

# Legislative Analysis



## MICHIGAN VEHICLE CODE – VEHICLE REGISTRATION TAXES

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**House Bill 4630 as enrolled**  
**Public Act 470 of 2014**  
**Sponsor: Rep. Michael D. McCready**  
**House Committee: Transportation and Infrastructure**  
**Senate Committee: Infrastructure Modernization**

**Complete to 1-29-15**

### **A SUMMARY OF HOUSE BILL 4630 AS ENROLLED**

House Bill 4630, as enrolled, would amend Section 801 of the Michigan Vehicle Code, the section that establishes registration taxes for most Michigan motor vehicles, including passenger cars, vans, light trucks, large "commercial" trucks, trailers, motorcycles, as well as a number of special registration categories. The bill would make the following changes to Section 801:

- Eliminate the "depreciation" of ad valorem tax rates for passenger cars, vans, and light trucks.
- Increase registration taxes for the elected gross vehicle weight (GVW) registration category, which is the registration tax category for most trucks weighing more than 8,000 pounds and truck-tractors designed to pull trailers.
- Create a new registration tax surcharge for electric-powered motor vehicles.

The changes identified above would increase revenue for credit to the Michigan Transportation Fund (MTF). MTF revenue is distributed according to the provisions of Section 10 of 1951 PA 51; specifically 10% to the Comprehensive Transportation Fund, with the balance distributed 39.1% to the State Trunkline Fund, 39.1% to county road commissions, and 21.8% to cities and villages.

The estimated increase in gross MTF revenue would be \$28.4 million in the first year (2016), \$68.6 million in the second year (2017), \$102.6 million in the third year (2018), \$123.5 million in the fourth year (2019) and \$144.1 million in the fifth year (2020). Although the changes proposed in the bill would take place at various dates, we have not attempted to apportion revenue between fiscal or calendar years. The estimated revenue impacts were assigned to the first year of implementation and are based on full 12-month periods.

These revenue impacts are shown summary **Table A, and supporting tables B, C-1, C-2, C-3, and D.**

House Bill 4630, as enrolled, reflects the Conference Committee report adopted by both the House and Senate, and ordered enrolled, on December 19, 2014. Previously in the 2013-2014 Legislative Session, the House and Senate had passed different versions of the bill. The version of the bill passed by the House on May 8, 2014, (Substitute H-6) had amended seven sections of the Michigan Vehicle Code, including Section 801. The version passed by the Senate on June 11, 2014, (Substitute S-3) had amended 24 sections of the Michigan Vehicle Code, including Section 801. House Bill 4630, as enrolled, amends only a single section of the Michigan Vehicle Code, Section 801.

Among differences between House Bill 4630, as enrolled, and the previous S-3 substitute, the bill as enrolled does not change the amount or distribution of registration regulatory and service fees for credit to the Traffic Law Enforcement and Safety Fund, and Transportation Administration Collection Fund, respectively; and does not lift sunset dates associated with those fees.

House Bill 4630 is tie-barred to House Joint Resolution UU which would amend the Michigan Constitution to, among other things, increase the maximum permitted general sales and use tax from 6% to 7% after October 1, 2015 and, at the same time, exempt gasoline and diesel motor fuel sales from state's general sales and use tax after October 1, 2015. House Bill 4630 would take effect only if the resolution is approved by voters at the May 5, 2015, regular election.

## **BACKGROUND INFORMATION:**

Vehicle registration taxes represent one of the two major sources of constitutionally dedicated state transportation revenue – the other major source being motor fuel taxes. Revenue from registration taxes, including vehicle title fees, totaled \$942.7 million in FY 2012-13, \$973.7 million in FY 2013-14, and is estimated to generate \$982.3 million for FY 2014-15. This revenue is constitutionally dedicated to transportation and is credited to the Michigan Transportation Fund (MTF) in accordance with the provisions of 1951 PA 51 (Act 51).

Vehicle registration taxes are established in the Michigan Vehicle Code (Public Act 300 of 1949). Sections 224 and 225 of the Michigan Vehicle Code provide for the registration of motor vehicles and give authority for the vehicle registration program to the Michigan Secretary of State. Registration taxes are assessed and collected when vehicle owners obtain new registration license plates from the Secretary of State or renew registrations.

Vehicle registration taxes can be considered more of a "retail" tax as compared to the motor fuel taxes. They are collected primarily at 131 Secretary of State branch offices, as well as online or by mail. Section 205 of the Michigan Vehicle Code requires at least one branch office in each county, as well as branch offices within certain cities, and a branch office in the state Capitol complex.

