



**House
Legislative
Analysis
Section**

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INCREASE LICENSE FEES FOR COMM'L TRUCKERS

Senate Bill 353 (Substitute H-1)
First Analysis (5-25-89)

RECEIVED

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Sponsor: Sen. William Faust
Senate Committee: State Affairs, Tourism & Transportation
House Committee: Transportation

THE APPARENT PROBLEM:

Over the last few years the legislature has addressed a host of safety issues within the trucking industry. One of last year's acts — Public Act 346, within the so-called "Truck Safety Package" — adopted rules established under the federal Commercial Motor Vehicle Safety Act (CMVSA) of 1986 relative to higher licensing standards for commercial truck and school bus drivers. The act amended the Michigan Vehicle Code to, among other things, restructure indorsement designations for various types of licensed truck drivers, and require more stringent testing and training of licensees based on the type of vehicle a person was licensed to drive. Since states that fail to implement federal guidelines would receive less federal funding for transportation needs, new procedures under the act are scheduled for implementation October 1 of this year. The act imposes new duties on the Department of State, which oversees driver's training for both commercial and non-commercial drivers in the state, in order to ready the state's commercial drivers for licensure under the federal standards by 1992. The department, therefore, has requested restructuring and raising certain license and examination fees for commercial and school bus drivers in order to finance its new duties.

THE CONTENT OF THE BILL:

The bill would amend the Michigan Vehicle Code primarily to raise licensing and examination fees for persons licensed as commercial truck or school bus drivers in the state. In addition, the bill would define a "school transportation vehicle" (as opposed to a school bus) as a motor vehicle with a manufacturers rated seating capacity of less than 16 passengers, including the driver, owned by a public, private, or governmental agency and operated for the regularly scheduled transportation of children directly to or from school and home, or privately owned and operated for compensation for transporting children to or from school. In addition, the bill would include licensing requirements for drivers of these vehicles that parallel current requirements for school bus drivers.

Fee Increases. The act currently requires holders of operator's or chauffeur's licenses, who wish to obtain vehicle group designations (of which there are three, A, B, or C) or indorsements (of which there are five, T, P, N, H, or X), to pay \$7 for a four-year license or \$4 for a two-year license. Indorsement fees currently are \$7 for four-year original class 1, 2, or 3 indorsements — which correspond to the new group designations, A, B, and C — (or \$4 for renewal) on operator's or chauffeur's licenses, and \$3 for two-year chauffeur's license indorsements. The bill would change the fee structure to specify a single fee of \$20 for an original group designation (for all commercial licensees) and \$5 for each indorsement. The group designation and indorsement fees would be the same for one-, two-, and four-year licenses. Money received for a

vehicle group designation or indorsement for two- or four-year licenses would be deposited into the general fund. The secretary of state would make refunds from revenue generated from these fees to various local governments acting as examiners, as follows: a) \$3 for each applicant examined for a first designation or indorsement to a four-year operator's or chauffeur's license, b) \$2.50 for each original designation or indorsement to a two-year operator's or chauffeur's license, and c) \$1.50 for each renewal designation or indorsement to a two- or four-year operator's or chauffeur's license whose application was not denied. Money could only be refunded on the condition that it would be paid to the county or local treasurer and was appropriated to the county, municipality, or officer or bureau receiving the money in order to fulfill the act's purposes.

Before a person can obtain certain types of licenses under the act he or she must pass a "behind-the-wheel" road test and pay a fee depending on the type of road test taken. The bill would lower the fee for a chauffeur's road test from \$25 to \$11 (the current fee for an operator's road test), and would raise the fee for a vehicle group designation road test from \$25 to \$60. The bill specifies that, for the fiscal year ending September 30, 1990 and each subsequent fiscal year, \$120,000 or five percent of revenues from the group designation road test fees, whichever was greater, would be deposited into the Transportation Economic Development Fund. Remaining revenue from fee increases would be deposited in the state treasury and credited to the general fund, and would be used to cover the secretary of state's administrative costs relative to new duties imposed under Public Act 346 of 1988.

Duplicate/Corrected License. The act requires a person who needs a duplicate or corrected license to apply for license renewal and pay a renewal fee of either \$4 or \$12, depending on how soon the person applies for renewal after his or her last renewed license. (Under the bill, of course, these renewal fees would be \$20 plus indorsement fees, and a road test fee if necessary.) The bill specifies a person could apply for a duplicate or corrected license, or, at his or her option and upon payment of appropriate fees, could apply for a duplicate license which expired on the same date as the lost, destroyed, mutilated, or illegible license. Fees for duplicates would depend on the type of license a person had: a duplicate chauffeur's license would be \$12, while an operator's duplicate would be \$6.

Knowledge/Skills Tests. The act currently requires persons licensed under the act to be tested for a vehicle group designation and for special indorsements depending on the type of vehicle driven. The bill specifies that an applicant for a vehicle group designation would have to take knowledge and driving skills tests that complied with minimum federal standards under the Commercial Motor

Vehicle Safety Act. Also, an applicant for a "P" vehicle indorsement (for driving a school-related vehicle) would have to take the required road test in a bus or school bus.

