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BILL ANALYSIS



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Senate Bill 1369 (as introduced 1-27-12)
Sponsor: Senator Bruce Caswell
Committee: Judiciary

Date Completed: 12-4-12

CONTENT

The bill would amend the Michigan Vehicle Code to allow a person to enter a community service program approved by the Secretary of State in lieu of paying a driver responsibility fee for certain offenses.

Specifically, if a person were assessed a driver responsibility fee for certain offenses before October 1, 2012, he or she could enter a community service program approved by the Secretary of State as an alternative to paying that fee or any unpaid portion of the fee. This provision would apply to a driver responsibility fee assessed for the following violations:

- Accumulating seven or more points on a driving record within a two-year period.
- Driving without a valid license.
- Failing to produce proof of insurance.

(Under the Vehicle Code, a driver responsibility fee may not be assessed on or after October 1, 2012, for driving without a valid license or for failing to produce proof of insurance.)

The community service program would have to require the person to complete the following amounts of community service within six months after entering into the program:

- 15 hours, for a fee assessed for accumulating seven or more points within a two-year period or driving without a valid license.
- 20 hours, for a fee assessed for failing to produce proof of insurance.

The number of hours of community service would have to be prorated based upon any portion of the driver responsibility fee that had been paid.

A person could apply to enter a community service program by completing a form prescribed by the Secretary of State. The court would have to grant the request for community service when the form was properly completed and returned to the court.

If a person entered community service, the Department of Treasury would have to hold the collection of the driver responsibility fee, or the remaining portion of it, in abeyance pending the person's entry and successful completion of the community service requirements or the termination of that service opportunity by the court because of the person's failure to comply with the requirements, whichever occurred first.

The Secretary of State could not suspend an individual's driving privileges during the term of community service or while the person was pending entry into a community service program after properly applying for community service. If the person's driving privileges were suspended on the bill's effective date only for failure to pay a driver responsibility fee and no other suspension or revocation determination were pending, and the person properly applied for community service as an alternative to paying the fee or any portion of it, the Secretary of State would have to reinstate the person's driving privileges without requiring the payment of a license reinstatement fee pending the person's entry into and completion of community service.

Upon satisfactory proof to the court that the person completed the community service requirements, the Department of Treasury would have to waive the driver responsibility fee or any portion of it that was otherwise required to be paid. The court would have to notify the Department when an individual successfully completed his or her community service.

If a person's request for community service were accepted but the person failed to complete the assigned community service successfully, he or she would be liable for the full driver responsibility fee and would be subject to the licensing sanctions prescribed for the violations.

A person who entered community service under the bill could be allowed only one opportunity to complete the community service alternative for each driver responsibility fee owed. The court could allow a person to withdraw from community service before the expiration of the six-month period for completing the service, however, for good cause shown. If a person were allowed to withdraw, that opportunity for completing community service would not be considered in the number of opportunities to perform community service.

The bill also would add notice about participation in a community service program to requirements for notice regarding driver responsibility fees.

MCL 257.732a et al.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

Although current law does not allow for the assessment of a driver responsibility fee for driving with an expired license or the civil infraction of failing to obtain no-fault insurance for violations occurring on or after October 1, 2012, the bill could result in a revenue loss for the State for any violations that occurred before that date.

Based on 2010 data, the elimination of fees for driving with an expired license or failing to obtain no-fault insurance could result in the loss of an estimated \$4.8 million in revenue for each year of assessment affected by the bill for violations that occurred before October 1, 2012.

Based on 2010 data, there were approximately 17,752 violations in 2010 for driving with an expired license, subject to the assessment of a \$150 fee. With a collection rate of 56.0%, the revenue from this fee was an estimated \$1.5 million for 2010 for the first year of assessment. There were approximately 8,553 violations annually for the civil infraction of failing to obtain no-fault insurance, subject to a \$200 fee. The 56.0% collection rate yielded approximately \$958,000 in revenue in 2010 for first year of assessment.

The sum of the loss in revenue for the first-year assessments for the driver responsibility fees listed above is an estimated \$2.4 million. Current law assesses driver responsibility fees for a two-year period. For that reason, the fees affected by the bill would be assumed

to be assessed for two years; thus, the actual loss in revenue to the State would be twice the amount listed above for the individual fees, or \$4.8 million annually.

There also could be additional revenue loss to the State associated with the penalty for having seven or more points assessed. Based on 2010 data, approximately \$5.5 million in fees were assessed. The potential revenue loss would depend on the number of violators who eventually would not pay the fees under this bill.

The first \$8.5 million in revenue from driver responsibility fees is deposited to the Fire Protection Fund where it is available for appropriation for Fire Protection Grants to cities, villages, and townships with State-owned facilities. All remaining revenue from driver responsibility fees is deposited to the General Fund.

In FY 2012-13, revenue from driver responsibilities fees to the General Fund is estimated at \$91.0 million, based on the May 2012 consensus revenue estimate.

The bill would increase the administrative costs of the Department of Treasury by an unknown amount due to the proposed requirements to communicate with courts regarding participation in and completion of community service programs.

The bill also would result in an indeterminate increase in administrative costs for local courts associated with processing request forms for community service and sending appropriate notifications to the Departments of State and Treasury

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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.