There is not a single registration tax. There are in fact a number of different registration taxes established in Section 801 of the Michigan Vehicle Code. A number of factors determine the tax rate and the base on which the tax is applied, including the vehicle

model year, the list price of the vehicle, the weight of the vehicle, the use of the vehicle, and in some cases, characteristics of the vehicle owner.

For a description of registration taxes under current law, see the memorandum [Vehicle Registration Taxes, Fiscal Focus: Vehicle Registration Primer](#), dated August 21, 2014, on the House Fiscal Agency website.

## **TERMS/ABBREVIATIONS USED IN THIS ANALYSIS:**

References to "**department**" in this analysis are to the Michigan Department of State.

**Act 51** means 1951 PA 51, the act that provides for the distribution of constitutionally restricted transportation revenue.

**MTF** means Michigan Transportation Fund established in Section 10 of 1951 PA 51. The MTF is the primary collection and distribution fund for constitutionally restricted transportation revenue generated from motor fuel taxes and vehicle registration taxes.

**FY** means state fiscal year.

## **DETAILED ANALYSIS:**

House Bill 4630 would amend Section 801 of the Michigan Vehicle Code – a section which currently includes six subsections and within Subsection (1), thirteen subdivisions. These thirteen subdivisions establish the taxes for most vehicle registration categories. House Bill 4630 would amend only 2 of the 13 registration tax subdivisions within Subsection (1): Subdivision k dealing with trucks greater than 8,000 pounds or truck-tractors towing a trailer or trailer combination; and Subdivision p dealing with passenger cars, vans, and light trucks. In addition, House Bill 4630 would add a new subsection, Subsection 7, to establish a new registration tax surcharge for electric-powered vehicles.

### **Section 801(1)(k) – Trucks/Truck-Tractor-Trailer Combinations**

This subdivision currently establishes a tax schedule based on elected gross vehicle weight (GVW) for trucks 8,000 pounds or less towing a trailer or any combination of vehicles, and for trucks 8,001 pounds or more, road tractors, and truck tractors.

Under this tax category, the vehicle owner elects the vehicle registration tax band based on the highest estimated GVW of the truck or truck-tractor plus any loaded trailer or combination of trailers. General delivery trucks are frequently registered at the 24,000-pound GVW tax band. Standard interstate 5-axle truck-trailer combinations (3 axles on the pulling unit, 2 axles on the trailer) are frequently registered at the 80,000-pound GVW tax band. A truck-tractor and two-trailer combination used to haul gravel or other aggregates might be registered at the highest weight bands, 160,000 pounds GVW or more. Department records indicate that as of April 2014 there were 78,468 vehicles registered under this subdivision.

House Bill 4630 would increase the tax rates for vehicles registered under this subdivision weighing 26,001 pounds or more over a three-year period beginning March 1, 2016, as follows:

March 1, 2016 through February 28, 2017, 11.3% as compared to current law  
March 1, 2017 through February 28, 2018, 22.6% as compared to current law.  
After March 1, 2018, 33.9% as compared to current law.

Note that the vehicles registered under this subdivision are assumed to be commercial vehicles and are generally limited to operation within the state of Michigan. However, the rates established in this subdivision are also used in apportioning Michigan registration taxes to both Michigan-based and "foreign" vehicles in excess of 26,000 pounds GVW engaged in interstate or cross-border commerce. These taxes are apportioned through the state's participation in the International Registration Plan (IRP) authorized under Section 801g of the Michigan Vehicle Code.

The revenue impact of the proposed increase in elected GVW registration taxes, including the impact on IRP apportioned registrations, is shown on **Tables C-1, C-2, and C-3 on pages 11-13.**

### **Section 801(1)(p) – Passenger Cars, Vans, Light Trucks**

This subdivision currently establishes the *ad valorem* tax schedule for most cars, vans, and light trucks. Department records indicate that as of April 2014 there were 7.1 million vehicles registered under this category.

House Bill 4630, as enrolled, concurs with both the previous House-passed (H-6) and Senate-passed (S-3) versions of this bill in that it does not change the subdivision's schedule of tax rates or tax base "bands" (based on manufacturer's list price). House Bill 4630, as enrolled, does follow the S-3 substitute in that it would eliminate the current step down or "depreciation" of tax rates. The bill would make this change effective **January 1, 2016**. This change is discussed in detail below.

#### *Depreciation of Tax Rates*

Under current law, a first registration under the *ad valorem* tax schedule is based on the tax rates shown in the schedule of Section 801(1)(p). The second (first renewal) registration is 90% of the original registration; the third (second renewal) registration is 90% of the second registration; and the fourth (third renewal) and each subsequent registration is 90% of the third registration.

