




Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 509 (as reported with amendments)
Sponsor: Senator Jud Gilbert, II
Committee: Transportation

Date Completed: 5-27-03

RATIONALE

A recent *Detroit News* article highlighted the problem of drivers who repeatedly violate traffic safety laws (3-30-03). Reportedly, over the last eight years, 1,822 people, an average of four per week, have died in Michigan in accidents caused by drivers whose records contained moving violations, serious accidents, drunken driving convictions, or license suspensions. Michigan ranks fourth among the states for this type of fatality, according to the article. Some people believe that assessing a "driver responsibility fee" on people who have seven or more points on their records or who commit serious moving violations could be a deterrent to dangerous drivers.

CONTENT

The bill would amend the Michigan Vehicle Code to impose a driver responsibility fee of \$100 on drivers who accumulated seven or more points within two years, and a fee of \$150, \$500, or \$1,000 on drivers who were convicted of certain moving violations.

Specifically, if a licensed or unlicensed driver accumulated seven points on his or her driving record within a two-year period, for a violation not subject to a \$150, \$500, or \$1,000 fee, the driver would have to be assessed a \$100 driver responsibility fee. For each additional point above seven, the driver would be assessed an additional \$50. The Secretary of State (SOS) would have to collect the fee once each year that the point total was at least seven.

Additionally, the SOS would have to assess the following driver responsibility fees each year for two consecutive years, upon the

posting of an abstract that an individual was found guilty of any of the following:

\$1,000

- Manslaughter, negligent homicide, or a felony resulting from the operation of a motor vehicle, off-road vehicle (ORV), or snowmobile.
- A moving violation subject to criminal penalties that resulted in injury or death to a person working in a construction zone or operating an implement of husbandry on a highway; or causing injury or death to a police officer, fire-fighter, or other emergency response personnel in the immediate area of a stationary authorized emergency vehicle.
- Operating a motor vehicle or ORV under the influence of alcohol or a controlled substance (OUIL); 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 (OWI).
- Failing to stop and disclose identity at the scene of an accident when required by law.
- Fleeing or eluding an officer.

\$500

- OWI.
- Driving with any bodily alcohol content while under the age of 21; or OUIL or OWI with a passenger under 16.
- Reckless driving.
- Driving with a suspended or revoked license or registration certificate.
- Driving a motor vehicle or motorcycle without insurance.

\$150

- Driving without a valid license, or possessing more than one valid driver's license.
- Failing to produce proof of insurance upon request by a police officer, or knowingly providing false evidence of insurance.

The SOS would have to mail notice of the fee to the driver, who would have 30 days to pay the fee. If payment were not received within 30 days, the SOS would have to send a second notice indicating that driving privileges would be suspended if the payment were not received within the next 30 days. For amounts over \$500, the SOS could authorize an installment plan for up to 12 months. If payment were not received or an installment plan were not established after the time limit required by the second notice, the SOS would have to suspend driving privileges until the assessment was paid. Only points assigned after the bill's effective date would be assessed. The SOS would be required to transmit the fees to the State Treasurer for deposit into the General Fund.

Proposed MCL 257.732a

BACKGROUND

The State of New Jersey enacted a Motor Vehicle Surcharge Program in the mid-1980s. Under this program, the state's Motor Vehicle Services Division assesses insurance surcharges based on certain motor vehicle offenses, in addition to any court fines, penalties, or personal auto insurance premiums. A motorist who accumulates six points on his or her record within three years is assessed a \$100 surcharge every year for three years. For each point above six, the driver must pay an additional \$25 per year. An additional surcharge of \$250 annually for three years is assessed for driving without a license or insurance or in an unregistered car. For driving under the influence of alcohol or drugs and refusing to submit to a chemical test, a driver must pay \$1,000 annually for three years. If a person fails to pay the surcharge, the Motor Vehicle Commission suspends all driving privileges indefinitely and takes judgment action filed in the State Superior Court, which can include securing a lien against the person's real property, a garnishment of the person's wages, and other similar actions.

