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BILL ANALYSIS

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Senate Bill 353 (as passed by the Senate)

Sponsor: Senator William Faust

Committee: State Affairs, Tourism, and Transportation

Date Completed: 8-3-89

RATIONALE

Over the last few years the Legislature has addressed a host of safety issues within the trucking industry. Public Act 346 of 1988, part of the "truck safety package", codified rules established under the Federal Commercial Motor Vehicle Safety Act of 1986 concerning higher licensing standards for commercial truck and school bus drivers. The 1988 Act amended the Michigan Vehicle Code to 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 is licensed to drive; the new procedures are scheduled for implementation on October 1, 1989. The Act also imposes new duties on the Department of State, which oversees driver's training for both commercial and non-commercial drivers in the State, to ensure that the State's commercial drivers qualify for licensure under the Federal standards by 1992. To finance these new duties, the Department has requested that certain license and examination fees be increased.

driver's license if the person failed a road test for a vehicle group designation or indorsement.

- Increase the fee for vehicle group designations and indorsements.
- Require vehicle group designation and indorsement fees to be credited to the State's General Fund and used to refund counties and municipalities acting as an examining officer or examining bureau.
- Increase the fee for a duplicate license.
- Require \$120,000 of road test fees for vehicle group designations and indorsements to be deposited in the Truck Safety Fund annually, and the balance credited to the State's General Fund and used to cover administrative expenses of the Department of State.
- Repeal a section providing for fees for Class 1, 2, or 3 indorsements.

CONTENT

The bill would amend the Michigan Vehicle Code to do the following:

- Increase the fee for a behind-the-wheel road test for a vehicle group designation or vehicle indorsement (required for certain large vehicles and combinations of vehicles).
- Provide for a 30-day extension of a

The bill would take effect October 1, 1989.

Road Test

Currently, the Code imposes a \$25 fee for a behind-the-wheel road test for a vehicle group designation or indorsement or an original chauffeur's license. The bill would increase the road test fee for a group designation or indorsement to \$60, and reduce the fee for a chauffeur's road test to \$11 (the amount

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required an operator's license road test).

If a person, whose operator's or chauffeur's license would expire within seven days, failed the test for a vehicle group designation or an indorsement and could not be scheduled for a road test before the license expired, the person could apply to the Secretary of State for a 30-day extension of his or her driving privileges. The extension fee would be \$5, and only one extension could be issued to a person. This provision would apply until April 1, 1992.

The bill provides that the section of the law requiring vehicle group designations and indorsements would not apply to Secretary of State employees who administer road tests while in the performance of their duties.

Vehicle Group Designation/Indorsement Fee

Under current law, the holder of an unexpired operator's or chauffeur's license may be issued a vehicle group designation and indorsement for the remainder of the license upon paying the original group designation fee of \$7 for a four-year license, \$4 for a two-year license, or \$3 for a one-year chauffeur's license. The bill would require, instead, a \$20 vehicle group designation fee and an indorsement fee of \$5 per indorsement for a one-, two-, or four-year license.

The money received for two- and four-year licenses would have to be deposited in the State Treasury and credited to the General Fund. The Secretary of State would have to refund to each county or municipality acting as an examining officer or examining bureau, \$3 for each applicant examined for a first designation or indorsement to a four-year license; \$2.50 for each designation or indorsement to a two-year license; \$1.50 for each renewal designation or indorsement to a two- or four-year license, whose application was not denied. The money refunded would have to be paid to the county or local treasurer and appropriated to the county, municipality, officer, or bureau receiving that money for the purpose of carrying out the law.

Under the Code, a person issued a two-year license must pay a \$4 fee for a vehicle group designation and \$4 for a vehicle indorsement. The bill would increase these fees to \$20 and

\$5, respectively.

The \$20 and \$5 fees also would apply to a person under 21 who is issued an original chauffeur's license, and to a person at least 60 years old who has the option of renewing his or her chauffeur's license annually.

Duplicate License

For a duplicate operator's or chauffeur's license, or a correction of a license, a person must apply for renewal and pay a renewal fee. If the duplicate is issued or the correction made within four months after the license was renewed, the license must be renewed for the balance of the license period for a \$4 fee. Under the bill, the person could apply either for a renewal of the license, or for a duplicate license that would expire on the same date as the license that was lost, destroyed, mutilated, or illegible. The fee would be \$12 for a duplicate chauffeur's license and \$6 for a duplicate operator's license.

Road Test Revenue

For the fiscal year ending September 30, 1990, and each subsequent fiscal year, \$120,000 would have to be deposited in the Truck Safety Fund from road test fees collected in connection with the issuance of a vehicle group designation or indorsement. The balance of the fees would have to be deposited in the State Treasury, credited to the General Fund, and used to cover administrative costs of the Department of State associated with new duties imposed with respect to commercial vehicles under Public Act 346 of 1988. (Public Act 346 replaced Class 1, 2, and 3 indorsements--required for vehicles weighing over 24,000 pounds, vehicle combinations over 24,000 pounds, and buses, respectively--with vehicle group designations for tow trucks over 10,000 pounds and vehicles and vehicle combinations over 26,000 pounds, and vehicle indorsements for certain categories of commercial vehicles.)

MCL 257.309 et al.

FISCAL IMPACT

The following table shows revenue and cost estimates under this bill:

Department of State Estimates*

	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>	<u>FY 92</u>	<u>TOTAL</u>
Revenues		\$3,466,250	\$4,931,250	\$4,441,250	\$12,838,700
Costs	\$1,256,000	2,772,000	3,751,000	3,155,000	10,934,000

The difference between revenues and costs each year would be divided up between the Truck Safety Fund (\$120,000 per year) and the General Fund (an estimated average of \$515,000 per year).

* Assumes 20,500 new commercial driver licenses each year and a 20% failure rate.

ARGUMENTS

Supporting Argument

Public Act 346 of 1988 adopted new Federal truck driver licensing requirements, and requires the Department of State to begin implementing them by October 1, 1989. Because its duties will increase significantly under the Act, the Department has requested that a new fee structure with higher fees be set up to pay for the new duties. The bill would put the burden to pay for the implementation of tougher licensing standards on commercial drivers, where it belongs. In addition, because Federal rules require commercial drivers to be licensed under the new requirements by 1992, the bill would allow the Department to issue special 30-day extension licenses for last-minute applicants or those who failed a test.

were lowered for those who are 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 that can interface with a national computer network of truck driver information, developing new road and knowledge tests so commercial drivers will meet Federal standards, and developing extensive truck driver manuals to be issued to all license applicants at no charge.

Legislative Analyst: L. Burghardt
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Opposing Argument

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, and too many. 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% 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 commercial vehicles for a living and as a career. If fees

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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.