As a result, the actual tax paid in the fourth and subsequent years is 73% of the 12-month tax base used to determine the initial registration tax. For a vehicle in the \$29,000 to \$30,000 band, the initial 12-month registration tax is \$148.00. However, the tax in the fourth year and each subsequent year is only \$108.00 – 73% of the original tax rate.

As noted above, House Bill 4630 would eliminate the "depreciation" or step down in *ad valorem* registration tax rates. The tax rate established at the first registration would be the tax rate for the life of the vehicle. However, the bill does not make this change retroactive. The bill directs that "*the registration tax for a model year 2013 through model year 1984 vehicle that had a valid registration on January 1, 2016 shall be the same as the most recently paid registration tax for that vehicle.*" By January 1, 2016, model year 2013 through model year 1984 vehicles would almost all be at the lowest

(fourth year) tax rate. As a result, the bill would almost exclusively impact registration taxes of 2014 model year and newer vehicles.

The elimination of the "depreciation" of ad valorem tax rates would increase registration tax revenue over time. The estimate of this impact on MTF revenue is shown in **Table B, on page 10.**

*Note on the Proration of Registration Taxes at Time of Transfer*

Under current law, when someone purchases a vehicle, the purchaser may elect to simply transfer a valid registration plate from an old vehicle to the newly purchased vehicle. At least with regard to cars, vans, and light trucks, the Department of State does not collect additional registration tax from the purchaser/owner at the time of registration transfer; the department collects only an \$8.00 transfer fee as provided under Section 809. The owner would not pay the registration taxes applicable to the new vehicle until the first registration after the transfer registration – typically on the owner's next birthday. This current treatment of registration transfers results in a loss of revenue to the MTF, although the amount of revenue loss cannot be readily determined. [There are approximately 1.0 million registration transfers each year.]

The S-3 substitute had amended subparagraph (i) within Section 801(1)(p) to require the department to prorate registration taxes at the time of registration transfer under Section 809. House Bill 4630, as enrolled, does not amend this subparagraph. Without an amendment to this subparagraph, the department does not believe it has the authority to prorate registration taxes at the time of registration transfer.

**Section 801(7) – Increased Tax for Electric-Powered Vehicles**

House Bill 4630, as enrolled, would add a new subsection 7, to increase the registration taxes for vehicles powered by electricity. For a vehicle powered solely or predominately by electricity with an empty weight of 8,000 pounds or less, the "fee" [i.e. tax] under Section 801 would be increased by \$75.00; for a vehicle with an empty weight greater than 8,000 pounds, the registrations tax under Section 801 would be increased by \$200.00.

For a vehicle powered partially but not predominately by electricity with an empty weight of 8,000 pounds or less, the "fee" [i.e. tax] under Section 801 would be increased by \$25.00; for a vehicle with an empty weight greater than of 8,000 pounds, the registrations tax under Section 801 would be increased by \$100.00.

Note that unlike the changes to the ad valorem registration tax rates in Subdivision p, or the changes to the elected GVW taxes in Subdivision k, House Bill 4630, as enrolled, does not specify an effective date with respect to the additional tax on electric-powered vehicles. These additional rates would become effective on the effective date of the bill, and not later than January 1, 2016.

**Enacting Section 1: Implementation by Secretary of State**

House Bill 4630, as enrolled, would require the Department of State to implement the changes made by the amendments made in the bill *no later than* January 1, 2016.

## **Enacting Section 2: Tie-Bar to House Joint Resolution UU**

House Bill 4630, as enrolled, is tie-barred to House Joint Resolution UU which would amend the Michigan Constitution to, among other things, increase the state's maximum permitted general sales and use tax from 6% to 7% after October 1, 2015, and, at the same time, exempt gasoline and diesel motor fuel sales from the state's general sales and use tax after October 1, 2015. House Bill 4630 would take effect only if the resolution is approved by voters at the May 5, 2015 regular election.

### **Appropriation**

The S-3 substitute would have appropriated \$4.0 million to the Secretary of State "*for the purpose of completing the programming necessary to implement the changes made by [the enrolled bill.]*" The bill as enrolled does not include this appropriation.

### **FISCAL IMPACT:**

House Bill 4630, as enrolled, would have the following fiscal impacts:

- Increase vehicle registration tax revenue for credit to the MTF by eliminating ad valorem tax rate "depreciation."
- Increase vehicle registration tax revenue for credit to the MTF by increasing elected GVW registration tax rates.
- Increase vehicle registration tax revenue for credit to the MTF by increasing registration taxes of electric-powered vehicles.
- Increase Department of State programming and administrative costs by an indeterminate amount.

