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BILL ANALYSIS

Senate Fiscal Agency

Lansing, Michigan 48909

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House Bill 4184 (as reported with amendments)
Sponsor: Representative Curtis Hertel
House Committee: Marine Affairs and Port Development
Senate Committee: Regulatory Affairs
Date Completed: 6-1-87

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RATIONALE

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.

CONTENT

The bill would amend the Marine Safety Act to allow the Secretary of State to accept a credit card as payment for watercraft registration fees. The Secretary of State would be required to determine which major credit cards could be used. The bill would specify that the fee received for a registration, if paid by credit card, could not be less than 100% of the applicable fee.

MCL 281.1001

SENATE COMMITTEE ACTION

The Regulatory Affairs Committee adopted an amendment to specify that the fee received for a registration, if paid by credit card, could not be less than 100% of the applicable fee.

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

ARGUMENTS**Supporting Argument**

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.

Opposing Argument

Since the Secretary of State already is accepting credit card payments for automobile registrations and driver's 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 Code does not govern watercraft and it remains unclear whether last year's legislation would cover other kinds of fees. The bill would specifically take care 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.

Opposing Argument

The use of credit cards would 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 100% of the applicable fee. Further, 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%) would be more than offset by the savings to the Department from increased use of the mail program (up to \$300,000 annually). (Information on the actual results of the first year of the Department's credit card program for motor vehicles was not available at the time of this analysis.)

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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.

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