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

Michigan is said to rank fourth among the states for the number of traffic fatalities caused by habitually dangerous drivers. Bad drivers, who injure, permanently disable, or kill others, often are punished with a simple fine, and many continue to drive even after their licenses have been suspended or revoked. Drunk driving, reckless driving, and road rage-related incidents make Michigan's roads hazardous for responsible drivers, passengers, and pedestrians. In addition to the incalculable human costs, irresponsible driving results in enormous costs to taxpayers. Since repeat violators do not seem to be affected by concern for the safety of others, a severe financial burden is needed to make drivers aware of the seriousness of their actions and to prompt them to change their behavior. A similar program has been successful in New Jersey, which, according to National Highway Traffic Safety Administration figures, has the lowest number of fatalities per 100 miles driven of any of the 10 largest states. Since the program was enacted, traffic fatalities in New Jersey reportedly have declined 24%.

Opposing Argument

Under the bill, the fees collected would be deposited into the State's General Fund. Michigan's Constitution, however, mandates that revenue collected from traffic fines go to county libraries and local courts. Depositing the fee revenue into the General Fund would create a conflict of interest for the Michigan State Police, who could have an incentive to issue more citations than necessary. Similarly, local courts would have a reason to plea-bargain offenses to no-point violations with high fines, so that the local courts could keep the revenue instead of sending it to Lansing. Although bad drivers are a problem, this kind of driver responsibility policy should be formulated strictly for safety reasons and not subject to potential corruption by the promise of increased revenue. It is for this reason specifically that the Constitution requires traffic revenue to be used for purposes other than the police.

Response: Since the bill would create an administrative fee instead of a traffic fine, the

revenue could constitutionally be deposited into the General Fund.

Opposing Argument

There are approximately 350,000 Michigan drivers with at least seven points on their records. Many of them may have accumulated points entirely from speeding tickets or other violations that are not particularly egregious. They are not a threat to public safety. Speeders should not be harshly punished if they were to accumulate points in the future because they happened to be in the wrong place at the wrong time.

Response: Speeding can be very dangerous, and a person with multiple speeding violations poses a risk for other drivers and pedestrians.

Opposing Argument

People already face penalties for traffic violations under the Code and, most likely, increased insurance premiums. The driver responsibility fee essentially would punish people twice, could conflict with established sentencing guidelines, and could intrude on a judge's discretion to prescribe penalties on a case-by-case basis.

Opposing Argument

The bill could encourage the type of behavior it is meant to curb. Some low-income drivers would not be able to pay \$100 or more per year in new fees and would instead choose to drive without a license.

Response: If the bill deterred dangerous driving, drivers in any income bracket would avoid the fees.

Opposing Argument

Though the bill is well-meaning, certain people could be unfairly punished by a flawed criminal justice system. Those able to afford a lawyer could evade punishment for their repeated violations, while those least able to afford it would have to pay added fees. Although the State is facing a difficult budget situation, it would not be appropriate to balance the budget on the backs of people unable to buy their way out of punishment. The bill would not address the problem of bad driving effectively; instead of imposing new fees, the State should do more to revoke the licenses of dangerous drivers.

Response: The program would place responsibility where it belongs: on people who consistently disregard the law and show no concern for others on the road. Taxpayers should not have to shoulder the cost of a few

people's reckless behavior. Further, license suspension and even revocation are often ineffective in getting bad drivers off the road; many people simply choose to drive without a license. It is often the case that people respond more to something that directly affects their pocketbooks. The driver responsibility fee would make it too expensive for people to continue driving dangerously.

Legislative Analyst: Julie Koval

FISCAL IMPACT

Based on data provided by the Department of State for the time period of December 28, 2001, through December 26, 2002, the bill could generate up to \$124.7 million to the State General Fund if 100% of the amount billed were collected. However, the actual amount collected would depend on collection efforts and the ability of assessed individuals to pay. The State of New Jersey has had a similar program since 1984. Collections from amounts billed in the first year amounted to 55.2% of the actual amount billed. In 1996, New Jersey began contracting out collections for its driver responsibility program. According to the New Jersey Department of Motor Vehicles, the collection rate is about 60%, and average collection costs charged by the private collection firm average 12.3%. Based on that information, Senate Bill 509 annually could generate \$68.6 million to \$74.8 million, less any collection costs incurred by the Department of State. The annual amount collected also would vary based on the timing of convictions and the length of time necessary to collect amounts billed. Collections in future years also would depend on the effect that the penalties in the bill could have on driver behavior.

Fiscal Analyst: Bill Bowerman

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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.