Our estimate of the fiscal impact of the above changes is summarized and detailed on the following tables at the end of this analysis:

**Table A** – Summary of Impacts

**Table B** – Impact of Eliminating Depreciation of Ad Valorem Tax Rates

**Table C-1, C-2, and C-2** – Impact of Increase in Elected GVW Registration Taxes

**Table D** – Impact of Increase in Electric Vehicle Registration Taxes

#### *Elimination of "Depreciation" of Ad Valorem Tax Rates*

House Bill 4630, as enrolled, would not directly change the tax rates or tax base currently established in Section 801(1)(p) for cars, vans, and light trucks. The bill would eliminate the current step down or "depreciation" of tax rates. Under provisions of House Bill 4630, the tax rate established at the first registration would be the tax rate for the life of the vehicle.

However, the bill does not make this change retroactive. The bill directs that "*the registration tax for a model year 2013 through model year 1984 vehicle that had a valid registration on January 1, 2016 shall be the same as the most recently paid registration*

*tax for that vehicle.*" By January 1, 2016, almost all model year 2013 through model year 1984 vehicles would be at the lowest (fourth year) tax rate. As a result, the bill would almost exclusively impact the registration taxes of 2014 model year vehicles and newer.

As a result, the bill would have little or no impact on the registration taxes assessed on vehicles purchased prior to 2013, and revenue growth associated with this change would occur primarily as vehicles purchased after January 1, 2016, were registered.

Our estimate of the impact of eliminating the "depreciation" of ad valorem tax rates is based on 500,000 new vehicle sales in Michigan each year, starting in 2013 and through 2019, with an average vehicle list price of \$30,000. Clearly these are broad estimates and the actual revenue impact will depend on actual vehicle sales and actual manufacturer's vehicle prices. However, we can say with confidence that the impact of this change will likely increase over time as "fully depreciated" vehicles, i.e. vehicles paying registration taxes at 73% of the first registration rates, are scrapped and replaced with newer vehicles paying at 100% of the first registration rates for the life of the vehicle.

The department records accessed in November 2014 suggest that approximately 85% of passenger vehicle (cars, vans, light trucks) registration plates were for vehicles 2013 model year and older. By January 1, 2016, almost all of these vehicles would be taxed at the fully-depreciated registration tax rate, i.e. 73% of the first year tax rate. It will take a number of years before that distribution is reversed, i.e. until 85% of passenger vehicle registrations are taxed at 100% of the first year registration rates shown in the tax schedule of Section 801(1)(p).

As shown in **Table B**, we estimate that this change would increase MTF revenue by \$14.5 million in the first full year of implementation (effectively, calendar year 2016), and \$41.5 million in the second year (2017). In each subsequent year, the change would increase MTF revenue by \$20.7 million as compared to the prior year: the net revenue increase would be \$62.2 million in the third year (2018), \$82.9 million in the fourth year (2019), and \$103.7 million in the fifth year of implementation (2020).

Note that the Michigan ad valorem vehicle registration tax is currently a deductible expense in computing federal income tax. The specific criteria for deductibility according to Internal Revenue Service publication Number 17, *Your Federal Income Tax*, is that the tax is a tax charged on personal property, is based only on the value of the personal property, and is on a yearly basis, even if it is collected more or less than once a year. The publication specifically includes as a qualified [for deduction] personal property tax "*a yearly tax based on value even if it is called a registration fee and is for the privilege of registering motor vehicles or using them on the highways.*" It is not clear if eliminating the current recognition of the depreciation of value in registration tax rates would affect deductibility of those taxes for federal income tax purposes.

#### *Elected GVW Registration Taxes*

As noted above, House Bill 4630, would, over a three-year period beginning March 1, 2016, increase tax rates for those vehicles registered under this subdivision weighing 26,001 pounds or more. This change would affect approximately 34,000 vehicles, i.e.

those vehicles with an elected GVW of 26,001 pounds or more, of the 78,468 vehicles registered under this subdivision (per department records at April 2014).

These increased elected GVW registration taxes would also affect apportioned registration taxes assessed for vehicles in excess of 26,000 pounds GVW engaged in interstate or cross-border commerce under the IRP.

