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BILL



ANALYSIS

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House Bill 4306 (Substitute H-3 as passed by the House)  
Sponsor: Representative Jim Tedder  
House Committee: Transportation and Infrastructure  
Senate Committee: Transportation

Date Completed: 6-14-17

### **CONTENT**

**The bill would amend the Michigan Vehicle Code to do the following:**

- **Increase the fee for an original motorcycle endorsement on an operator's or chauffeur's license, from \$13.50 to \$16.**
- **Increase the fee for a renewal of a motorcycle endorsement on an operator's or chauffeur's license, from \$5 to \$7.**
- **Increase the motorcycle registration tax from \$23 to \$25.**
- **Create the "Motorcycle Safety and Education Awareness Fund" within the State Treasury.**
- **Require \$2.50 of each original motorcycle endorsement fee and \$2 of each motorcycle endorsement renewal fee to be placed in the Fund.**
- **Require the Secretary of State (SOS) to spend money from the Fund for the purpose of creating and maintaining a "Look Twice - Save a Life" program.**
- **Increase, from \$3 to \$5, the amount from a motorcycle registration tax payment that must be placed in the Motorcycle Safety Fund for the Motorcycle Safety Education Program.**

The bill would take effect 90 days after its enactment.

#### **Motorcycle Safety & Education Awareness Fund**

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. An original motorcycle endorsement on an operator's or chauffeur's license requires a fee of \$13.50, while a renewal of a motorcycle endorsement on an operator's or chauffeur's license requires a fee of \$5. Under the bill, an original motorcycle endorsement on an operator's or chauffeur's license would require a fee of \$16, while a renewal would require a fee of \$7.

The Code allocates the money collected from the motorcycle endorsement fees to the General Fund. Out of the fees collected, the 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. Ten dollars of each original motorcycle endorsement and \$3 of each motorcycle endorsement renewal must be placed in the Motorcycle Safety Fund in the State

Treasury and must be used only by the SOS for the Motorcycle Safety Education Program as provided under 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.)

The bill also would require \$2.50 of each original motorcycle endorsement and \$2 of each motorcycle endorsement renewal to be placed in the Motorcycle Safety and Education Awareness Fund.

The Fund would be created within the State Treasury. The State Treasurer could receive money or other assets from any source for deposit into the Fund, and would have to direct the investment of the Fund. The State Treasurer would have to credit to the Fund interest and earnings from Fund investments. Money in the Fund at the close of the fiscal year would have to remain in the Fund and could not lapse to the General Fund. The State Treasurer would be the administrator of the Fund for auditing purposes. The SOS would have to spend money from the Fund for the purpose of creating and maintaining a "Look Twice - Save a Life" program that promotes motorcycle awareness, safety, and education.

#### Registration Tax Increases

Under the Code, the SOS must collect a certain amount of taxes at the time of registering a vehicle. For each motorcycle, a person must pay \$23. The bill would increase this amount to \$25.

The Code requires \$3 of each motorcycle fee to be placed in the Motorcycle Safety Fund and used only for funding the Motorcycle Safety Education Program as provided for under Sections 312b and 811a.

Beginning on the bill's effective date, \$5 of each motorcycle registration fee would have to be placed in the Motorcycle Safety Fund for the same purpose.

(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. The SOS is responsible for establishing and conducting the driving skills test, and may enter into an agreement with another public or private corporation or agency to conduct the test.)

MCL 257.312c & 257.801

Legislative Analyst: Drew Krogulecki

#### **FISCAL IMPACT**

The bill would increase revenue received by the Department of State as a result of the increased fees for original or renewal motorcycle endorsements. The bill would increase original motorcycle endorsement fees by \$2.50 to \$16, while renewal endorsement fees would increase by \$2 to \$7. According to the Department, the increased endorsement fees would generate an estimated \$250,000 in additional revenue from motorcycle endorsements. The amount collected in FY 2015-16 totaled an estimated \$720,000. The additional revenue would have to be deposited in the proposed Motorcycle Safety and Education Awareness Fund, the Department of State would have to use to create and maintain a "Look Twice - Save a Life" program to promote motorcycle awareness, safety, and education. The remaining portion of the fees would continue to be distributed according to statute as in current law.

Additionally, the bill would increase the registration tax, or fee, for motorcycles by \$2 to \$25. Currently, \$3 of the current \$23 registration fee is deposited into the Motorcycle Safety Fund to fund the Motorcycle Safety Education Program. Under the bill, the additional \$2 from the increase in fees also would be deposited into the Motorcycle Safety Fund, also to be used for the Motorcycle Safety Education Program. In FY 2015-16, approximately 260,000 motorcycle registrations raised an estimated \$5.98 million, of which \$780,000 was deposited into the Motorcycle Safety Fund. The \$2 increase in the registration fee would 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.