

Fiscal Analysis

DRIVER RESPONSIBILITY PROGRAM



Bill/Sponsor SENATE BILL 509 (H-3), Sen. Judson Gilbert

House Committee Transportation

Analysis Summary

The bill would amend the Michigan Vehicle Code, 1949 PA 300, by adding a new section, 732a. The bill would create a new \$100 “driver responsibility fee” assessed every year to drivers with seven or more points on their license for any violation not subject to a \$150, \$500, or \$1000 fee under subsection (3) of the bill and an additional \$50 every year for each point above seven.

The H-3 removes the language in the SB 509, which gives the option to drivers with four points or above for any violations not listed under subsection (3) to take a driver improvement course in lieu of paying a driver responsibility fee and earning points on the driving record.

The bill would also collect \$1000 for two consecutive years from drivers who have committed violations such as manslaughter, vehicular homicide, injuring or killing a construction worker, drunken driving, and fleeing a police officer. Drivers convicted of impaired driving, reckless driving, or driving without a license or without insurance would be assessed an additional \$500. Lastly, drivers driving without a valid license or proof of insurance would be charged an additional \$150.

Drivers would have 60 days to pay the fees or face a license suspension. All the fees would be collected by the Secretary of State. The bill would earmark \$6.3 million of the money received to the fire protection fund within the state Treasury for fire protection grants to cities, villages, and townships with state owned facilities for fire services. The remainder would be deposited into the state’s general fund.

Fiscal Impact

The State of New Jersey started a similar program in 1984. The New Jersey Department of Motor Vehicles experienced an average collection rate of about 60%, and a collection cost of about 12.3% of the total collected amount of revenue. Thus, based on the Department of State’s data on driver records, it is estimated that the Department would collect between \$65 and \$75 million in revenue out of \$124.7 million billed for the State of Michigan.¹ The earmarking of \$6.3 million to the fire protection fund would leave approximately \$58.7 to \$ 68.7 million in the general fund. The actual amount would vary depending on the degree and efficiency of collection efforts, the ability of convicted individuals to pay the fees, and any reduction in violations resulting from the bill’s financial disincentives.

¹ See Table 1 and Table 2 for details.

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Table 1: Estimation of revenue for different offenses in SB 509

Source: DR/5315 Report

Time Period: Conviction received between 12/28/01 -12/26/02

Offense	# of Points	Convicted	Fee	Revenue
Operated under influence of liquor	6	11,970	\$1,000	\$11,970,000
Unlawful bodily alcohol content (.08)	6	2,884	\$1,000	\$2,884,000
Combined: Operated under influence of liquor/unlawful bodily alcohol content (.08)	6	16,128	\$1,000	\$16,128,000
Death	6	59	\$1,000	\$59,000
Operated under influence or while impaired by liquor causing serious injury	6	126	\$1,000	\$126,000
Operated under influence of controlled substance	6	361	\$1,000	\$361,000
Child endangerment	6	453	\$500	\$226,500
Operated while impaired by liquor	4	30,652	\$500	\$15,326,000
Operated while impaired by controlled substance	4	189	\$500	\$94,500
Combined operated while impaired by liquor and controlled substance	6	21	\$500	\$10,500
Operated CMV w/BAC .04-.07	0	11	\$1,000	\$11,000
Under 21 BAC	4	2,002	\$500	\$1,001,000
Vehicular manslaughter	6	25	\$1,000	\$25,000
Negligent homicide	6	90	\$1,000	\$90,000
Murder/auto Used	6	11	\$1,000	\$11,000
Felony/auto Used	6	588	\$1,000	\$588,000
Felony w/auto used-attempt is misdemeanor	6	46	\$1,000	\$46,000
Felonious driving	6	31	\$1,000	\$31,000
Failed to stop or identify, Hit & Run	6	3,236	\$1,000	\$3,236,000
Fleeing & eluding	6	1,574	\$1,000	\$1,574,000
Reckless driving	6	2,603	\$500	\$1,301,500
Drove while unlicensed or license not valid	2	12,396	\$150	\$1,859,400
No proof of insurance (in driver's possession)	0	171,767	\$150	\$25,765,050
No insurance	0	1,331	\$500	\$665,500
Drove while license susp/rev/denied	2	70,521	\$500	\$35,260,500
Drove while license expired	2	12,696	\$0	\$0
Snowmobile & alcohol offenses	6	26	\$1,000	\$26,000
7 points	7	2,497	\$100	\$249,700
8 points	8	9,343	\$150	\$1,401,450
9 points	9	4,729	\$200	\$945,800
10 points	10	1,529	\$250	\$382,250
11 points	11	480	\$300	\$144,000
12 points	12	8,336	\$350	\$2,917,600
Total		368,711		\$124,717,250

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Table 2: Estimation of net collection in revenue with various collection rates

Total Revenue (100% collection rate)	\$124,717,250
collection cost (12.3%)	\$15,340,222
net collection:	\$109,377,028
- <i>fire protection fund</i>	\$6,300,000
- <i>general fund</i>	\$103,077,028
Actual Estimated Revenue (55% collection rate)	\$68,594,488
collection cost (12.3%)	\$8,437,100
net collection:	\$60,157,388
- <i>fire protection fund</i>	\$6,300,000
- <i>general fund</i>	\$53,857,388
Actual Estimated Revenue (60% collection rate)	\$74,830,350
collection cost (12.3%)	\$9,204,133
net collection:	\$65,626,217
- <i>fire protection fund</i>	\$6,300,000
- <i>general fund</i>	\$59,326,217
Actual Estimated Revenue (65% collection rate)	\$81,066,213
collection cost (12.3%)	\$9,971,144
net collection:	\$71,095,068
- <i>fire protection fund</i>	\$6,300,000
- <i>general fund</i>	\$64,795,068
Actual Estimated Revenue (70% collection rate)	\$87,302,075
collection cost (12.3%)	\$10,738,155
net collection:	\$76,563,920
- <i>fire protection fund</i>	\$6,300,000
- <i>general fund</i>	\$70,263,920

Analyst(s)

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FLOOR ANALYSIS - 6/27/03

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