



**Senate Fiscal Agency**  
P. O. Box 30036  
Lansing, Michigan 48909-7536

BILL  ANALYSIS

Telephone: (517) 373-5383  
Fax: (517) 373-1986

Senate Bills 613 and 625 (as enacted)  
House Bills 5040, 5041, and 5043 (as enacted)  
House Bills 5044, 5046, and 5079 (as enacted)  
Sponsor: Senator Rick Jones (S.B. 613)

Senator Ken Horn (S.B. 625)  
Representative Lee Chatfield (H.B. 5040)  
Representative Sylvia A. Santana (H.B. 5041)  
Representative Roger Hauck (H.B. 5043)  
Representative Joseph N. Bellino, Jr. (H.B. 5044)  
Representative Steve Marino (H.B. 5046)  
Representative Daire Rendon (H.B. 5079)

Senate Committee: Michigan Competitiveness  
House Committee: Michigan Competitiveness

Date Completed: 3-5-18

**PUBLIC ACTS 47 & 49 of 2018**  
**PUBLIC ACTS 43, 44, & 45 of 2018**  
**PUBLIC ACTS 46, 48, & 50 of 2018**

### **RATIONALE**

In 2003, Michigan enacted legislation to impose "driver responsibility fees" on motorists who accumulate seven or more points within two years on their driving record; commit serious moving offenses, such as driving while intoxicated; or commit certain other violations, such as driving without a license. Depending on the offense, the driver responsibility fees (DRFs) range from \$100 to \$1,000 and, for specific violations, originally had to be imposed each year for two consecutive years. If a person fails to pay his or her fee after the Secretary of State mails two notices of the assessment, the person's driving privileges will be suspended.

When the DRFs were established, Michigan was said to rank fourth in the nation for fatalities resulting from traffic accidents. Reportedly, over the previous eight years, more than 1,800 people had died in crashes caused by drivers whose records contained moving violations, serious accidents, drunk driving convictions, or license suspensions. Since many offenders were punished by a fine and continued to drive, it was suggested that more severe financial consequences would change drivers' behavior. Subsequently, however, it became apparent that the fees were creating a serious hardship for many people who could not afford to pay them, leaving these individuals without a license to drive to work or elsewhere. In addition, although the fees were promoted as a way to improve traffic safety, evidently the most frequent assessments have been related to driving without insurance or with a suspended license.

To address these concerns, amendments were enacted in 2014 to phase out the assessment of new driver responsibility fees, with no new fees being imposed after September 30, 2019. The legislation also eliminated DRFs for driving without a license or failing to provide proof of insurance, and allowed people to perform community service instead of paying the fee, if they had been assessed a DRF for those particular violations. Despite these changes, the fees are still said to be a barrier to employment, burdening those who can least afford to pay them, and are seen as a second punishment. It was widely believed that the phase-out should be accelerated, liability for some DRFs that already have been imposed should be eliminated, and people whose licenses were suspended should be able to reinstate them. (The **BACKGROUND** section, below, describes the DRF amounts as originally enacted.)

## **CONTENT**

All of the bills, except Senate Bill 613, amended the Michigan Vehicle Code to discontinue the assessment of, and phase out liability for, driver responsibility fees on or after October 1, 2018, as follows:

**House Bill 5040** provides that, beginning September 30, 2018, an assessed DRF may not be collected; an individual will not be liable for an outstanding DRF or responsible for completing community service; and an individual whose driving privileges were suspended for unpaid DRFs may reinstate his or her operator's license.

The bill also allocates \$250,000 to the Department of Treasury in fiscal year 2017-18 for a workforce training payment program.

**House Bill 5041** requires the Department of Treasury to educate individuals whose DRF obligations are affected by changes made to the law on the bill's effective date.

**House Bill 5043** provides that, concerning an individual who entered into an installment payment plan by February 1, 2018, any outstanding DRF or installment payment may not be collected; the individual is not liable for any outstanding DRF; and, if the individual's driving privileges were suspended, the individual may reinstate his or her operator's license.

**House Bill 5044** discontinues the assessment of DRFs beginning October 1, 2018, rather than October 1, 2019.

**House Bill 5046** waives the DRFs for a person whose participation in a DWI/sobriety court program is successfully completed on or after October 1, 2018.