As shown in **Tables C-1, C-2, and C-3, on pages 11-13**, we estimate that the bill would increase elected GVW registration tax revenue by \$5.3 million in the first year of implementation, \$10.7 million in the second year, and \$16.0 million in the third and each subsequent year. We also estimate that the bill would increase registration tax revenue from IRP registrants by \$7.9 million in the first year, \$15.8 million in the second year, and \$23.8 million in the third and each subsequent year.

#### *Additional Tax for Electric Vehicles*

House Bill 4630, as enrolled, would add a new subsection 7 to Section 801, to increase registration taxes for vehicles powered by electricity. For a vehicle powered solely or predominately by electricity with an empty weight of 8,000 pounds or less, the "fee" [i.e. tax] under Section 801 would be increased by \$75.00; for a vehicle with an empty weight greater than of 8,000 pounds, the registrations tax under Section 801 would be increased by \$200.00.

For a vehicle powered partially but not predominately by electricity with an empty weight of 8,000 pounds or less, the "fee" [i.e. tax] under Section 801 would be increased by \$25.00; for a vehicle with an empty weight greater than of 8,000 pounds, the registrations tax under Section 801 would be increased by \$100.00.

The department indicates that as of April 2014, there were 25,476 registered vehicles that were at least partially electric-powered. This figure is based on the vehicle model name; e.g. Insight, Leaf, Prius, or Volt. We do not know how many of these vehicles would be considered "solely or predominately" powered by electricity, and how many would be considered only "partially but not predominately" powered by electricity. Our estimate assumes that all of these vehicles would be taxed as "partially but not predominately" powered by electricity and that all of these vehicles weigh less than 8,000 pounds. Our estimate does not consider potential increases or decreases in this registration category over time.

Fiscal Analyst: William E. Hamilton

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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.



**Table A**  
House Bill 4630 as enrolled  
Summary of Fiscal Impacts

<b>Table Ref.</b>	<b>Fiscal Impact - House Bill 4630, as enrolled</b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
<b>B</b>	Ad valorem tax rate "depreciation" *	\$14,535,000	\$41,463,000	\$62,194,500	\$82,926,000	\$103,657,500
<b>C-1</b>	Elected GVW registration taxes **	5,343,400	10,686,800	16,030,200	16,030,200	16,030,200
<b>C-2</b>	International registration plan (IRP) **	7,920,200	15,840,400	23,760,600	23,760,600	23,760,600
<b>C-3</b>	Electric Vehicles ***	<u>636,900</u>	<u>636,900</u>	<u>636,900</u>	<u>636,900</u>	<u>636,900</u>
<b>D</b>	<b>Total</b>	<b>\$28,435,500</b>	<b>\$68,627,100</b>	<b>\$102,622,200</b>	<b>\$123,353,700</b>	<b>\$144,085,200</b>

Although the changes proposed in the bill would take place at various dates, we have not attempted to apportion revenue between fiscal or calendar years. The estimated revenue impacts were assigned to the first year of implementation and are based on full 12-month periods.

\* The phase out of the depreciation of vehicle registration tax rates would be effective January 1, 2016.

\*\* The increase in elected GVW truck registration taxes, and the related impacts on IRP registrations, would be phased in over three years beginning March 1, 2016.

\*\*\* The surtax on electric vehicle registrations would be effective beginning January 1, 2016.

The revenue increases shown above would be credited to the Michigan Transportation Fund for subsequent distribution according to the provisions of Section 10 of 1951 PA 51: 10% to the Comprehensive Transportation Fund, with the balance distributed 39.1% to the State Trunkline Fund, 39.1% to county road commissions, and 21.8% to cities and villages.

**Table B**  
**House Bill 4630 as enrolled**  
**Ad Valorem Registration Taxes**

Impact of eliminating "depreciation" of tax rates January 1, 2016  
Based on the tax rates for a vehicle in the \$30,000 to \$30,999 tax category

<b>New Vehicle Sales – 2016 through 2019</b>	<b>Registration Tax Rates</b>			<b>New Vehicle Sales</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b>Current Law</b>	<b>HB 4630</b>	<b>Difference</b>							
First registration tax	\$153	\$153	\$0							
2nd year (90% of 1st registration)	138	153	15	500,000	2016	7,650,000	7,650,000	7,650,000	7,650,000	7,650,000
3rd year (90% of 2nd registration)	124	153	29	500,000	2017		14,535,000	14,535,000	14,535,000	14,535,000
4th year (90% of 3rd registration)	112	153	41	500,000	2018			20,731,500	20,731,500	20,731,500
<b>Total tax paid over four years</b>	<b>\$527</b>	<b>\$612</b>	<b>\$85</b>	<b>500,000</b>	<b>2019</b>					<b>20,731,500</b>
<b>Revenue Impact</b>						<b>\$0</b>	<b>\$7,650,000</b>	<b>\$22,185,000</b>	<b>\$42,916,500</b>	<b>\$63,648,000</b>

