

## **RATE APPROVAL FOR CARRIERS BY WATER BY THE MICHIGAN STATE POLICE**

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<http://www.house.mi.gov/hfa>

**House Bill 4807 (proposed substitute H-1)**

**Sponsor: Rep. Dan Lauwers**

**Committee: Transportation and Infrastructure**

**Complete to 10-16-17**

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

### **SUMMARY:**

House Bill 4807 would amend the Carriers by Water Act to codify existing oversight by the Michigan Department of State Police (MSP) and to describe the process whereby the MSP would approve or reject rates, fares, charges or tariffs for carriers of water who primarily transport vehicles between two state highways.

As written, the Act currently requires several administrative tasks of the Public Utilities Commission (PUC) regarding carriers of water, including reviewing and, when necessary, setting new rates, fares, charges and tariffs; examining and auditing the carriers' accounts; making all necessary rules and regulations; and investigating complaints against carriers.

However, the Public Utilities Commission no longer exists<sup>1</sup> and the MSP has been administering the program since 2015.<sup>2</sup> The bill would reflect that practice in statute.

Additionally, the bill would require the MSP to make a decision on all filed rates, fares, and charges within 30 days of the date they are filed.

The bill would also add a section to the Act describing the considerations in determining reasonable rates for carriers primarily transporting vehicles between two state highways. It would provide that the MSP would compare a proposed rate, fare, charge, or tariff to those charged by comparable carriers by water. The MSP would determine the reasonable after-tax profit based on the most recent data from the federal Bureau of Labor Statistics for NAICS 483114 (the North American Industry Classification System section number for Coastal and Great Lakes Passenger Transportation).

If the rate is lower than that charged by comparable carriers, the MSP would automatically approve the rate, and may not audit that carrier. If the rate is more than those charged by comparable carriers, it may approve the rate if, based on justification submitted by the carrier, it finds the rate reasonable. If the MSP determines that the rate is not reasonable, the bill would require the MSP to meet with the carrier and explain the reasons for that determination within 15 days.

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<sup>1</sup> It was abolished in 1939, with its duties transferred to the Michigan Public Service Commission (MPSC), which falls under the authority of the Michigan Department of Licensing and Regulatory Affairs (LARA).

<sup>2</sup> Executive Order 10 of 2015 transferred authority for the Carriers by Water Act, as well as the Motor Carrier Act and Motor Carrier Safety Act, from MPSC/LARA to the MSP.

[https://www.michigan.gov/documents/snyder/EO\\_2015-10\\_484513\\_7.pdf](https://www.michigan.gov/documents/snyder/EO_2015-10_484513_7.pdf)

Finally, the bill would provide that any carrier by water that meets the criteria of this new section would be considered an instrumentality of the state. (An instrumentality is an organization created by or pursuant to state statute and operated for public purposes.)

The bill would take effect 90 days after enactment.

MCL 460.201 et al, and proposed MCL 460.207

**FISCAL IMPACT:**

The bill would have an indeterminate, yet likely minor fiscal impact on MSP. This bill could create minor administrative costs for the Regulatory and Credentialing Section, within the Commercial Vehicle Enforcement Division, resulting from the requirement to compare and set the rates, fares, charges, or tariffs of water carriers that transport motor vehicles directly between two highways. The Commercial Vehicle Regulation line item within the MSP budget, which supports the Regulatory and Credentialing Section, is funded primarily through motor carrier fees, which are unlikely to be affected by this bill.

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■ 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.