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House Bill 4308 (Substitute H-5 as passed by the House)

Sponsor: Representative John Garfield

House Committee: Judiciary

Senate Committee: Appropriations

Date Completed: 3-9-04

CONTENT

The bill would amend the Michigan Vehicle Code to do the following:

- -- Eliminate the two-year \$150 driver responsibility assessment, fines, and costs for failure to produce evidence that a motor vehicle is insured upon the request of a police officer (MCL 257.328(1)) if, before the appearance date on the citation, the person submitted proof to the court that the motor vehicle had insurance at the time of the violation. A court still would be allowed to assess a \$25 fee, which would be paid to the court funding unit.
- -- Provide that a court could not submit an abstract of the civil infraction determination for a violation of MCL 257.328(1) if, before the appearance date, the person submitted proof to the court that the motor vehicle had insurance.
- -- Increase the driver responsibility fee from \$150 to \$300 (each year for two years) for violations under MCL 257.328 (failure to have insurance or to produce proof of insurance).
- -- Increase the maximum civil fine for violations of MCL 257.328 from \$10 to \$100.
- -- Require the clerk of the court to forward an abstract of the court record to the Secretary of State for misdemeanor convictions of operating a vehicle without insurance under the Insurance Code.

MCL 257.328 et.al.

FISCAL IMPACT

The bill would have an indeterminate impact on the State and local units of government depending upon the number of people who receive citations under MCL 257.328 and, before the appearance date on the citation, produce proof that the motor vehicle was insured at the time of the violation. The Department of State reports that for the time period of 12-28-01 through 12-26-02, there were 171,767 convictions for violations under MCL 257.328(1). Based on that information, and assuming a 100% driver responsibility assessment collection rate, violations of MCL 257.328(1) would generate over \$25.7 million during the first year of collections. Actual collections would depend on the collection rate and the extent to which the fees would impact the number of violations. There are no statewide data on the number of cases in which the individuals cited had insurance at the time of the violation. According to local court administrators, of the individuals who receive citations, approximately 50% provide proof of insurance to the court. If that is correct, and depending on the collection rate of driver responsibility assessments, the impact on the State's driver responsibility assessment revenue should be neutral due to the proposed

increase in the assessment (from \$150 to \$300) for violations under MCL 257.328(1). The State and local units of government would lose civil fine and court cost revenue, depending on the number of individuals who provide proof of insurance. However, local courts and the State would incur administrative savings from not having to process abstracts for approximately 86,000 cases, and receive additional revenue from the proposed increase in the maximum civil fine for convictions (from \$10 to \$100). The State could also receive additional driver responsibility revenue due to the requirement in the bill that local courts transmit to the Secretary of State abstracts of convictions under the Insurance Code related to no proof of insurance.

Fiscal Analyst: Bill Bowerman

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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.