

Legislative Analysis



AMEND VEHICLE CODE TO DIRECT REGISTRATION TRANSFER FEES TO TRANSPORTATION ADMINISTRATION COLLECTION FUND

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4275 (H-1)
Sponsor: Rep. Hoon-Yung Hopgood
Committee: Transportation

Complete to 05-29-07

A SUMMARY OF HOUSE BILL 4275 (H-1) AS REPORTED FROM COMMITTEE 05-29-07

Under current law, revenue from an \$8.00 vehicle registration transfer fee, established in Section 809 of the Michigan Vehicle Code, is credited to the Transportation Administration Collection Fund (TACF) through September 30, 2006; starting October 1, 2006 and through September 30, 2009, the revenue would be credited to the Michigan Transportation Fund (MTF). House Bill 4275 (H-1) would amend the Michigan Vehicle Code to continue the deposit of the fee into the TACF through September 30, 2008. For the period October 1, 2008 through September 30, 2009, fee revenue would again be credited to the MTF.

The H-1 substitute differs from the bill as introduced with regard to the date reference. House Bill 4275, as introduced, would have continued to credit the \$8.00 transfer fee to the TACF through September 30, 2009.

All the TACF service fees established in Sections 801, 806, and 809 of the Michigan Vehicle Code will sunset on September 30, 2009.

House Bill 4275 (H-1) is identical to Senate Bill 211 (H-1) which was reported from the House Committee on Appropriations committee on May 17, 2007.

BACKGROUND INFORMATION:

Under current law, a vehicle owner may transfer registration plates from one vehicle to another vehicle. This is frequently done when trading-in one vehicle to purchase a new vehicle. Section 809 of the Michigan Vehicle Code requires that an \$8.00 registration transfer fee accompany the application for transfer of registration. Under current law this \$8.00 transfer fee is deposited to the TACF through September 30, 2006. House Bill 4275 (H-1) would amend the section to provide for the deposit of this fee into the TACF through September 30, 2008.

The current year General Government appropriation act (Article 7 of 2006 PA 345) assumes that revenue from this fee, as well as revenue from the expedited title transfer fee established in Section 806 of the Michigan Vehicle Code, would continue be deposited to the TACF to support Department of State appropriations.

FISCAL IMPACT:

The registration transfer fee generates approximately \$8.9 million annually. A related bill, Senate Bill 210 (H-1) would amend Section 806 of the Michigan Vehicle Code to provide for the continued deposit of approximately \$1.1 million in expedited title fees to the TACF through September 30, 2008. If these bills are not enacted, there would be a \$10.0 million shortfall in the Department of State's current year budget.

Under current law, the title service fees established in Section 806, the registration service fees established in Section 809, and the additional registration service fees established in Section 801 will all sunset on September 30, 2009.

For additional information on the TACF, see our May 2, 2007 memo "Transportation Administration Collection Fund" available on the House Fiscal Agency website:
<http://www.house.mi.gov/hfa/PDFs/TACF%20history.pdf>

Fiscal Analyst: William E. Hamilton

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