



Senate Fiscal Agency  
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## BILL ANALYSIS



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Senate Bill 575 (as enacted)  
Sponsor: Senator Tom Casperson  
Senate Committee: Transportation  
House Committee: Transportation and Infrastructure

**PUBLIC ACT 238 of 2017**

Date Completed: 9-28-18

**RATIONALE**

Public Act 115 of 2017 increased the original motorcycle endorsement fee on an operator's or chauffeur's license from \$13.50 to \$16, increased the renewal motorcycle endorsement fee from \$5 to \$7, required the increases to be deposited in a new Motorcycle Safety Awareness Fund, required money from the Fund to be spent on a "Look Twice - Save a Life" motorcycle awareness program, and increased the motorcycle registration tax from \$23 to \$25. The Act took effect on October 25, 2017.

Evidently, the Department of State could not modify the endorsement fees and motorcycle registration tax by that date because programming the changes into its computer system takes some time. Moreover, the Department is replacing its current system with a new system. The vehicle registration portion of the new system will become operational in February 2019. Because the Department could not meet the original deadline for modifying the endorsement fees, it was suggested that the fee increases be delayed to a date by which the Department could make the adjustments. In addition, because the vehicle registration portion of the new system will be completed soon and the current system will become obsolete, it also was suggested that the motorcycle registration tax increase be delayed to save the time and resources necessary to program the change in the Department's current system.

**CONTENT**

**The bill amended the Michigan Vehicle Code to delay the implementation of increases in the motorcycle endorsement fee and the motorcycle registration tax, which were scheduled to take effect on October 25, 2017. Specifically, the bill does the following:**

- **Delays 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, until January 20, 2018.**
- **Delays the increase in the motorcycle registration tax from \$23 to \$25 until February 19, 2019.**
- **Delays the increase in motorcycle registration tax payments to the Motorcycle Safety Fund until February 19, 2019.**
- **Requires the renewal motorcycle endorsement fees to be increased by \$2, and requires the \$2 to be deposited in the Motorcycle Safety Fund (described below), beginning on October 1, 2018, and ending on December 31, 2019.**

The bill took effect on March 21, 2018.

Motorcycle Endorsement Fees

The Code requires every application for a motorcycle endorsement on an operator's or chauffeur's license for operation of motorcycles to include a fee in addition to any other original or renewal operator or chauffeur license fee. Public Act 115 of 2017, which took effect on October 25, 2017,

increased the fee for an original motorcycle endorsement from \$13.50 to \$16, and for a renewal of a motorcycle endorsement from \$5 to \$7. The bill retains the current fees until January 19, 2018. Beginning January 20, 2018, the fee for an original motorcycle endorsement is \$16, and the fee for a renewal of a motorcycle endorsement is \$7.

(The Code allocates the money collected from the motorcycle endorsement fees to the General Fund. Out of the fees collected, the Secretary of State (SOS) must refund to each county or municipality, acting as an examining officer or examining bureau, \$3 for each applicant examined for a first endorsement to a three-year or four-year operator's or chauffeur's license, \$2.50 for each original endorsement to a two-year operator's or chauffeur's license, and \$1.50 for every other applicant examined whose application is not denied, for the purpose of carrying out the provisions of the Code. The Code requires \$10 of each original motorcycle endorsement and \$3 of each motorcycle endorsement renewal to be placed in the Motorcycle Safety Fund and used by the SOS for the Motorcycle Safety Education Program as provided in Section 811a. Under that section, the SOS is responsible for the establishment and administration of motorcycle safety courses and must promulgate rules regarding teacher qualifications, reimbursement procedures, the establishment of the course, and other requirements.)

### Motorcycle Registration Tax

On October 25, 2017, when Public Act 115 of 2017 took effect, the motorcycle registration tax increased from \$23 to \$25. The bill modifies the amount to \$23 until February 18, 2019. Beginning February 19, 2019, the bill will increase the tax to \$25.

The Code requires \$3 of each motorcycle fee to be placed in the Motorcycle Safety Fund and used to support the Motorcycle Safety Education program as provided in Sections 312b and 811a. Public Act 115 of 2017 requires \$5 of each motorcycle registration fee to be placed in the Fund beginning October 25, 2017. The bill modifies that amount to \$3 through February 18, 2019, instead. Beginning February 19, 2019, the bill will increase the amount to \$5.

(Section 312b requires a person who is 18 years or older to pass a motorcycle safety course approved by the Department of State under Section 811a before he or she may be issued an original motorcycle endorsement on an operator's or chauffeur's license. The person must pass an examination, which includes a driving test.)

MCL 257.312c & 257.801

### **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

#### **Supporting Argument**

The Department's current computer system has nonlinear infrastructure, meaning that any change made within the system (e.g. endorsement fees) must be tested against the entire system. This can take a considerable amount of time. Moreover, the Department has a backlog of modifications that need to be made within the system, further increasing the amount of time it would take to apply the changes enacted under Public Act 115 of 2017. The Department was not able to implement the endorsement fee changes by the Act's effective date. The Department also is programming a new system to replace the current system. The vehicle registration portion of the new system will become operational in February 2019. According to testimony before the Senate Committee on Transportation, the Department believes that it would have been too costly and imprudent to program the motorcycle registration tax change in the current system, which will become obsolete soon. The bill addresses these implementation concerns by delaying the programming of the changes to dates that accommodate the Department's capabilities and resources.

In addition, the bill requires renewal motorcycle endorsement fees to be increased by \$2, and requires the \$2 to be deposited in the Motorcycle Safety Fund, beginning on October 1, 2018, and ending on December 31, 2019. This increase will alleviate any concern of lost revenue to the Motorcycle Safety Fund for delaying the endorsement fee and tax modifications under Public Act 115 of 2017.

Legislative Analyst: Drew Krogulecki

### **FISCAL IMPACT**

According to the Department of State, the increased motorcycle endorsement fees will generate an estimated \$250,000 in additional revenue. The amount collected in FY 2015-16 totaled an estimated \$720,000. As required by Public Act 115 of 2017, beginning October 25, 2017, \$2.50 of each motorcycle endorsement fee and \$2 of each renewal endorsement fee will have to be deposited in the Motorcycle Safety and Education Awareness Fund created by Public Act 115 and distributed according to statute.

Additionally, \$3 of the \$23 motorcycle registration tax currently is deposited into the Motorcycle Safety Fund to fund the Motorcycle Safety Education Program. As required by Public Act 115 of 2017, the additional \$2 from the increase in the tax will be deposited into the Motorcycle Safety Fund, as well, also to be used for the Motorcycle Safety Education Program. In FY 2015-16, approximately 260,000 motorcycle registrations raised an estimated \$5,980,000, of which \$780,000 was deposited into the Motorcycle Safety Fund. The \$2 increase in the registration tax will raise an estimated additional \$520,000.

Fiscal Analyst: Joe Carrasco

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.