Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 609 (as reported without amendment)
Senate Bill 610 (Substitute S-1 as reported)
Senate Bills 611 through 615 (as reported without amendment)
Sponsor: Senator Dave Hildenbrand (S.B. 609)
Senator Curtis Hertel (S.B. 610)
Senator Wayne Schmidt (S.B. 611)
Senator Judy K. Emmons (S.B. 612)
Senator Rick Jones (S.B. 613)
Senator Margaret E. O'Brien (S.B. 614)
Senator David Knezek (S.B. 615)
Committee: Michigan Competitiveness

CONTENT

Senate Bills 609, 610 (S-1), 611, 612, 614, and 615 would amend the Michigan Vehicle Code to discontinue the assessment of, and liability for, driver responsibility fees (DRFs) on or after October 1, 2018, as follows:

Senate Bill 609 provides that, beginning September 30, 2018, no outstanding DRFs could be collected, and a person whose operating privileges were suspended for nonpayment of DRFs would be eligible to reinstate his or her driver license.

Senate Bill 610 (S-1) would require the Department of Treasury to create a program to educate individuals whose DRF obligations were affected by changes in the law; and would appropriate $160,000 to the Department for fiscal year 2017-18 for this purpose.

Senate Bill 611 would make a person's obligation to complete community service, as an alternative to paying a driver responsibility fee, subject to the discontinuation of outstanding DRFs beginning September 30, 2018.

Senate Bill 612 would discontinue the assessment of DRFs beginning October 1, 2018, rather than October 1, 2019, for a person who accumulated seven or more points on his or her driving record.

Senate Bill 614 would waive the DRFs for a person whose participation in a DWI/sobriety court program ended on or after October 1, 2018.

Senate Bill 615 provides that, for a person who entered into a DRF installment payment plan before the bill's effective date, any outstanding DRFs could not be collected, and a person whose operating privileges had been suspended for nonpayment would be eligible to reinstate his or her license.

Senate Bill 613 would amend the Enhanced Driver License and Enhanced Official State Personal Identification Card Act to delete the assessment of DRFs from licensing sanctions that may be imposed on the holder of an enhanced driver license.

MCL 257.732a (S.B. 609) Legislative Analyst: Suzanne Lowe
Proposed MCL 257.732c (S.B. 610)
MCL 257.732b (S.B. 611)
257.732a (S.B. 612)
28.304 (S.B. 613)
257.304 (S.B. 614)
257.732a (S.B. 615)

FISCAL IMPACT

This package of bills would completely eliminate all collection of driver responsibility fees beginning October 1, 2018. Additionally, individuals who were assessed a DRF would be no longer be liable for the fee, would no longer be required to complete community service in place of paying the DRF, and would become eligible for reinstatement of their driver license if they were otherwise in compliance with the Vehicle Code.

According to the Department of Treasury, there currently are an estimated 317,000 drivers who owe driver responsibility fees to the State who are in default. An estimated 15,000 individuals have chosen to complete community service in lieu of paying the DRF, resulting in the forgiveness of an estimated $2.0 million annually. The outstanding DRF collectable fees at the end of fiscal year (FY) 2015-16 totaled an estimated $633.7 million. Of that figure, almost 201,000 assessments were issued in that fiscal year, totaling $106.9 million for FY 2015-16. The history of collections indicates that payments received in a given fiscal year come primarily from current assessments and those assessed within the past two years of that fiscal year.

The amount estimated to be collected in FY 2016-17 was $71.0 million. Actual collections to date for FY 2016-17 total $69.2 million. The amount of collections for FY 2017-18 is estimated at $52.0 million.

Due to the timeline of the eventual elimination of the DRFs, the amount of the fees assessed between the bills' enactment and October 1, 2018, that will actually be paid is indeterminate. According to data from the Department of Treasury, current revenue collected from DRFs consists of collections from people who receive a DRF and pay the total within 90 days, people who enter into a payment plan (an estimated $20.0 million in FY 2016-17), and offsets captured from State income tax refunds or other payments to pay off old DRF debt (an estimated $19.0 million in FY 2016-17). Based on these figures and the best estimate of how much revenue would go uncollected as people simply waited until October 1, 2018, when all DRF fees would be forgiven, it is estimated that the loss in revenue for FY 2017-18 would be an estimated $30.0 million. This figure is derived from an estimated $8.0 million that would go uncollected from new fees assessed between the bills' enactment and October 1, 2018; $2.0 million that would be forgiven from those choosing to do community service; and $20.0 million due to the elimination of the payment plans as of October 1, 2018.

The Department of State also would lose the current $1.0 million annual appropriation from the DRFs collected that are used by the Department for costs associated with administering the Breath Alcohol Ignition Interlock Device (BAIID) program. While the Department has spent nearly the full $1.0 million each year, it has indicated that the costs are decreasing and could be absorbed within the Department's annually appropriated budget.

Additionally, the Department of State would see an increase in revenue from the reinstatement fee of $125 charged to each person who would become eligible to renew his or her driver license. The amount of revenue is indeterminate and dependent on how many of the estimated 317,000 individuals who are currently in default in DRF payments have had their license revoked and would be eligible. If only a quarter of those 317,000 became eligible to reinstate their driver license, the Department of State would receive an estimated additional $9.9 million from the reinstatement fees. That revenue would remain with the Department for its operational costs.

The Department of Treasury would receive a $160,000 appropriation under Senate Bill 610 (S-1) in order to cover the cost of postage to inform individuals whose driver responsibility fee obligations were affected by the changes. This is under the assumption that 325,000 individuals would need notification. Additional expenses would come from existing appropriations.

Under current law, the first $8.5 million in revenue collected from DRFs is deposited into the Fire Protection Fund created in the State Treasury. The money in the Fund is then spent via fire protection grants to cities, villages, and townships with State-owned facilities for fire services. The elimination of all DRFs would eliminate the deposit of $8.5 million into the Fire Protection Fund beginning in FY 2018-19. Unless that revenue was replaced with another revenue stream or General Fund/General Purpose dollars, those grants to local units of government would be eliminated.

Date Completed: 10-16-17

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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.