<b>Vehicles sold in 2015 *</b>	<b>Registration Tax Rates</b>			<b>Vehicle Sales 2015</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b>Current Law</b>	<b>HB 4630</b>	<b>Difference</b>							
First registration tax	\$153	\$153	\$0							
2nd year (90% of 1st registration)	138	153	15	500,000	2015	7,650,000				
3rd year (90% of 2nd registration)	124	153	29	500,000	2015		14,535,000			
4th year (90% of 3rd registration)	112	153	41	500,000	2015			20,731,500	20,731,500	20,731,500
<b>Total tax paid over four years</b>	<b>\$527</b>	<b>\$612</b>	<b>\$85</b>							
<b>Revenue Impact</b>						<b>\$7,650,000</b>	<b>\$14,535,000</b>	<b>\$20,731,500</b>	<b>\$20,731,500</b>	<b>\$20,731,500</b>

<b>Vehicles sold in 2014 **</b>	<b>Registration Tax Rates</b>			<b>Vehicle Sales 2014</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b>Current Law</b>	<b>HB 4630</b>	<b>Difference</b>							
First registration tax	\$153	\$153	\$0							
2nd year (90% of 1st registration)	138	138	0							
3rd year (90% of 2nd registration)	124	138	14	500,000	2014	6,885,000				
4th year (90% of 3rd registration)	112	138	26	500,000	2014		13,081,500	13,081,500	13,081,500	13,081,500
<b>Total tax paid over four years</b>	<b>\$527</b>	<b>\$567</b>	<b>\$40</b>							
<b>Revenue Impact</b>						<b>\$6,885,000</b>	<b>\$13,081,500</b>	<b>\$13,081,500</b>	<b>\$13,081,500</b>	<b>\$13,081,500</b>

<b>Vehicles sold in 2013 ***</b>	<b>Registration Tax Rates</b>			<b>Vehicle Sales 2013</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b>Current Law</b>	<b>HB 4630</b>	<b>Difference</b>							
First registration tax	\$153	\$153	\$0							
2nd year (90% of 1st registration)	138	138	0							
3rd year (90% of 2nd registration)	124	124	0							
4th year (90% of 3rd registration)	112	124	12	500,000	2013		6,196,500	6,196,500	6,196,500	6,196,500
<b>Total tax paid over four years</b>	<b>\$527</b>	<b>\$539</b>	<b>\$12</b>							
<b>Revenue Impact</b>						<b>\$0</b>	<b>\$6,196,500</b>	<b>\$6,196,500</b>	<b>\$6,196,500</b>	<b>\$6,196,500</b>

**Total revenue impact** **\$14,535,000    \$41,463,000    \$62,194,500    \$82,926,000    \$103,657,500**

\* Assumes all vehicles sold in 2015 will be locked into Level 0 registration tax rates  
\*\* Assumes all vehicles sold in 2014 will be locked into Level 1 registration tax rates  
\*\*\* Assumes all vehicles sold in 2013 will be locked into Level 2 registration tax rates

**Table C-1**  
House Bill 4630 as enrolled  
Elected Gross Vehicle Weight Tax Schedule  
Impact of increasing tax rates effective March 1, 2016 through February 28, 2017  
Michigan Vehicle Code, Section 801(1)(k)

