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BILL ANALYSIS

Senate Fiscal Agency

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House Bill 5233 (as reported with amendment)**Sponsor: Representative Robert Bender****House Committee: Transportation****Senate Committee: State Affairs, Tourism, and Transportation****Date Completed: 11-23-88****RATIONALE**

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. Because the fees have not been raised since 1945, however, they reportedly no longer cover administrative costs. In the late 1970s, 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. To date, however, the fees have not been increased.

CONTENT

The bill would amend the Aeronautics Code of the State of Michigan to increase the aircraft registration and transfer fees, provide for monetary penalties for failure to register aircraft in a timely manner, and revise registration procedures.

Specifically, the bill would increase the registration fee from one-half 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 Code and the failure was not for more than one month. For each additional fraction of a month that the aircraft remained unregistered or the fee was unpaid, the penalty would increase by \$5. If an aircraft registration fee were not paid within the time specified in the Code and it were 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 of the Michigan Department of Transportation. The period for which a penalty was assessed could not exceed one year. If an aircraft registration were 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, require the aircraft owner to inform the Commission of the "value received" upon the sale or transfer, and specify that transfer of registration would be required if the aircraft remained subject to registration as defined in the Code.

Currently, the Code requires "aircraft operating over, based within or taxied upon the lands or waters of this

state" to be registered with the Aeronautics Commission but specifically exempts U.S. military aircraft. The bill, instead, would require the registration of aircraft "tied down, moored, hangared or based" within Michigan and would exempt Civil Air Patrol aircraft and aircraft owned by or registered to the U.S. Further, the bill would require the Commission to send registration renewal applications to aircraft owners on or after June 1 preceeding the year designated on the registration and decals, and provides that registration applications would have to be executed and returned to the Commission with payment of the registration fee before the expiration date of the prior registration. Aircraft owners who failed to receive a registration application form by July 1 would be required to inform the Commission. In addition, owners of aircraft that had not previously been subject to registration under the Code would be required to inform the Commission within 30 days after becoming subject to registration, and would have to register the aircraft, and pay the appropriate fee.

The Code requires owners to register their aircraft prior to use, or within 15 days after the aircraft is brought into Michigan, and specifies that the Director is to issue registration and decal plates upon proper application and payment of the fee. The bill would delete these provisions.

MCL 259.76, 259.77, and 259.78

SENATE COMMITTEE ACTION

The Committee adopted an amendment to specify that the penalty for failure to register an aircraft on time could be waived by the Director of the Michigan Department of Transportation. The Code mentions only the "director" and it is not clear whether the reference is to the director of the Department of Transportation, the Aeronautics Commission, or the defunct Department of Aeronautics.

FISCAL IMPACT

The bill would generate approximately \$138,700 in additional revenue annually to the State Aeronautics Fund.

ARGUMENTS**Supporting Argument**

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 would address the concerns raised in the citation by increasing registration fees.

H.B. 5233 (11-23-88)

The Aeronautics Fund generally is used to finance aviation safety programs as well as cover administrative costs. Currently, programs have lapsed due to lack of funds. The bill would enable 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.

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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.