



**House
Legislative
Analysis
Section**

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THE APPARENT PROBLEM:

The Aeronautics Fund is used to fund aircraft registration administration costs and programs designed to enhance aviation safety within the state. Money from registration fees is credited to the fund for these purposes. However, the fees have not been raised since 1945 and they no longer cover administrative costs. In the late 1970's, the auditor general's office cited the Bureau of Aeronautics within the Department of Transportation for not recovering administrative costs and recommended raising registration fees. In 1979, a Joint Subcommittee on Appropriations agreed with the auditor general's recommendation. Legislation has been proposed to raise fees, in keeping with recommendations by the auditor general and the subcommittee.

THE CONTENT OF THE BILL:

The bill would amend the Aeronautics Code of the State of Michigan to increase the aircraft registration fee from 1/2 cent per pound empty weight to one cent per pound of either maximum gross weight or maximum takeoff weight, whichever was greater, for which the aircraft was certificated under the Federal Aviation Administration Airworthiness Certificate. A penalty of \$50 would be added to the registration fee if an aircraft owner failed to register or pay the fee by the time specified in the act and the failure was not for more than one month. Each additional fraction of a month would add a \$5 penalty. If an aircraft registration fee was not paid within the time specified in the act and it was shown to the satisfaction of the Aeronautics Commission that the failure or refusal was due to reasonable cause and not willful neglect, the penalty could be waived at the discretion of the director. The period for which a penalty was assessed could not exceed one year. If an aircraft registration was paid by mail, the postmark date would be the date of payment. The bill would increase the fee for a transfer of registration certificate from \$2 to \$5. (Note: The term "director" apparently refers to the director of the Department of Aeronautics, which no longer exists.)

Language detailing the registration procedure for aircraft would be strengthened under the bill. Specifically, the bill would clarify that registration applications would be executed and returned to the commission with payment of the registration fee before the expiration date of the prior registration and that if an owner of an aircraft failed to receive a registration application form by July 1, he or she would be required to inform the commission. In addition, owners of aircraft that had not previously been subject to registration under the act would be required to inform the commission within 30 days after becoming subject to registration, and would register the aircraft, and pay the appropriate fee.

MCL 259.76, 259.77, and 259.78

INC. AIRCRAFT REG. FEES AND ADD PENALTY

House Bill 5233 as introduced
First Analysis (5-5-88)

RECEIVED

Sponsor: Rep. Robert Bender
Committee: Transportation

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FISCAL IMPLICATIONS:

According to the Department of Transportation, the bill would generate an estimated \$138,700 per year increase in aircraft registration fees. (5-4-88)

ARGUMENTS:

For:

Money currently generated by aircraft registration fees is not sufficient to cover administrative costs. The Bureau of Aeronautics' citation by the auditor general's office for not recovering costs to register aircraft makes this point very clear. The bill will address concerns raised in the citation by increasing registration fees.

The Aeronautics Fund is normally used to finance aviation safety programs as well as cover administrative costs. Currently, programs have lapsed due to lack of funds. The bill will allow the Bureau of Aeronautics to use the fund to develop much needed safety programs enhancing weather information dissemination and distribution of maps to owners of aircraft.

Against:

Under the bill, the director could waive a penalty for a late registration fee if it was shown to the satisfaction of the Aeronautics Commission that failure or refusal to submit the fee was due to reasonable cause and not willful neglect. However, the term "director" is defined in the act to mean the "director of Aeronautics". It is not clear if the term means director of the Michigan Aeronautics Commission or the defunct Department of Aeronautics. If the term "director" is not clarified it is possible that penalties for failure to submit a registration fee could be unfairly imposed; therefore, the bill should not be passed until the term is clearly defined.

POSITIONS:

The Department of Transportation supports the bill. (5-4-88)

The Michigan Aeronautics Commission supports the bill. (5-4-88)

The Michigan Association of Airport Executives supports the bill. (5-4-88)