<u>Weight range</u>	<u>Registrations</u>		<u>Tax Rates</u>		<u>Estimated Revenue</u>			<u>Registration Tax Rate</u>	
	<u>April 2014</u>	<u>Current Law</u>	<u>HB 4630</u>	<u>Current Law</u>	<u>HB 4630</u>	<u>Difference</u>	<u>Difference</u>	<u>% Increase</u>	
0 to 24,000 pounds	36,300	\$491	\$491.00	\$17,823,300	\$17,823,300	\$0			
24,001 to 26,000 pounds	7,848	558	558.00	4,379,184	4,379,184	0			
26,001 to 28,000 pounds	1,735	558	608.00	968,130	1,054,880	86,750	\$50	9.0%	
28,001 to 32,000 pounds	4,443	649	715.67	2,883,507	3,179,722	296,215	67	10.3%	
32,001 to 36,000 pounds	3,279	744	827.33	2,439,576	2,712,815	273,239	83	11.2%	
36,001 to 42,000 pounds	1,743	874	974.00	1,523,382	1,697,682	174,300	100	11.4%	
42,001 to 48,000 pounds	2,643	1,005	1,121.67	2,656,215	2,964,574	308,359	117	11.6%	
48,001 to 54,000 pounds	5,441	1,135	1,268.33	6,175,535	6,900,984	725,449	133	11.7%	
54,001 to 60,000 pounds	1,249	1,268	1,418.00	1,583,732	1,771,082	187,350	150	11.8%	
60,001 to 66,000 pounds	1,048	1,398	1,564.67	1,465,104	1,639,774	174,670	167	11.9%	
66,001 to 72,000 pounds	2,684	1,529	1,712.33	4,103,836	4,595,894	492,058	183	12.0%	
72,001 to 80,000 pounds	2,913	1,660	1,860.00	4,835,580	5,418,180	582,600	200	12.0%	
80,001 to 90,000 pounds	1,072	1,793	2,009.67	1,922,096	2,154,366	232,270	217	12.1%	
90,001 to 100,000 pounds	759	2,002	2,235.33	1,519,518	1,696,615	177,097	233	11.7%	
100,001 to 115,000 pounds	795	2,223	2,473.00	1,767,285	1,966,035	198,750	250	11.2%	
115,001 to 130,000 pounds	781	2,448	2,714.67	1,911,888	2,120,157	208,269	267	10.9%	
130,001 to 145,000 pounds	570	2,670	2,970.00	1,521,900	1,692,900	171,000	300	11.2%	
145,001 to 160,000 pounds	2,475	2,894	3,227.33	7,162,650	7,987,642	824,992	333	11.5%	
over 160,000 pounds	690	3,117	3,450.33	2,150,730	2,380,728	229,998	333	10.7%	
<b>Total</b>	<b>78,468</b>			<b>\$68,793,148</b>	<b>\$74,136,514</b>	<b>\$5,343,366</b>			
				FY 2013-14 IRP revenue (rounded)	\$70,000,000				
				Average Registration Tax Increase	11.3%		Average	11.3%	
				Increase in IRP revenue	\$7,920,201				

**Table C-2**  
House Bill 4630 as enrolled  
Elected Gross Vehicle Weight Tax Schedule  
Impact of increasing tax rates effective March 1, 2017 through February 28, 2018  
Michigan Vehicle Code, Section 801(1)(k)

<u>Weight range</u>	<u>Registrations</u>		<u>Tax Rates</u>		<u>Estimated Revenue</u>			<u>Registration Tax Rate</u>	
	<u>April 2014</u>	<u>Current Law</u>	<u>HB 4630</u>	<u>Current Law</u>	<u>HB 4630</u>	<u>Difference</u>	<u>Difference</u>	<u>% Increase</u>	
0 to 24,000 pounds	36,300	\$491	\$491.00	\$17,823,300	\$17,823,300	\$0			
24,001 to 26,000 pounds	7,848	558	558.00	4,379,184	4,379,184	0			
26,001 to 28,000 pounds	1,735	558	658.00	968,130	1,141,630	173,500	\$100	17.9%	
28,001 to 32,000 pounds	4,443	649	782.33	2,883,507	3,475,892	592,385	133	20.5%	
32,001 to 36,000 pounds	3,279	744	910.67	2,439,576	2,986,087	546,511	167	22.4%	
36,001 to 42,000 pounds	1,743	874	1,074.00	1,523,382	1,871,982	348,600	200	22.9%	
42,001 to 48,000 pounds	2,643	1,005	1,238.33	2,656,215	3,272,906	616,691	233	23.2%	
48,001 to 54,000 pounds	5,441	1,135	1,401.67	6,175,535	7,626,486	1,450,951	267	23.5%	
54,001 to 60,000 pounds	1,249	1,268	1,568.00	1,583,732	1,958,432	374,700	300	23.7%	
60,001 to 66,000 pounds	1,048	1,398	1,731.33	1,465,104	1,814,434	349,330	333	23.8%	
66,001 to 72,000 pounds	2,684	1,529	1,895.67	4,103,836	5,087,978	984,142	367	24.0%	
72,001 to 80,000 pounds	2,913	1,660	2,060.00	4,835,580	6,000,780	1,165,200	400	24.1%	
80,001 to 90,000 pounds	1,072	1,793	2,226.33	1,922,096	2,386,626	464,530	433	24.2%	
90,001 to 100,000 pounds	759	2,002	2,468.67	1,519,518	1,873,721	354,203	467	23.3%	
100,001 to 115,000 pounds	795	2,223	2,723.00	1,767,285	2,164,785	397,500	500	22.5%	
115,001 to 130,000 pounds	781	2,448	2,981.33	1,911,888	2,328,419	416,531	533	21.8%	
130,001 to 145,000 pounds	570	2,670	3,270.00	1,521,900	1,863,900	342,000	600	22.5%	
145,001 to 160,000 pounds	2,475	2,894	3,560.67	7,162,650	8,812,658	1,650,008	667	23.0%	
over 160,000 pounds	690	3,117	3,783.67	2,150,730	2,610,732	460,002	667	21.4%	
<b>Total</b>	<b>78,468</b>			<b>\$68,793,148</b>	<b>\$79,479,932</b>	<b>\$10,686,784</b>			
				FY 2013-14 IRP revenue (rounded)	\$70,000,000				
				Average Registration Tax Increase	22.6%		Average	22.6%	
				Increase in IRP revenue	\$15,840,395				