30-Day License Extension. The bill would allow a person who failed a knowledge test or pre-trip inspection for a vehicle group designation or indorsement, as well as a person who could not be scheduled for a behind-the-wheel test before his or her license expired, to apply to the secretary of state for a 30-day extension of his or her driving privileges. If an extension were issued, it would expire 30 days after the license's expiration date. A person who applied for an extension would pay a fee of \$5, and the secretary of state could not issue more than one 30-day extension to a person. These provisions would not apply after April 1, 1992.

Additional Advance Renewal Time. The act currently allows persons whose licenses soon will expire to apply for license renewal 45 days prior to the person's license expiration date. The bill would specify that, from October 1, 1989 to March 31, 1992, a person who had a license with a class 1, 2, or 3 designation could apply for license renewal 90 days before his or her license expired.

Repealer. The bill would repeal the section of the code that contains current fees for original or renewal license indorsements (class 1, 2, or 3) for operator's or chauffeur's licenses.

The bill would take effect October 1, 1989.

MCL 257.309 et al.

HOUSE COMMITTEE ACTION:

The House Committee on Transportation adopted a substitute for the bill which would define "school transportation vehicle" and would provide licensing requirements for persons who drive this type of vehicle. The House committee also removed a Senate amendment requiring that \$120,000 be directed into the Truck Safety Fund, and instead would require that \$120,000, or 5 percent of road test fee revenues, whichever was greater, be deposited into the Transportation Economic Development Fund. The House substitute also would allow a licensed commercial driver, from October 1, 1989 through March 31, 1992, to apply for license renewal 90 days before his or her license expired.

FISCAL IMPLICATIONS:

According to the Department of State, the bill would increase revenues in the general fund by approximately \$4 million in the first year after the bill took effect. Each succeeding year, until 1992 (the federal deadline for truckers to meet new licensing standards), annual revenues from the bill would be higher than this depending on how many of the state's current 250,000 licensed truckers (plus new licensees) the department was physically able to test in each year up to the federal deadline. The department would use revenue raised under the bill to cover administrative costs associated with its new duties required under Public Act 346 of last year. (5-23-89)

ARGUMENTS:

For:

Public Act 346 of last year adopted new federal truck driver licensing requirements, and requires the Department of State to begin implementing them by October 1 of this year. Because its duties will increase significantly under

the act, the department has requested that a new fee structure — with higher fees — be set up for commercial vehicle and school bus drivers to pay for the new duties. Apparently, the legislature intended to raise licensing fees under the Truck Safety Package from last year, but failed to in the legislation's last-minute rush. (In fact, the current version of the department's budget bill for 1989-90 — Senate Bill 223 (H-2) — would appropriate \$4.1 million to the department for implementing the new requirements, according to a spokesperson from the House Fiscal Agency.) The bill would put the burden to pay for the implementation of tougher licensing standards on commercial drivers, where it belongs, and has support from a good cross-section of interested groups. In addition, because federal rules require commercial drivers to be licensed under the new requirements by 1992, the bill would grant licensees additional time (from 45 to 90 days) to apply in advance for a new license, and would allow the department to issue special 30-day extension licenses for last-minute applicants or those who failed a test.

Against:

The proposed fees under the bill are too high, particularly the fee for getting a "behind-the-wheel" road test, which would go from \$25 to \$60. Because Public Act 346 restructured the indorsement requirements for commercial drivers, some drivers could have to pay \$45 for licensing (\$20 for a vehicle group designation, and \$5 for each of five possible indorsements). In addition, fees would be the same regardless of whether a person purchased a one-, two-, or four-year license.

Response: According to the department, since a road test is required primarily for first-time licensees the proposed road test fee would not apply to 90-95 percent of current drivers. In addition, having the same fees for all commercial licenses would encourage licensees to get longer-lasting licenses, which would reduce the department's responsibility for retesting licensees. Besides, most persons licensed under the act drive these types of vehicles for a living and as a career. If fees were lowered for those who were occasional commercial drivers other fees would have to be raised to offset the difference, which would hit career truckers the hardest. Most of the revenue from fee increases would be used to pay for new departmental duties and needs under the act, which include the following: implementing a fully operational computer system which can interface with a national computer network of truck driver information, developing new road and knowledge tests so commercial drivers would meet CMVSA standards, and developing extensive truck driver manuals to be issued to all license applicants at no charge. Further, the bill reflects input from, and has the support of, representatives of various business and truck driver organizations, including the Michigan Trucking Association.

Against:

The bill should direct the specified \$120,000 (or 5 percent of fee revenues) into the Truck Safety Fund, since this fund is used to pay for truck driver safety programs that address specific trucking problems in Michigan.

Response: This money would not be "new money" generated under the bill, but is money currently appropriated for the Transportation Economic Development Fund (which funds various transportation needs throughout the state), according to a spokesperson from the Department of State.

Against:

The bill's provisions requiring licensing under the act of those who drove "school transportation vehicles" could apply to taxicab drivers who drive children to and from school. The bill should be amended to specify that taxi drivers would be exempt from licensing provisions when transporting children to and from school.

POSITIONS:

The Department of State supports the bill. (5-23-89)

The Department of State Police supports the bill. (5-23-89)

The Michigan Trucking Association supports the bill. (5-23-89)

The Michigan Education Association supports the bill. (5-23-89)

The Michigan Federation of Teachers supports the bill. (5-23-89)

The Operating Engineers International Union supports the bill. (5-23-89)

The Department of Transportation supports the concept of the bill. (5-18-89)