



**House
Legislative
Analysis
Section**

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ALLOW CREDIT CARD FOR BOAT REGIS.

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House Bill 4184 as enrolled
Second Analysis (8-2-87)

AUG 19 1987

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Sponsor: Rep. Curtis Hertel

House Committee: Marine Affairs and Port
Development

Senate Committee: Regulatory Affairs

THE APPARENT PROBLEM:

Many people use credit cards routinely in their business transactions. Last year, the legislature passed legislation that allows Michigan residents to use credit cards to pay for driver's licenses or automobile registrations. Members of the boating industry believe that the same convenience should be extended to boat owners, and have requested legislation allowing boat owners to use credit cards to pay for boat registrations.

THE CONTENT OF THE BILL:

The bill would amend the Marine Safety Act to allow the Secretary of State to accept credit card payment for one-hundred percent of the applicable watercraft registration fees.

MCL 281.1001 et al.

FISCAL IMPLICATIONS:

The Senate Fiscal Agency reports that the bill would have no fiscal implications for the state. (6-1-87)

ARGUMENTS:

For:

Credit cards are widely used by many people as a convenient way to pay for a wide variety of goods and services. Last year, the legislature passed legislation at the request of the Secretary of State that allows motorists to use credit cards to pay fees and taxes collected under the Michigan Vehicle Code. The same convenience ought to be extended to boat owners.

Against:

Since the Secretary of State already is accepting credit card payments for automobile registrations and drivers' licenses, the bill is not needed.

Response: Last year's legislation amended the Michigan Vehicle Code. Although this may have set a precedent of sorts for the Department of State to accept credit card payments for some fees and taxes, the vehicle code does not govern watercraft and it remains unclear whether last year's legislation would cover other kinds of fees. The bill would take care specifically of boat registrations by amending the relevant act, the Marine Safety Act, to allow citizens to use credit cards to pay for their boat registrations.

Against:

The use of credit cards will increase the cost to the state because of the fees charged by the credit card companies and because of the expense of installing the proper equipment in each branch office.

Response: The bill contains language to specify that the fee received for a registration, if paid by credit card, could not be less than one-hundred percent of the applicable

fee. In addition, the Department of State decided initially to accept credit card payments from motorists only by mail, and anticipated saving money through that program, since the highest bank surcharge on credit cards at that time (an estimated 1.6 percent) would be more than offset by the savings to the department of increased use of the mail program (up to \$300,000 annually). (Information on the results of the first year of the department's credit card program for motor vehicles was not available at the time of this analysis.)

H.B. 4184 (8-2-87)