

# Legislative Analysis



## VEHICLE REGISTRATION TRANSFERS

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

**House Bill 5195 (proposed substitute H-2)**

**House Bill 5313 (proposed substitute H-1)**

**Sponsor: Rep. Jason M. Sheppard**

**Committee: Government Operations**

**Complete to 1-14-20**

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

### SUMMARY:

Taken together, House Bills 5195 and 5313 would amend the Michigan Vehicle Code to change the fee for transfer of a vehicle registration and additional fees related to the transfer.

Currently under the code, the fee to transfer a vehicle registration is \$8. In addition, if the transfer is from a vehicle to another that has a higher registration fee (typically based on the manufacturer's suggested retail price (MSRP)), the applicant must also pay the difference between those fees. If the opposite is true (i.e., the vehicle to which the registration is transferred has a lower MSRP), the Secretary of State does not refund the difference in fees.

**House Bill 5195** would increase the transfer of registration fee to \$10.

Under the bill, the Secretary of State would also collect payment for the difference between the vehicles' registration fee amounts only if the transfer was from a vehicle to another with a higher registration fee and the application for transfer of registration was not accompanied by an application for a vehicle title indicating a transfer of ownership.

The bill would provide for payment of a \$5 registration difference fee, in addition to the transfer of registration fee, in the following cases:

- If the application for transfer of registration is accompanied by an application for a vehicle title indicating a transfer of vehicle ownership and the title application also indicates that the vehicle ownership transfer is not exempt from the use tax under section 3(3)(a) or 4bb of the Use Tax Act. (Those provisions exempt vehicle transfers to certain relatives of the transferor.)
- If the vehicle to which the registration is being transferred has never previously been registered and the application for the last title issued was accompanied by a manufacturer certificate of origin.

The bill would also provide for payment of a \$5 registration difference fee in cases where the transfer is from a vehicle to another that has a lower registration fee. As currently, the Secretary of State would not refund the difference in registration fees.

MCL 257.809

**House Bill 5313** would amend section 801 of the Vehicle Code, which prescribes vehicle registration fees, to remove a reference exempting transfer registrations from the determination of registration fees. The bill would also remove a battery storage capacity minimum from the definition of “hybrid electric vehicle.”

MCL 257.801

The bills are tie-barred to one another, meaning that neither could take effect unless both were enacted, and each bill would take effect 90 days after its enactment.

#### **FISCAL IMPACT:**

House Bills 5195 and 5313 would increase revenue to the Department of State (DOS) and have an indeterminate fiscal impact on the Michigan Transportation Fund (MTF).

HB 5195 would increase the revenue to the Transportation Administration Collection Fund (TACF) by increasing the transfer of registration fee from \$8 to \$10. Based on revenue collected from these fees in Fiscal Year (FY) 2018-19, the \$2 increase would result in a roughly \$2.3 million annual increase to TACF. TACF is the primary funding source to support DOS administration and enforcement of vehicle registration and titling services. \$135.0 million was deposited into TACF in FY 2018-19. TACF revenue sources include both vehicle registration and title service fees and “look-up fees” charged to companies for DOS registration and driver history data.

HB 5195 would also require the collection of a \$5 registration difference fee and two additional \$5 fees if a vehicle is being registered under new ownership. The bill does not state whether these fees would be deposited into TACF or MTF, but each would result in an undetermined increase in revenue to either fund depending on implementation.

A fiscal analysis of the bills’ impacts to the MTF is in progress. The MTF is the primary collection and distribution fund for state restricted transportation revenue. MTF revenue is distributed to the State Trunkline Fund, to local road agencies, and to other targeted or categorical transportation programs in accordance with 1951 PA 51.

Legislative Analyst: Rick Yuille  
Fiscal Analysts: Michael Cnossen  
William E. Hamilton

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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.