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Senate Bill 309 (Substitute S-1 as reported)
Sponsor: Senator Dale W. Zorn
Committee: Transportation and Infrastructure

Date Completed: 7-18-19

RATIONALE

Public Act 254 of 1933, the Motor Carrier Act, governs the transportation of general commodities and household goods by motor carriers in the State. The Act prescribes fees for certain vehicles, such as a \$100 fee for each self-propelled intrastate motor vehicle operated by or on behalf of a motor carrier and a \$50 fee for each truck used exclusively for the transportation of household goods. The State requires motor carriers to pay these fees to operate within the State.

In 2005, the Federal government enacted the Unified Carrier Registration Act (UCR), which established a system of registration and fees for interstate motor carrier operations and prohibited states from enacting legislation that created an unreasonable burden on interstate for-hire motor carriers. While the UCR preempted State law, it also specifies two areas of transportation for which state economic regulation is not preempted: the household goods moving industry and nonconsensual towing operations. Nonconsensual towing operations remove illegally or improperly parked vehicles at the request of law enforcement and without consent from the owner of the vehicle. Currently, trucks or tractors used exclusively for the transportation of household goods must pay the \$50 fee, but intrastate nonconsensual towing operations do not have to pay the prescribed fee. It has been suggested that vehicles used for intrastate nonconsensual towing operations by a UCR motor carrier also pay the \$50 fee.

CONTENT

The bill would amend the Motor Carrier Act to prescribe an annual fee of \$50 for each vehicle used for intrastate nonconsensual towing operations by a unified carrier registration (UCR) motor carrier subject to Federal requirements.

Under the Act, in addition to the license fees or taxes otherwise imposed upon motor carriers, the Michigan Public Service Commission must assess and collect from each motor carrier an annual fee of \$100 for each self-propelled intrastate motor vehicle operated by or on behalf of the motor carrier for the administration of the Act. If a motor carrier begins operation of the vehicle after June 30 and previously has not paid the fee for that vehicle, then the Commission must assess and collect a fee of \$50 for each vehicle.

Additionally, for each truck used exclusively for the transportation of household goods, the annual fee is \$50. Under the bill, this fee also would apply to a vehicle used for intrastate nonconsensual towing operations by a UCR motor carrier subject to the requirements of Section 4305 of the Federal Unified Carrier Registration Act.

(Generally, Section 4305 of the Unified Carrier Registration Act specifies that it is an unreasonable burden upon interstate commerce for any state or its political subdivisions to impose any requirement, including the payment of a tax or a fee, on an interstate motor carrier related to the registration of the carrier's interstate operations with the state, among other things. The Act does

not restrict a state's authority to regulate carriers that operate solely intrastate, and that do not operate at all in interstate commerce.)

MCL 478.2 & 478.8

BACKGROUND

Annual Fees

According to the *Unified Carrier Registration Plan Handbook*, the UCR requires a motor carrier involved in interstate commerce to pay annual fees relative to the size of its fleet. The U.S. Secretary of Transportation, in consultation with the UCR Board, sets the annual fees through a bracket system. The fees are subject to annual change. The table below presents the annual fees for 2019 and 2020.

Number of Vehicles	Amount Due (2019)	Amount Due (2020)
0-2	\$62	\$68
3-5	\$185	\$204
6-20	\$368	\$407
21-100	\$1,283	\$1,420
101-1000	\$6,112	\$6,766
Over 1000	\$59,689	\$66,072

During the registration process, a motor carrier establishes a base state, and the UCR reimbursement process uses this information to redistribute the revenue generated from the fees to supplement transportation costs in each state. Under the UCR, revenue from annual registration fees cannot exceed \$107.0 million plus an additional, variable amount reserved for the administrative expenses of the UCR. The UCR Board determines the redistribution of revenue from fees.

Enforcement; Nonconsensual Towing Operations

In Michigan, after the enactment of the UCR, the Michigan Public Service Commission (MPSC) assumed responsibility for its implementation within the State. Evidently, the Commission did not require nonconsensual towing operations to pay the State's prescribed fee in order to comply with the UCR; it interpreted a nonconsensual towing operation's payment under the UCR to constitute the appropriate payment of fees. In 2011, oversight and responsibility of UCR compliance transferred to the Michigan State Police (MSP), and, in 2019, MSP's Commercial Vehicle Enforcement Division began requiring nonconsensual towing operations that are not preempted under the UCR to register and pay the applicable fee under Michigan's Motor Carrier Act.

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

According to testimony before the Senate Committee on Transportation and Infrastructure, the revenue generated from fees under the Motor Carrier Act directly contributes to MSP's ability to operate and enforce the Act. The Michigan State Police's enforcement and operation mechanisms add value and certain standards of practice to nonconsensual towing operations. Codifying a \$50 fee for each UCR motor carrier vehicle participating in intrastate nonconsensual towing operations would bring these nonconsensual towing operation fees in line with current, similar fees under the Act, and would assist MSP in keeping standards of practice high within the industry.

Legislative Analyst: Tyler VanHuyse

FISCAL IMPACT

The bill would have a minor fiscal impact on the State and no impact on local government. The Commercial Vehicle Enforcement Division of the Department of State Police estimates that approximately 300 commercial vehicles would be effected by the bill's provisions, which likely would result in total annual fee revenue of approximately \$15,000.

Fiscal Analyst: Michael Siracuse

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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.