**House Bill 5079** does the following:

- Prohibits the assessment of DRFs, beginning on the bill's effective date, for driving with a suspended or revoked license, or driving without the required insurance coverage.
- Allows an individual to engage in 10 hours of workforce training as an alternative to paying a DRF for either of those violations.
- Allows an individual whose driving privileges were suspended to reinstate his or her operator's license if the suspension arose out of a Code violation while the individual's driving privileges were suspended for nonpayment of DRFs.
- Allows an individual whose driving privileges were suspended for nonpayment of DRFs to reinstate his or her license without paying a reinstatement fee, between the effective date of the bill and December 31, 2018.

**Senate Bill 625** requires the Department of Treasury to create and administer a workforce training payment program.

**Senate Bill 613** amended 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.

All of the bills, except Senate Bill 625 and House Bill 5079, took effect on March 1, 2018. Senate Bill 625 and House Bill 5079 will take effect on March 31, 2018.

### **House Bill 5040**

The bill provides that, beginning September 30, 2018, all of the following will apply:

- Any outstanding DRF may not be collected.
- An individual will not be liable for an outstanding DRF that has been assessed and will not be responsible for completing community service.
- An individual whose driving privileges were suspended not paying his or her DRF will be eligible to reinstate his or her operator's license if the individual is otherwise in compliance with the Vehicle Code.

The Code requires the Secretary of State to transmit collected driver responsibility fees to the State Treasurer, and requires the first \$8.5 million to be credited each fiscal year to the Fire Protection Fund. The next \$1.0 million must be credited to the Department of State for its expenses in implementing and administering Sections 625k and 625q (which concern breath alcohol ignition interlock devices).

Under the bill, for FY 2017-18 only, after those allocations, the next \$250,000 must be credited to the Department of Treasury to implement and administer the workforce training payment program (which Senate Bill 625 requires the Department to create).

As previously required, any remaining DRF revenue must be credited to the General Fund.

#### **House Bill 5041**

The bill requires the Department of Treasury, in consultation with the Department of State, the Department of Health and Human Services, the Department of Corrections, the Unemployment Insurance Agency, and Michigan Works Agencies, to educate individuals whose driver responsibility fee obligations are affected by changes made to State law on the bill's effective date. The education must consist of informational materials and effective outreach.

#### **House Bill 5043**

The Code allows the Secretary of State to authorize payment of DRFs by installment for up to two years. Under the bill, all of the following apply to an individual who, on or before February 1, 2018, entered into an installment payment plan:

- Any outstanding DRF or outstanding installment payment may not be collected.
- The individual is not liable for an outstanding DRF that has been assessed.
- If the individual's driving privileges were suspended for DRF nonpayment, the individual is eligible to reinstate his or her operator's license if he or she is otherwise in compliance with the Code.

#### **House Bill 5044**

The driver responsibility fee for an individual who accumulates seven or more points on his or her driving record within two years is \$100, plus an additional \$50 for each point above seven (except for points assessed for specific violations). Under the previous phase-out schedule, the assessment was the following percentage of the DRF:

- 75% beginning on October 1, 2015.
- 50% beginning on October 1, 2016.
- 25% beginning on October 1, 2018.

Beginning October 1, 2019, no fee could be assessed for accumulating seven or more points within two years. The bill deleted the 25% assessment that was to begin on October 1, 2018, and provides that no DRF may be assessed beginning on that date.

For the specific violations that are subject to DRFs, the fees previously had to be assessed as follows:

- For a violation occurring on or after October 1, 2015, 100% for the first year and 50% for the second year.
- For a violation occurring on or after October 1, 2016, 100% for the first year and no fee for the second year.
- For a violation occurring on or after October 1, 2018, 50% for the first year and no fee for the second year.

No DRF could be assessed for a violation that occurring on or after October 1, 2019. Under the bill, beginning on October 1, 2018, no DRF may be assessed.

### **House Bill 5046**

The Vehicle Code requires the Secretary of State to issue a restricted license to a person whose license was suspended or revoked based on certain convictions of driving under the influence of alcohol or a controlled substance, if the person has been admitted into a DWI/sobriety court and other conditions are met. All driver responsibility fees required to be assessed for the conviction must be held in abeyance while the person is participating in the program. At the end of the person's participation, the DRFs must be assessed and paid under the payment schedule described in the Code.

Under the bill, if the person's participation in the DWI/sobriety court program is successfully completed on or after October 1, 2018, the DRFs will be waived and may not be collected.

