

State Notes

TOPICS OF LEGISLATIVE INTEREST

Fall 2011



Driver Responsibility Fees **By Joe Carrasco, Jr., Fiscal Analyst**

Approximately eight years ago, Michigan enacted Public Act 165 of 2003 to establish "driver responsibility fees", in addition to existing court costs and fees associated with infractions. The Act created two types of financial penalties for driving violations. One type of fee is levied on those who accrue seven or more points on their license within two years, and the other type is given for certain one-time moving violations. It was thought that the legislation would serve the dual purposes of reducing reckless driving and raising funds to support the State budget.

Public Act 165 of 2003 also imposed a \$150 fee on drivers cited for having no proof of insurance, even if they were insured but did not have their paperwork with them. In 2004, the State amended the program to allow such drivers to have the responsibility fee waived if they provided the Court with proof of insurance before the ticket due date. Upon proof of insurance to the Court, the ticket and the responsibility fee are waived. This legislation also increased the fee to \$200 for drivers who did not provide proof of insurance.

This article describes the fees that are imposed, the revenue collected, and proposed legislation that would eliminate the fees on certain violations.

The Fees in Detail

There are two types of driver responsibility fees: point-related fees and fees for specific serious infractions. Both types are imposed for two years; thus, a \$500 fee will result in \$1,000 over two years. The fees are described below.

- If a driver accrues seven or more points, a fee of \$100 will be levied, with an additional \$50 for each additional point. Points remain on a driver license for two years, and fees are levied based on current points on a driver's record. Therefore, any accumulation of seven or more points will result in two years of assessments.
- A fee of \$150, \$200, \$500, or \$1,000 for specific infractions is imposed for two consecutive years:
 - The \$150 fee is imposed for driving with an expired license.
 - The \$200 fee is imposed when an individual is driving while uninsured.
 - The \$500 fee is imposed for more serious infractions, such as driving while impaired by alcohol or a controlled substance.
 - The \$1,000 fee is the highest assessed, and is imposed for the most serious violations, such as operating while intoxicated, hit-and-run violations, fleeing an officer, or seriously wounding or killing someone through negligent or impaired driving.

Revenue

The revenue from driver responsibility fees is almost entirely deposited into the General Fund. Revenue from the fees also goes toward fire prevention programs through a fund created by Public Act 165 of 2003. The Fire Protection Fund (FPF) disburses grants to local fire prevention programs. In each fiscal year, the FPF receives any driver responsibility fee revenue collected in excess of \$65.0 million and up to \$68.5 million, as well as any revenue from \$100.0 million to



\$105.0 million, for a maximum possible deposit of \$8.5 million per year. All other revenue derived from the fees is deposited into the General Fund.

Estimating the exact amount of revenue for any given year based on the number of assessments is difficult. Because fees are assessed over a two-year period, it is impossible to determine whether a fee that is collected is for the first year or the second year of assessment. In addition, fees for prior years are also being collected in any given year. Therefore, the available data regarding the collection of fees reflect a combination of first-year and second-year assessments as well as fees assessed in a number of prior years. Some of the fees collected in a given year may have been originally assessed as far back as the initial year of 2004.

Table 1 below provides information on the amount of fees assessed and collected for each year since the program's inception. One can see from the table that although assessments have declined, the collection rate remains in the mid-50 percent range.

Table 1

Driver Responsibility Fee Assessment and Collection Trends				
Calendar Year	Number Assessed	Assessed Amount	Collections	
			Dollars	Percent of Assessment
2004	263,525	\$92,255,850	\$21,129,270	22.9%
2005	484,775	168,492,600	64,655,317	38.4
2006	546,288	203,655,550	108,951,540	53.5
2007	578,207	225,929,500	120,878,236	53.5
2008	493,089	185,724,600	99,362,661	53.5
2009	421,725	168,822,900	94,540,824	56.0
2010	419,676	166,953,100	93,493,736	56.0
Total to Date	3,207,285	\$1,211,834,100	\$603,011,584	49.8%

Source: Michigan Department of State

Proposed Legislation

Senate Bill 166 (H-8) as passed by the House would amend the Michigan Vehicle Code to prohibit the assessment of certain Driver Responsibility Fees (DRF). The fees that would be eliminated under the House-passed version of the bill include fees for the following:

- Driving without a valid license.
- Failing to produce proof of insurance.
- Failing to have no-fault insurance under the Insurance Code.

Based on first-year assessment data for DRF in calendar year 2010, the bill would result in a loss of DRF revenue of an estimated \$23.6 million annually.

Additionally, the bill would change the distribution of the fees collected such that the first \$8.5 million would be credited to the Fire Protection Fund and all additional funding would be credited to the General Fund.