, 2019, and the Motorcycle Safety Fund earmark would increase to \$5.00; with the \$5.00 earmark taken from the \$25.00 tax, rather than being an addition to the \$25.00 tax.

We note that Section 801(1)(n) currently directs that the registration tax on motorcycles be annually adjusted based on increase or decrease in state personal income. It is our understanding that the Department of State does not make this annual adjustment of the motorcycle registration tax.

Legislative Analyst: E. Best
Fiscal Analyst: Michael Cnossen

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.