### **House Bill 5079**

#### **Driving with Revoked or Suspended License or without Insurance**

Beginning on the bill's effective date, no DRF may be assessed against an individual for violating Section 904 of the Vehicle Code (driving with a suspended or revoked license) or driving without the mandatory coverage required by the Insurance Code.

If an individual was assessed a DRF for either of these violations, he or she may engage in 10 hours of participation in a workforce training payment program (created under Senate Bill 625) as an alternative to paying that fee or any unpaid portion of it. The individual must obtain a workforce training form from the Secretary of State (SOS) or the Department of Treasury. The Department must mail to each affected individual a one-time-only notice of this option. The SOS must make workforce training forms available to the public at all branch offices and on the SOS website, and provide forms to the Department of Treasury for this purpose.

An individual who chooses to engage in workforce training must complete the form and return it to the Department of Treasury, which must inform the Secretary of State. The SOS then must hold the DRF in abeyance for 45 days. An individual will be allowed only one opportunity to complete the workforce training, but the Department may allow someone to withdraw from it for good cause shown.

Upon completing workforce training, an individual may request the person with whom he or she engaged in the training to verify the completion on the workforce training form. The individual then may return the form to the Department of Treasury. A person who falsely represents verification will be responsible for a State civil infraction and may be fined up to \$200.

The Department must waive the DRF or any portion of it upon receiving verification that an individual has successfully completed workforce training, and notify the Department of State.

#### **Reinstatement of License**

As provided in House Bill 5040, an individual whose driving privileges were suspended for nonpayment of DRFs is eligible to reinstate his or her operator's license if the individual is otherwise

in compliance with the Code. House Bill 5079 extends this to an individual whose driving privileges were suspended under Section 904(10), if that suspension arose out of the unlawful operation of a motor vehicle or a moving violation reportable under Section 732 while his or her driving privileges were suspended for nonpayment of DRFs.

(Under Section 904(10), upon receiving a record of a person's conviction or civil infraction determination for the unlawful operation of a motor vehicle or a moving violation reportable under Section 732 while the person's operator's or chauffeur's license is suspended or revoked, the Secretary of State must impose an additional like period of suspension or revocation.

Subject to certain exceptions, Section 732 requires each municipal judge and clerk of a court of record to forward an abstract of the court record to the SOS after a conviction, forfeiture of bail, civil infraction determination, or default judgment for a violation or attempted violation of the Code or a substantially corresponding local ordinance regulating the operation of vehicles on highways.)

#### Reinstatement without Fee

Beginning on the bill's effective date and ending December 31, 2018, an individual whose driving privileges were suspended for nonpayment of DRFs may reinstate his or her operator's license without payment of a fee to the Secretary of State for the reinstatement. Beginning January 1, 2019, such an individual may reinstate his or her license upon payment of any fee required by the SOS for the reinstatement.

#### **Senate Bill 625**

The bill requires the Department of Treasury to create, and be the administrator of, a workforce training payment program. The Department may work with a local workforce development board, a Michigan Works One-Stop Center, or a training program offered by the Department of Corrections to develop the program.

#### **Senate Bill 613**

The Enhanced Driver License and Enhanced Official State Personal Identification Card Act specifies that the holder of an enhanced driver license is subject to every licensing sanction provided under the Michigan Vehicle Code. The definition of "licensing sanction" includes the assessment of a driver responsibility fee. Under the bill, the definition includes the assessment of a DRF until October 1, 2018.

- MCL 28.304 (S.B. 613)
- 257.732c (S.B. 625)
- 257.732a (H.B. 5040)
- 257.732d (H.B. 5041)
- 257.732a (H.B. 5043)
- 257.732a (H.B. 5044)
- 257.304 (H.B. 5046)
- 257.732a (H.B. 5079)

#### **BACKGROUND**

Table 1 lists the driver responsibility fees enacted in 2003.

As noted above, amendments enacted in 2014 provided for DRFs to be phased out, with no new fees assessed beginning October 1, 2019. (The original phase-out schedule is described above, in the discussion of House Bill 5044.)

