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House Bill 5195 (Substitute H-2 as passed by the House)
House Bill 5313 (Substitute H-1 as passed by the House)
Sponsor: Representative Jason Sheppard
House Committee: Government Operations
Senate Committee: Transportation and Infrastructure

Date Completed: 6-3-20

CONTENT

House Bill 5195 (H-2) would amend the Michigan Vehicle Code do the following:

- **Require an applicant for the registration transfer of a vehicle to include with the application a \$10 transfer fee, instead of an \$8 transfer fee.**
- **Require the Secretary of State (SOS) to collect registration difference fees if the registration plate fee for a 12-month registration for the vehicle to which the registration was transferred was greater than the registration plate fee paid upon registration of the vehicle from which the registration was removed.**
- **Require the SOS to collect a transfer of registration fee of \$10 and a registration difference fee of \$5 if the registration plate fee for a 12-month registration for the vehicle to which the registration was transferred was less than the registration plate fee paid upon registration of the vehicle from which the registration was removed**

House Bill 5313 (H-1) would amend the Michigan Vehicle Code to do the following:

- **Delete a reference in the Code to the transferring of a registration under Section 809, which House Bill 5195 (H-2) would amend.**
- **Modify the definition of "hybrid electric vehicle".**

The bills are tie-barred, and each bill would take effect 90 days after its enactment.

House Bill 5195 (H-2)

Under the Code, an applicant for transfer of registration from a vehicle subject to Section 801(1)(a) to another vehicle subject to that section must accompany the application with an \$8 fee. In addition to \$8 fee, if the registration is transferred from a passenger vehicle to a motor home and if the registration fee for the motor home is greater than the fee paid for the registration of the vehicle from which the registration was removed, then the applicant must pay the difference. If the fee is less than that paid for the registration of the vehicle from which the plates were removed, the Secretary of State may not refund the difference. The fees include all fees or charges imposed under the Code for the transfer of registration, except those that may be assessed under Section 234. The bill would delete this language.

(Section 801(1)(a) governs registration for a motor vehicle, including a motor home, and a pickup truck or van that weighs not more than 8,000 pounds, according to a schedule of empty weights.)

The Code also specifies that an applicant to transfer the registration, other than a registration described above, must include with the application a fee of \$8. In addition to this fee, if the registration plates are transferred to another vehicle, and if the registration plate fee for a 12-month registration for the vehicle to which the registration is transferred is greater than the registration plate fee paid upon registration of the vehicle from which the registration was removed, then the applicant must pay the difference for the new registration.

Instead, under the bill, an applicant to transfer the registration from a vehicle subject to Section 801 to another vehicle subject to that section would have to accompany the application with a transfer of registration fee of \$10. If the registration plates were transferred to another vehicle, and if the registration plate fee for a 12-month registration for the vehicle to which the registration was transferred were greater than the registration plate fee paid upon registration of the vehicle from which the registration was removed, then, if applicable, in addition to the transfer of registration fee, the SOS would have to collect one of the following registration difference fees:

- \$5, if the application for transfer of registration were accompanied by an application for a vehicle title indicating a transfer of vehicle ownership and the application for vehicle title indicated the vehicle ownership transfer was not exempt from use tax collection under Section 3(3)(a) or 4bb of the Use Tax Act.
- \$5, if the vehicle to which the registration was being transferred had never previously been registered and the application for the last title issued was accompanied by a manufacturer certificate of origin.
- If the application for transfer of registration was not accompanied by an application for a vehicle title indicating a transfer of ownership, then the difference for the new registration would have to be collected.

(Section 801 requires the SOS to collect a registration fee at the time of registering a vehicle and provides the fees associated with a vehicle's ownership, weight, or purpose. Section 3(3)(a) of the Use Tax Act specifies that a transaction or a portion of a transaction if the transferee or purchaser is the spouse, mother, father, brother, sister, child, stepparent, stepchild, stepbrother, stepsister, grandparent, grandchild, legal ward, or a legally appointed guardian with a certified letter of guardianship, of the transferor is not subject to use tax. Section 4bb of the Use Tax Act specifies that the use tax does not apply to the transfer of a vehicle if the transferee or purchaser is the father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, or grandparent-in-law of the transferor.)

Under the Code, if the fee is less than that paid for registration of the vehicle from which the registration was removed, the SOS may not refund the difference. Under the bill, if the registration plate fee for a 12-month registration for the vehicle to which the registration was transferred were less than the registration plate fee paid upon registration of the vehicle from which the registration was removed, the SOS would have to collect a transfer of registration fee of \$10 and a registration difference fee of \$5 and the SOS could not refund the difference.

The Code also specifies that, until October 1, 2023, a transfer of registration fee collected as currently above in the Code must be deposited into the Transportation Administration Collection Fund (TACF). The bill would delete the expiration date of October 1, 2023.

House Bill 5313 (H-1)

The Code requires the SOS to collect a registration tax for each motor vehicle of the 1984 or a subsequent model years that has not been subject previously to the tax rates of the Code and that is of the motor vehicle category otherwise described in Section 801(1)(a), and each low-speed vehicle according to a schedule specified under the Code and based upon registration periods of 12 months.

Except as otherwise provided, for the first registration that is not a transfer registration under Section 809 and for the first registration after a transfer registration under Section 809 (see House Bill 5195 (H-2) above), the SOS must collect a registration tax as described above according to a schedule based on the vehicle's list price. The bill would delete the language relating to Section 809 to specify that, except as otherwise provided, the SOS would have to collect a registration tax as described above according to a certain schedule based on the vehicle's list price.

The Code also defines "hybrid electric vehicle" as a vehicle that can be propelled at least in part by electrical energy, but is also capable of using gasoline, diesel fuel, or alternative fuel to propel the vehicle. Instead, under the bill, "hybrid electric vehicle" would mean a vehicle that can be propelled at least in part by electrical energy and uses a battery storage system of at least four kilowatt-hours, but is also capable of using gasoline, diesel fuel, or alternative fuel to propel the vehicle.

MCL 257.809 (H.B. 5195)
257.801 (H.B. 5313)

Legislative Analyst: Tyler VanHuyse

FISCAL IMPACT

The bills would have an indeterminate fiscal impact on State and local government. The increased transfer fees would result in several million more dollars in revenue for the TACF, which goes to the Secretary of State for the registration collection services it provides. However, the bills also would reduce ad valorem registration fees credited to the Michigan Transportation Fund (MTF) when a registration is transferred from a lower-valued vehicle to a higher-valued vehicle. There would be a slight offset of this lost MTF revenue with the addition of the \$5 registration difference fee. According to the most recent Secretary of State report on registration fees collected, there were 1.2 million plate transfers in fiscal year (FY) 2018-19, generating roughly \$9.3 million in revenue. That same number of transfers at \$5 would generate \$6.0 million; however, the COVID-19 pandemic could reduce significantly the revenue from plate transfers, and overall registrations, for FY 2019-20.

Fiscal Analyst: Michael Siracuse

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