

Legislative Analysis



AMEND MICHIGAN VEHICLE CODE TO DIRECT SERVICE FEES TO TRANSPORTATION ADMINISTRATION COLLECTION FUND

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Senate Bill 1464 as passed by the Senate
Senate Bill 1465 as passed by the Senate
Sponsor: Sen. Michael Switalski

Senate Committee: Appropriations
House Committee: Appropriations

Complete to 09-20-08

A SUMMARY OF SENATE BILLS 1464 & 1465 AS PASSED BY THE SENATE 9-18-08

Under current law, revenue from expedited title service fees and vehicle registration transfer service fees, established in the Michigan Vehicle Code, are credited to the Transportation Administration Collection Fund (TACF) through September 30, 2008. Starting October 1, 2008 and through September 30, 2009, the revenue is then to be credited to the Michigan Transportation Fund (MTF). Senate Bills 1464 and 1465 would amend the Michigan Vehicle Code to continue the current deposit of the two service fees into the TACF, through September 30, 2009.

These bills are necessary to provide revenue assumed in the FY 2008-09 General Government appropriations for the Department of State.

All the TACF service fees established in Sections 801, 806, and 809 of the Michigan Vehicle Code will sunset on September 30, 2009.

BACKGROUND INFORMATION:

With regard to Senate Bill 1464: Under current law, a vehicle owner may transfer registration plates from one vehicle to another vehicle. This is frequently done when trading in one vehicle to purchase a new vehicle. Section 809 of the Michigan Vehicle Code requires that an \$8.00 registration transfer service fee accompany the application for transfer of registration. Under current law this \$8.00 transfer service fee is deposited to the TACF through September 30, 2008. Senate Bill 1464 would amend the section to provide for the deposit of this fee into the TACF through September 30, 2009.

With regard to Senate Bill 1465: Section 806 of the Michigan Vehicle Code (Public Act 300 of 1949) establishes service fees which must accompany an application for vehicle title to the Michigan Secretary of State. The section requires an additional \$5.00 service fee for "special expedited treatment." Under current law, this \$5.00 expedited service fee is deposited to the Transportation Administration Collection Fund (TACF) through

September 30, 2008. Senate Bill 1465 would amend the section to provide for the deposit of this fee into the TACF through September 30, 2009.

Although the two bills are not tie-barred, they are related. The General Government appropriation act for FY 2008-09 (HB 5816 enacted as 2008 PA 261) assumes TACF revenue from these two service fees to support Department of State appropriations. The two bills effect in statute the continued disposition of service fee revenue assumed in the appropriation act.

FISCAL IMPACT:

The expedited title service fee generates approximately \$1.1 million annually. The registration transfer service fee generates approximately \$8.9 million annually. The two bills together would provide approximately \$10.0 million in revenue to the TACF to support FY 2008-09 appropriations. If the bills were not enacted, there would be a \$10.0 million shortfall in the Department of State's FY 2008-09 budget.

Under current law, the title service fees established in Section 806, the registration service fees established in Section 809, and the additional registration service fees established in Section 801 will all sunset on September 30, 2009.

For additional information on the TACF, see our April 16, 2008 memo "Transportation Administration Collection Fund" available on the House Fiscal Agency website:

<http://www.house.mi.gov/hfa/PDFs/TACF%20history.pdf>

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