Table 1

Violation resulting in Fee	Amount of Fee
Accumulation of 7 or more points within two years	\$100 plus \$50 for each point above 7 (except for a violation subject to a higher DRF)
Driving without a valid license or possessing more than one driver license*	\$150 each year for two consecutive years
Failing to produce proof of insurance upon request by a police officer, or knowingly providing false evidence of insurance*	\$150 each year for two consecutive years
Operating a motor vehicle while visibly impaired due to the consumption of alcohol or a controlled substance	\$500 each year for two consecutive years
Driving with any bodily alcohol content, if under the age of 16	\$500 each year for two consecutive years
Operating while visibly impaired or intoxicated with a passenger under 16	\$500 each year for two consecutive years
Reckless driving	\$500 each year for two consecutive years
Driving with a suspended or revoked license	\$500 each year for two consecutive years
Driving a motor vehicle or motorcycle without insurance	\$500 each year for two consecutive years
Manslaughter, negligent homicide, or a felony resulting from the operation of a motor vehicle, off-road vehicle, or snowmobile	\$1,000 each year for two consecutive years
A moving violation subject to criminal penalties that results in injury or death to a person working in a construction zone or operating an implement of husbandry; or causing injury or death to a police officer, firefighter, or other emergency response personnel in the immediate area of a stationary emergency vehicle	\$1,000 each year for two consecutive years
Operating while intoxicated; or causing the death or serious impairment of a body function of another person while driving under the influence or while visibly impaired due to the consumption of alcohol or a controlled substance	\$1,000 each year for two consecutive years
Failing to stop and disclose identity at the scene of an accident when required by law	\$1,000 each year for two consecutive years
Fleeing or eluding an officer	\$1,000 each year for two consecutive years
*Not applicable after September 30, 2012	

**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**

Although driver responsibility fees originally were promoted as a way to increase traffic safety and save lives, the fees are a tax upon a fine and amount to double punishment. They have a disproportionate impact on individuals least able to pay and create a barrier to employment. When someone is assessed a DRF and cannot afford to pay it, and therefore loses his or her driver license, that person may have no way to get to and from his or her job, to a training program or an interview, or to classes. This in turn prevents the person from earning income that would help pay the fee. In many communities, where public transportation is unavailable or unreliable, the loss of mobility also can impede someone's ability to get to a grocery store or a doctor's office.

Rather than punishing drivers who commit serious violations, or keeping them off the streets, driver responsibility fees are most commonly assessed for infractions that have little relation to traffic safety. One of these is driving without insurance, which again has the greatest impact on the poorest residents because they cannot afford Michigan's high insurance rates. The other common violation resulting in DRFs is driving with a suspended or revoked license--which might be a direct consequence someone's inability to pay the fees and the lack of other transportation options. In addition, the assessment of DRFs for accumulated points may have little to do with traffic safety. A driver can be assessed two points for driving five miles over the speed limit, for example, in addition to receiving a stiff fine. If this occurs more than three times in a two-year period, a DRF will be imposed and the person might end up losing his or her license--over nothing more than minor speeding violations.

Although DRFs already are being phased out due to amendments enacted in 2014, and are no longer imposed for driving without a license or failing to show proof of insurance, many people are still burdened by the fees that have already been assessed and their licenses remain suspended. Approximately 317,000 drivers in Michigan owe a total of \$630.3 million in driver responsibility fees, according to the Department of Treasury. The average assessment is reported to be almost \$1,900. On top of the original fines, this fee can be virtually impossible for a low-income or unemployed person to pay. The loss of driving privileges adds immeasurably to the penalty and the hardship.

The bills will alleviate this situation in several key ways: Beginning on October 1, 2018, DRFs that are outstanding may not be collected, individuals who have outstanding DRFs will not be liable for the fees or have to perform community service, and individuals whose driving privileges have been suspended for unpaid fees will be able have their license reinstated. For people on an installment payment plan, liability for outstanding DRFs will be eliminated, and driving privileges may be reinstated, as soon as March 31. In addition, between March 31 and December 31, people may reinstate their driving privilege without paying a reinstatement fee. No new DRFs will be assessed for any violation after October 1, 2018, instead of a year later. Also, beginning on March 31, DRFs will no longer be assessed for driving with a suspended or revoked license or without insurance, and a person who has been assessed a DRF for such a violation will be allowed to perform 10 hours of workforce training instead of paying the fee.

As of October 1, these changes will provide immediate relief to all individuals who have outstanding DRFs and to people whose license was suspended because they could not pay the fees. The legislation also accelerates the elimination of a sanction that is unfair and has caused misery to hundreds of thousands of Michigan residents.

