

PARKING TICKETS

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Senate Bill 130 as passed by the Senate
Sponsor: Sen. Dave Hildenbrand
House Committee: Judiciary
Senate Committee: Transportation

First Analysis (6-15-11)

BRIEF SUMMARY: The bill would reduce, from six to three, the number of unpaid parking tickets that trigger driver license sanctions from the secretary of state.

FISCAL IMPACT: Senate Bill 130 would have an indeterminate, but likely positive, fiscal impact on state and local governments. To the extent that there are increased driver license clearance fee collections under the bill, the \$45 fee is distributed as follows: \$15 to the Secretary of State; \$15 to the Juror Compensation Reimbursement Fund; and \$15 to the local unit of government. In addition, local units of government could realize increased parking violation collections due to the lower number of parking citations that can lead a court to notify a person of their need to appear and resolve all outstanding parking violations or trigger a driver license denial.

THE APPARENT PROBLEM:

People don't always pay parking tickets in a timely manner. For some cities, the loss of revenue from unpaid tickets can be in the millions of dollars. The treasurer for the City of Grand Rapids reports that the city is owed about \$3,453,690 in parking fines and, since the statute of limitations on parking tickets is six years, the city has written off almost \$1.3 million over the past three years. Reportedly, Detroit is owed over \$30 million in uncollected fines. With reduced revenue due to declining collections of property taxes and reductions in revenue sharing from the state, many municipalities are struggling to provide services to residents and avoid lay-offs of police and fire fighters. Some believe the law could be changed to help municipalities collect more outstanding parking fines.

THE CONTENT OF THE BILL:

Currently, a court may notify a person who has failed to answer six or more parking violation notices (or citations) regarding illegal parking, or two or more for parking in a handicapper space, that if he or she does not appear within ten days after the notice was issued, the court will inform the secretary of state (SOS) of the person's failure to appear. The SOS is then prohibited from issuing a driver's license or renewing a driver's license for that person until the court notifies the SOS that the person has resolved the outstanding tickets and paid the court a \$45 driver license clearance fee. A court may waive the fee for a person who has five or fewer parking violations for which the SOS withheld issuance of a new or renewed license.

Senate Bill 130 would amend the Michigan Vehicle Code (MCL 257.321a) to decrease from six to three the number of unanswered parking violation notices or citations that trigger the notification to SOS by the court and the mandatory freeze on issuing a new or renewed driver's license. The bill would also decrease from five or fewer to two or fewer the number of parking violations for which the court could waive the driver license clearance fee. The handicapper parking violation threshold would remain unchanged.

The bill would take effect 90 days after enactment.

HOUSE COMMITTEE ACTION:

The committee reported the Senate-passed version of the bill without amendment.

BACKGROUND INFORMATION:

Senate Bill 130 is identical to House Bill 4726 of the 2009-2010 legislative session as passed by the House. The bill died on the Senate floor.

ARGUMENTS:

For:

Depending on how a municipality chooses to enforce parking tickets, a person may find that once he or she has racked up six or more unpaid tickets, the municipality can turn the case over to the district court. After notifying the person of the tickets and the total due, the person has 10 days to respond. If the person doesn't respond, the court then informs the secretary of state and a hold is placed on the person's license. The license remains valid until its expiration date and the person may still drive, but the person will not be able to renew the license until the tickets and a \$45 driver license clearance fee are paid.

The bill would simply lower the number of unpaid parking tickets a person may have before triggering the hold on his or her driver's license. Supporters say driving and parking are privileges that come with responsibilities. A person who parks illegally is taking up a space that deprives another driver from parking, perhaps preventing that driver from making a meeting on time or from shopping or dining in the area (which in turn hurts local businesses). The responsible thing to do is to pay the ticket and abide by parking restrictions in the future. However, many don't.

Regardless of the reason why a ticket goes unpaid, cash-strapped cities and universities are in desperate need of the fines owed. For some, unpaid fines total in the millions. Being able to collect even a fraction could make the difference between whether public safety officers are laid off or able to be kept on the payroll, or other services continued to be offered. Moreover, incentive to pay tickets earlier, before late fees and the driver clearance fee are added, can keep totals owed by a single driver to a more manageable amount. Reportedly, some notified of the impending hold on their licenses owe close to \$1,000, with some owing more. Allowing the hold to be placed on a license at three

unpaid tickets instead of six could keep costs lower for drivers while bringing in much needed revenue for municipalities.

Against:

The bill does not distinguish between a person who thumbs his or her nose at parking laws (chronic violators) and those who got back to a meter a few minutes too late, or who were late for an important or urgent meeting or appointment and couldn't find an appropriate parking spot. Most importantly, there seems to be no consideration of a person's ability to pay. Therefore, some fear that the bill will increase the number of unlicensed and uninsured drivers on the road in the same way that the driver responsibility fees have done. A person who cannot afford to pay one parking ticket cannot afford to pay three or more.

In addition, the penalty attaches to the license of the vehicle's owner. However, in many families or businesses, multiple drivers may be sharing the same vehicle. Some of those other drivers may be the ones being irresponsible regarding where they park or not paying a ticket in a timely manner, yet it is the owner (who may not have known tickets were outstanding) who faces loss of a license upon renewal.

Some feel that a better incentive would be to attach the penalty to the ability to renew a license plate tab. The reasoning is that if the goal is to provide quicker payment of parking ticket fines, a car's registration must be renewed yearly instead of every four years. Thus, municipalities could collect on the fines earlier and drivers would have less time to accumulate seemingly overwhelming amounts of overdue fines.

Response:

Attaching the penalty to renewal of a license plate tab is just as problematic. Since a driver's license renewal could be as far away as almost four years, attaching the license hold to registration renewal would – in many cases – just give a person less time to save money to pay off the tickets before facing license suspension. Clearly, municipalities need help incentivizing drivers to pay their overdue parking ticket fines. An occasional amnesty program, where drivers could get a portion of the overdue bill forgiven, may help, but if done regularly, some scofflaws would wait until the next program was offered so to get what would constitute a "discount rate" on the tickets. Perhaps if there were flexibility to determine hardship cases from the true scofflaws and allow an affordable or sliding scale repayment plan for those individuals, communities could collect more of the overdue amounts without overburdening residents already hard hit by the economy.

Against:

Though the amounts in overdue parking fines owed to some communities are staggering, it is hard to estimate the amount of revenue the bill would generate. To trigger the notification about the impending license sanction, a driver would have to have three or more tickets in the same jurisdiction, not three total from anywhere in the state. There is no statewide system to track the number of parking tickets a person accumulates within the state's borders. The total of overdue fines owed to any single municipality includes tickets from nonresidents and residents who only have one or two unpaid tickets. These individuals would not be impacted. The bill would only have an effect on those

individuals who have three, four, or five unpaid tickets, as the current law triggers the notification to SOS and the license hold when a driver hits six unpaid tickets. Therefore, the impact of the bill may be limited.

Response:

While a portion of the amounts owed to any single community would not be affected by the bill, a significant amount could be collected by encouraging those with three to five tickets to pay sooner than they would have otherwise. Most importantly perhaps, because a person may accumulate three unpaid parking tickets in less time than six, the bill could reduce the number of ticket fines that must be written off because of exceeding the six-year statute of limitations on enforcement.

POSITIONS:

A representative of the City of Grand Rapids testified in support of the bill. (6-9-11)

The Michigan Municipal League (MML) indicated support for the bill. (6-9-11)

A representative of the National Motorists Association testified in opposition to the bill. (6-9-11)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.