**Table C-3**  
House Bill 4630 as enrolled  
Elected Gross Vehicle Weight Tax Schedule  
Impact of increasing tax rates effective March 1, 2018  
Michigan Vehicle Code, Section 801(1)(k)

<u>Weight range</u>	<u>Registrations</u>		<u>Tax Rates</u>		<u>Estimated Revenue</u>			<u>Registration Tax Rate</u>	
	<u>April 2014</u>	<u>Current Law</u>	<u>HB 4630</u>	<u>Current Law</u>	<u>HB 4630</u>	<u>Difference</u>	<u>Difference</u>	<u>% Increase</u>	
0 to 24,000 pounds	36,300	\$491	\$491	\$17,823,300	\$17,823,300	\$0			
24,001 to 26,000 pounds	7,848	558	558	4,379,184	4,379,184	0			
26,001 to 28,000 pounds	1,735	558	708	968,130	1,228,380	260,250	\$150	26.9%	
28,001 to 32,000 pounds	4,443	649	849	2,883,507	3,772,107	888,600	200	30.8%	
32,001 to 36,000 pounds	3,279	744	994	2,439,576	3,259,326	819,750	250	33.6%	
36,001 to 42,000 pounds	1,743	874	1,174	1,523,382	2,046,282	522,900	300	34.3%	
42,001 to 48,000 pounds	2,643	1,005	1,355	2,656,215	3,581,265	925,050	350	34.8%	
48,001 to 54,000 pounds	5,441	1,135	1,535	6,175,535	8,351,935	2,176,400	400	35.2%	
54,001 to 60,000 pounds	1,249	1,268	1,718	1,583,732	2,145,782	562,050	450	35.5%	
60,001 to 66,000 pounds	1,048	1,398	1,898	1,465,104	1,989,104	524,000	500	35.8%	
66,001 to 72,000 pounds	2,684	1,529	2,079	4,103,836	5,580,036	1,476,200	550	36.0%	
72,001 to 80,000 pounds	2,913	1,660	2,260	4,835,580	6,583,380	1,747,800	600	36.1%	
80,001 to 90,000 pounds	1,072	1,793	2,443	1,922,096	2,618,896	696,800	650	36.3%	
90,001 to 100,000 pounds	759	2,002	2,702	1,519,518	2,050,818	531,300	700	35.0%	
100,001 to 115,000 pounds	795	2,223	2,973	1,767,285	2,363,535	596,250	750	33.7%	
115,001 to 130,000 pounds	781	2,448	3,248	1,911,888	2,536,688	624,800	800	32.7%	
130,001 to 145,000 pounds	570	2,670	3,570	1,521,900	2,034,900	513,000	900	33.7%	
145,001 to 160,000 pounds	2,475	2,894	3,894	7,162,650	9,637,650	2,475,000	1,000	34.6%	
over 160,000 pounds	690	3,117	4,117	2,150,730	2,840,730	690,000	1,000	32.1%	
<b>Total</b>	<b>78,468</b>			<b>\$68,793,148</b>	<b>\$84,823,298</b>	<b>\$16,030,150</b>			
		FY 2013-14 IRP revenue (rounded)		\$70,000,000					
		Average Registration Tax Increase		33.9%			Average	33.9%	
		Increase in IRP revenue		\$23,760,596					

**Table D**  
House Bill 4630 as enrolled  
Increased Registration Tax for Electric-Powered Vehicles  
Michigan Vehicle Code, Section 801(7)

<b>Department of State Estimate of Electric-Powered Vehicles (April, 2014)</b>	25,476
Minimum Additional Tax Proposed Under House Bill 4630	<u>\$25.00</u>
Estimated Revenue Impact	\$636,900