In addition, by allowing individuals to regain their driving privileges, the bills may lead to economic activity and revenue growth. People again will have the means to drive to and from jobs, which will generate income tax revenue, enable the individuals to make purchases that will be subject to the sales tax, and fill positions for employers that need workers.

Legislative Analyst: Suzanne Lowe

## **FISCAL IMPACT**

### **House Bills 5040, 5041, 5043, 5044, 5046, & 5079**

The elimination of the assessment and collection of DRFs beginning October 1, 2018, will result in the loss of GF/GP revenue to the State of an estimated \$20.6 million in fiscal year (FY) 2017-18; \$26.0 million in FY 2018-19; and \$10.0 million in FY 2019-20. Additionally, beginning in FY 2018-19, the funds for the \$8.5 million deposit into the Fire Protection Fund will no longer be available.

According to the Department of Treasury, an estimated 317,000 drivers currently owe driver responsibility fees to the State and are in default. Based on the data, the outstanding DRF collectable at the end of FY 2016-17 totaled an estimated \$630.3 million.

The most recent estimates show that almost 201,000 assessments were issued in FY 2015-16, totaling \$106.9 million in DRFs assessed for FY 2015-16. Additionally, 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 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, with an average collection rate of 55% for all DRF debt since the fees began in 2003, meaning that of all DRFs assessed, about 55% of that debt is eventually paid and collected.

Based on those estimates, the January 2018 Consensus Revenue Estimating Conference estimated the amount of DRF revenue to be collected in FY 2016-17 at \$65.5 million. The amount of collections was estimated at \$44.8 million in FY 2017-18; \$26.0 million in FY 2018-19; and \$10.0 million in FY 2019-20. The Code requires the first \$8.5 million of collections to be deposited into the Fire Protection Fund to provide grants to local units of government (as discussed below). Thus, under that requirement, the amount of DRF revenue that will be deposited into the State's General Fund in FY 2017-18 is an estimated \$36.3 million.

Due to the eventual elimination of the DRFs on October 1, 2018, the amount of the fees assessed and collected between the bills' enactment and October 1, 2018, that actually will be paid is indeterminate. According to the data from the Department of Treasury, current revenue collected from DRFs primarily consists of collections from people who receive a DRF and pay the total within 90 days, people who enter into a payment plan (representing 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 will go uncollected as people simply wait until October 1, 2018, when all DRF fees will be forgiven, it is estimated that the loss in revenue for FY 2017-18 will be \$21.9 million. This figure (based on the full 12 months of a fiscal year) is derived from an estimated \$8.2 million decrease from new fees assessed between the bills' enactment and October 1, 2018, that will go uncollected; \$2.0 million in revenue that will be forgiven from those choosing to do community service; and an estimated \$20.6 million in lost revenue from payment plans entered into after the bills take effect. Additionally, House Bill 5079 allows an individual whose driving privileges were suspended for nonpayment of DRFs to reinstate his or her driver license without having to pay the \$125 reinstatement fee, between the bill's effective date and December 31, 2018. This provision may result in the loss in revenue from those who would have renewed anyway and thus paid a reinstatement fee. In FY 2015-16, there were an estimated 52,800 driver license reinstatements for which a \$125 fee was charged that brought in an estimated \$6.6 million in revenue for FY 2015-16. It is not possible to identify how many of those reinstatements were for individuals whose driving privileges were suspended for nonpayment of DRFs. Assuming that 30% of those reinstatements were for people with unpaid DRFs, the amount of revenue the State will lose due to the waiver of the \$125 reinstatement fee is an estimated \$1.3 million (based on one-third of the fiscal year already having passed). The disbursement of the reinstatement revenue to the various State departments is discussed in further detail below. (Please note that the estimated revenue loss of \$21.9 million in FY 2017-18 is based on the assumption that one-third of the fiscal year has passed; thus, the full-year figures noted above are adjusted for the remaining two-thirds of the fiscal year.)

Based on January 2018 Consensus Revenue Estimating Conference figures and Department of Treasury estimates, the amount of revenue estimated to be collected under the law, before the bills' amendments, was \$26.0 million in FY 2018-19 (after which no new DRFs could be assessed) and \$10.0 million in FY 2019-20. From those amounts, the first \$8.5 million would go for Fire Protection Grants, the next \$1.0 million to the Department of State, and the remainder to the



General Fund. Beginning in FY 2018-19, no funds would be available to make the deposit into the Fire Protection Fund or for the Department of State.

