

VEHICLE FLEET REGISTRATION REVISIONS

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Senate Bill 1013 (H-1) as reported from House committee
Sponsor: Sen. David Hildenbrand
House Committee: Transportation and Infrastructure
Senate Committee: Transportation
Complete to 10-5-18

Analysis available at
<http://www.legislature.mi.gov>

(Enacted as Public Act 425 of 2018)

SUMMARY:

Senate Bill 1013 would amend the Michigan Vehicle Code to do all of the following:

- Change the minimum size of an eligible fleet.
- Allow passenger vehicle rental fleets to be registered under the section and exempt them from fleet vehicle logo requirements.
- Provide for late fees and change conditions for suspension of registrations.
- Allow transfer of a deleted vehicle registration plate to another vehicle in the fleet.

Vehicle fleet registration allows the owners of large fleets (e.g., utility companies) to annually purchase special registration certificates and plates to cover all the vehicles in their fleet, rather than applying separately, at different times throughout the year, for the registrations and renewals needed for each individual vehicle.

Fleet size and rental vehicles

Senate Bill 1013 would increase the minimum number of vehicles required to be in a fleet of vehicles to qualify for special registration plates from 25 to 300.

The bill would also allow passenger vehicle rental fleets to be registered under the section (currently, they are expressly excluded). However, passenger vehicle rental fleets would be exempted from a requirement that vehicles issued fleet registration plates must prominently display the name, emblem, trademark, or logo of the company to which they are issued.

Late fee and registration suspension

Currently, the Secretary of State (SOS) must immediately suspend the registration of all vehicles registered by an owner who fails to pay the annual registration tax on a vehicle in the fleet or who fails to comply with the terms of the fleet registration agreement.

The bill would require the SOS to collect a late fee of \$100, in addition to the registration tax, for any individual vehicle whose registration tax has not been paid by the due date. The bill would prohibit the SOS from suspending the registration of all of an owner's fleet vehicles because of failure to timely pay the registration tax for an individual vehicle in the fleet. Otherwise, however, the SOS would still be required to suspend the registration of all of the vehicles in the fleet for failure to comply with the terms of the fleet registration plate agreement, and the registration would remain suspended until the owner paid in full the tax and any late fees owed.

Deleted vehicle registration

Currently, an owner or lessee may delete the registration of a vehicle from the list of vehicles in the fleet by notifying the SOS and surrendering the deleted vehicle's plate to the SOS.

Under the bill, instead of surrendering the plate to the SOS, a vehicle owner could transfer the registration plate from the deleted vehicle to another vehicle in the fleet, as long as the transfer is made within 30 days after the deleted vehicle is removed from the fleet.

The bill would provide that the SOS could collect a \$100 late fee from a vehicle owner who does not, within 30 days after deleting a vehicle's registration, either return the vehicle's fleet registration plate to the SOS or transfer that plate to another vehicle.

The bill would take effect April 1, 2019.

MCL 257.801h

FISCAL IMPACT:

The bill would cause a marginal increase in revenue to the state and local units of government. Special fleet registration plate taxes are the same as standard registration plate taxes, so there would be no change in registration tax revenue. The bill would require a \$100 late fee for registrations submitted after the required due date. All late registration fees would be deposited into the Michigan Transportation Fund, which is distributed to local governments and various state agencies for road maintenance, construction, and other purposes. Increased revenue would depend on the number of late registration occurrences, which cannot be estimated at this time.

The bill has a delayed effective date of April 1, 2019, which is aligned to be shortly after the scheduled completion of the vehicle portion the Department of State's (DOS) Customer and Automotive Record System (CARS) project to modernize its legacy information technology (IT) vehicle and driver systems into updated platforms. DOS reports that if the bill is enacted prior to this date, it would likely incur marginal costs in trying to implement the bill's requirements while it transitions from its legacy IT system to the new system.

POSITIONS:

Enterprise Holdings testified in support of the bill. (9-25-18)

The Office of the Secretary of State is neutral on the bill. (10-3-18)

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