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BILL ANALYSIS

Senate Fiscal Agency

Lansing, Michigan 48909

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Senate Bill 353 (as enrolled)

Sponsor: Senator William Faust

Senate Committee: State Affairs, Tourism, and Transportation

House Committee: Transportation

Date Completed: 3-12-90

PUBLIC ACT 280 of 1989**RECEIVED****APR 18 1990***Mich. State Law Library***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 were 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 noncommercial 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.

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 90-day extension of a driver's license if a person failed a road test for a vehicle group designation or indorsement.
- Increase the fees 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 and allow licensees who have lost or destroyed or have mutilated or illegible licenses the option of obtaining a duplicate or corrected license rather than having to renew the license.
- Require \$120,000 or 5% of road test fees for vehicle group designations and indorsements, whichever was greater, to be deposited in the Transportation Economic Development 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.
- Require an applicant for a vehicle group designation to take a knowledge and driving skills test

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that complied with minimum Federal standards under the Commercial Motor Vehicle Safety Act.

- Require the Secretary of State to notify persons who elect to register their vehicles under the annual international registration plan of the amount due and penalties that would be imposed if payment were not received by the September 1 deadline, and establish a penalty of 25% of the outstanding balance for any person who is delinquent in paying the balance.
- Include licensing requirements for "school transportation vehicle" drivers that would parallel current requirements for school bus drivers. "School transportation vehicle" would be defined as a motor vehicle with a manufacturer's 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.

Fee Increases

The Code 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, \$4 for a two-year license, or \$3 for a one-year license. Indorsement fees currently are \$7 for four-year original class 1, 2, or 3 indorsements--which correspond to the new group designation, 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 be required to 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 be refunded only 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 Code's purposes.

Before a person can obtain certain types of licenses under the Code, 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 fiscal year ending September 30, 1990, and each subsequent fiscal year, \$120,000 or 5% of revenues from the group designation road test fees, whichever was greater, would be deposited into the Transportation Economic Development Fund. Remaining revenue from the fees 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 Code 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, these renewal fees would be \$20 plus indorsement fees, and a road test fee if necessary.) The bill specifies that a person could apply for a duplicate or

corrected license, or, at his or her option and upon payment of appropriate fees, for a duplicate license that 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 Code currently requires persons licensed under the Code to be tested for a vehicle group designation and for special endorsements 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 endorsement (for driving a school-related vehicle) would have to take the required road test in a bus or school bus.

Knowledge tests for original vehicle group designations or endorsements conducted prior to April 1, 1992, would be valid for 12 months from the date of the test. Further, an original vehicle group designation or passenger endorsement could not be issued by the Secretary of State without a behind-the-wheel road test conducted by an examiner appointed or authorized by the Secretary of State. While taking a behind-the-wheel road test conducted by an examiner occupying a seat beside the applicant, an applicant for an original vehicle group designation or passenger endorsement who had been issued a temporary instruction permit to operate a commercial motor vehicle would be permitted to operate a vehicle requiring a vehicle group designation or passenger endorsement without having to have a person licensed to operate a commercial motor vehicle in the seat next to him or her.

90-Day License Extension

The bill would allow a person who failed a knowledge test or pre-trip inspection for a vehicle group designation or endorsement, 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 90-day extension of his or her driving

privileges. If an extension were issued, it would expire 90 days after the license's expiration date. A person who applied for an extension would have to pay a fee of \$5, and the Secretary of State could not issue more than one 90-day extension to a person. These provisions would not apply after April 1, 1992.

Additional Advance Renewal Time

The Code currently allows a person whose license soon will expire to apply for license renewal 45 days prior to the person's license expiration date. The bill specifies that, from November 15, 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.

The Code now requires the Secretary of State to issue vehicle registrations beginning 45 days before the owner's birthday and 90 days before the expiration date. The bill would extend the 90-day period to 120 days.

International Registration

The Code specifies that the registration fee for a truck, truck tractor, or road tractor engaged in interstate commerce may be apportioned under the international registration plan according to the miles traveled in Michigan in relation to the total miles traveled by the vehicle, if the apportionment is permitted by a reciprocal compact, agreement, or other arrangement entered into by the Michigan highway reciprocity board. The international registration plan is a method of licensing trucks and bus fleets proportionally among two or more member jurisdictions and includes an apportioned fee that is determined according to the fleet's percentage of miles generated in the various jurisdictions. If the apportionment is permitted and if by August 1, or at the time of purchase, whichever occurs first, a person elects to have the fees apportioned, the annual international registration plan plates may be purchased by paying any out-of-state portion and one-half the amount apportioned for Michigan fees and an extra \$5 service fee per vehicle upon purchase and the balance on or before September 1. If a person is late in paying the balance, he or she is not eligible to elect the apportionment payment plan for the next two registration years following the year

of delinquency.

The bill would require the Secretary of State by August 1, to inform a person who elected to use the installment option of the amount due and of the penalties that would be imposed if payment were not received by September 1. Further, if a person were delinquent in paying the balance, he or she also would have to pay a penalty of 25% of the outstanding balance. The Secretary of State would have to suspend the registration of any vehicle for which the registration fee was not paid in full and transmit a statement of the delinquent balance, including the penalty, to the Department of Treasury for collection.

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 (MCL 257.312g).

MCL 257.7a 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 Transportation Economic Development Fund (\$120,000 per year or 5% of revenues, whichever was greater) 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

adopted 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 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 90-

day extension licenses for last-minute applicants or those who failed a test.

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. 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 Code drive commercial vehicles for a living and as a career. If fees were lowered for those who are occasional commercial drivers, other fees would have to be raised to offset the difference; such an increase would affect career truckers the most. Most of the revenue from fee increases would be used to pay for new departmental duties and needs under the Code, 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.

Opposing Argument

The bill should direct the specified \$120,000 (or 5% of fee revenues) into the Truck Safety Fund, since this Fund is used to apply 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).

Opposing Argument

The bill's provisions requiring licensing under the Code of those who drive "school transportation vehicle" 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.

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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.