Under the bills, beginning in FY 2018-19, the Department of State will lose the current \$1.0 million annual appropriation from the DRFs collected that the Department uses 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 can be absorbed within the Department's annually appropriated budget.

The Departments of State, Transportation, and State Police, and the Judiciary will receive revenue from the reinstatement fee of \$125 charged to people who become eligible to reinstate their driver license and do so. The amount of revenue depends on how many of the estimated 317,000 individuals who are currently in default in DRF payments and have had their license revoked will be eligible to reinstate their license. House Bill 5043 allows a person who was in a repayment plan on or before February 1, 2018, to have his or her driver license reinstated upon the bill's effective date if the person is otherwise in compliance with the Michigan Vehicle Code.

However, House Bill 5079 allows any person with a DRF and who currently has his or her license suspended to reinstate the license and have the reinstatement fee waived through December 31, 2018 (beginning on March 31 for people in an installment plan as of February 1, and on October 1 for the remainder). If half of those 317,000 who become eligible to reinstate their driver license without a reinstatement fee do so, the amount of revenue lost due to this provision from the waiver of the \$125 reinstatement fee will total an estimated \$19.8 million. Based on the law's distribution of those fees, the Department of State will lose an estimated \$7.9 million; the Department of Transportation will lose an estimated \$5.5 million; the Judiciary will lose an estimated \$4.8 million; and the Michigan State Police will lose an estimated \$1.6 million. Table 2 below details the breakdown of the distribution of the fees to those Departments and the Judiciary.

Beginning January 1, 2019, anyone whose driver license was suspended due to an unpaid DRF will have to pay the \$125 reinstatement fee to have his or license reinstated. At that time, the revenue again will flow to the Departments of State and Transportation, the Judiciary, and the Michigan State Police according to the distribution of fees as listed in Table 2. The amount of revenue received is indeterminate and will depend on how many of the estimated 317,000 drivers currently suspended due to DRFs will reinstate their licenses before December 31, 2018, and thus not pay a reinstatement fee.

Table2

<b>Distribution of Revenue from the \$125 Driver License Reinstatement Fee</b>			
<b>Department</b>	<b>Amount Received</b>	<b>Fund into which Deposited</b>	<b>Description of Use of Funds</b>
State	\$50	Reinstatement Fees	Supports various activities in the Dept. of State
Transportation	\$35	Economic Development Fund	Funds highway, road, and street projects resulting from economic development
Judiciary	\$30	Drunk Driving Fund	Funds the drunk driving case-flow program to assist trial courts in the disposition of drunk driving cases
State Police	\$10	Drunk Driving Prevention and Training Fund	Supports the purchase and maintenance of breath-alcohol testing equipment and training on its use

As noted above, under the Vehicle Code 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. Beginning in FY 2018-19, there will no longer be any funding available for the

deposit of \$8.5 million into the Fire Protection Fund. Although there is a provision in the Code that states legislative intent to appropriate \$8.5 million annually to the Fire Protection Fund, unless the revenue is replaced with another revenue stream or General Fund/General Purpose dollars, those grants to local units of government will be eliminated.

In addition, House Bill 5040 allocates \$250,000 of DRF revenue to the Department of Treasury for the workforce training payment program. The Department also might incur costs to educate affected drivers, as required by House Bill 5041.

The bills will have no fiscal impact on local units of government.

### **Senate Bills 613 & 625**

The bills will result in additional costs to the State and Workforce Training Programs. The Department of Treasury will experience administrative costs associated with implementing a workforce training payment program that will work with various local providers to allow individuals to participate in 10 hours of workforce training as an alternative to payment of the driver responsibility fee. As noted above, the Department will receive \$250,000 in DRF revenue for this purpose.

Local workforce training program providers will experience costs associated with training individuals who choose workforce training as an alternative to DRF payments. The bills do not specify how these providers will be compensated for the additional expenses. Providers that base revenue from Temporary Assistance for Needy Families (TANF), Federal Workforce Training, or other funding sources on a per-trainee basis will receive additional revenue to cover those expenses. Though an exact number of the individuals who will decide on the workforce training option is difficult to estimate, it is likely to be similar to the percentage of individuals who enter into payment plans or choose community service.

Fiscal Analyst: Joe Carrasco  
Cory Savino

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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.