

Legislative Analysis



DRIVER'S LICENSES, STATE ID CARDS, AND VEHICLE REGISTRATIONS AND SOS BRANCH REOPENINGS

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Senate Bill 507 (S-1) as passed by the Senate
Sponsor: Sen. Kevin Daley

Analysis available at
<http://www.legislature.mi.gov>

Senate Bill 508 as passed by the Senate
Sponsor: Sen. Ruth Johnson

Senate Bill 509 as passed by the Senate
Sponsor: Sen. Curtis S. VanderWall

House Committee: Oversight
Senate Committee: Committee of the Whole
Complete to 6-17-21

BRIEF SUMMARY:

Senate Bill 507 would do the following:

- Extend the period from March 31, 2021, to September 1, 2021, that licenses, registrations, permits, and certifications, that expire on or after March 1, 2020, would be valid. This provision would apply retroactively from April 1, 2021.
- Prohibit the assessment of late fees for registrations until *adequate in-person services* are provided by the secretary of state (SOS).
- Require a report by the SOS to legislative leaders detailing the plan to reopen all SOS branches to the general public without requiring an appointment.

Senate Bill 508 would extend the time period within which an enhanced driver license or enhanced state ID could be renewed without being assessed a late fee and also prohibit the assessment of late fees until *adequate in-person services* are provided in all SOS branch offices. The bill's provisions would be retroactively applied to April 1, 2021.

Senate Bill 509 would extend the period for which an expired official personal ID card would be valid and a renewal for the card treated as a renewal for a valid, rather than expired card. The bill's provisions would be retroactively applied to April 1, 2021.

DETAILED SUMMARY:

Senate Bill 507 would amend the Michigan Vehicle Code to provide that an operator's or chauffeur's license that expires on or after March 1, 2020, is valid until September 30, 2021. The extended expiration date provisions would be retroactive to April 1, 2021.

Other licenses, certificates, and permits

The following licenses, certificates, and permits that expire on or after March 1, 2020, would also be valid until September 30, 2021:

- A temporary driver education certificate.
- A temporary instruction permit issued to someone 18 years old or older.
- A graduated driver license issued to someone under 18 years old.

- A motorcycle temporary instruction permit.

Commercial licenses, certifications, and endorsements

Additionally, the following commercial licenses, certifications, and endorsements that expire on or after March 1, 2020, would be valid until September 30, 2021:

- A commercial learner's permit. Beginning October 1, 2021, a commercial learner's permit would be valid for one year from the date of issuance.
- A commercial driver license.
- Medical certification for license holders with a group designation required under 49 CFR 391.45. (However, the extension would not apply to a certification that was not valid before March 1, 2020, or to a person who, since his or her last medical certificate, has been diagnosed with a medical condition that would disqualify him or her from operating a commercial vehicle or has developed a condition requiring an exemption or skill performance evaluation from the Federal Motor Carrier Safety Administration.)

Additionally, pursuant to a federal waiver, the bill would waive, from July 1, 2020, to August 31, 2021, or any extension of that waiver issued after that date, certain medical certification requirements applicable to vehicle group designations or endorsements under section 312f of the act.

Registrations

A registration issued to a motor vehicle, recreational vehicle, trailer, semitrailer, or pole trailer that expires on or after March 1, 2020, would be valid until September 30, 2021. This would include registrations for those vehicles that are used for commercial purposes and commercial registrations issued under the International Registration Plan. A registration for a motorcycle that expires on or after March 1, 2020, would also be valid until September 30, 2021.

A person operating a vehicle with a registration expiring on or after March 1, 2020, would not be in violation of provisions requiring vehicles to be registered when operated on a street or highway if the registration were renewed on or before September 30, 2021.

Late fees

Late fees could not be assessed on vehicles whose registrations expire on or after March 1, 2020, but are renewed before September 30, 2021.

Adequate in-person services

Notwithstanding any other provision of Chapter VII (Registration Fees) of the code, if, on the bill's effective date, the SOS did not provide *adequate in-person services*, a late renewal fee could not be assessed until adequate in-person services were resumed.

Adequate in-person services would mean a minimum of eight hours of in-person services, without the requirement of an appointment, on each day a SOS branch office is open for services in the state.

Report on reopening

The bill would add a new section to the code to require the SOS to provide a written report to the Senate Majority Leader, Speaker of the House of Representatives, and chairpersons of the Senate and House appropriations committees within 30 days after the bill's effective date. The report would have to detail the department's plan to reopen all SOS branches to the general public for in-person services without requiring an appointment. The written report would have to include at least all of the following:

- Number of staff returning to in-person work.
- Manner in which SOS will transition returning staff to in-person work.
- Manner in which SOS will notify members of the public that SOS branches are open for in-person services, without a requirement for an appointment.
- How customers who had been unable to renew essential documents beginning March 25, 2020, due to branch closures and appointment-only policy will be prioritized.
- SOS's plans to ensure the safety of staff and customers in reopened SOS branches.
- Details on hours of operation for reopened SOS branches.
- How kiosks and other automated services will be utilized at reopened branches.

MCL 257.216 et seq.

Senate Bill 508 would amend the Enhanced Driver License and Enhanced Official State Personal Identification Card Act to provide that an enhanced driver license or enhanced state ID card that expires on or after March 1, 2020, would be considered valid until September 30, 2021 (extended from March 31, 2021). The period for which an application to renew an enhanced driver license or enhanced state ID that expires on or after March 1, 2020, but before March 31, 2021, is processed as a renewal (rather than as an initial license or ID card, which carries a higher fee) would be extended to September 30, 2021. In addition, a late renewal fee could not be assessed for an enhanced driver license or enhanced ID card that expires on or after March 1, 2020, and is renewed before September 30, 2021.

However, notwithstanding any other provisions of the act, if on the bill's effective date the SOS does not provide *adequate in-person services*, a late renewal fee could not be assessed until adequate in-person services were resumed.

Adequate in-person services would mean a minimum of 25 hours a week of in-person services, without the requirement of an appointment or preregistration, provided on a consistent basis in all SOS branches in the state.

The bill would apply retroactively to April 1, 2021.

MCL 28.304 and 28.306

Senate Bill 509 would amend 1972 PA 222, which provides for an official personal identification card, to extend the period for which a late fee would not be charged for renewing the ID card. Currently, this applies to a card that expires on or after March 1,

2020. and is renewed before March 31, 2021. The bill would extend the renewal period to September 31, 2021. A personal ID card expiring on or after March 1, 2020. would be considered valid until September 31, 2021 (extended from March 31, 2021), and a renewal for an ID card that expires after March 1, 2020. for which the application was made before September 31, 2021. would be processed as a renewal of an existing card (rather than as an expired card).

The bill would apply retroactively to April 1, 2021.

MCL 28.292

The bills are tie-barred to each other, which means that none of them could take effect unless all of them were enacted.

FISCAL IMPACT:

Senate Bills 507, 508, and 509 would lead to a reduction of state restricted revenue to the Department of State in fiscal year (FY) 2020-21 from an anticipated reduction of renewals of licenses, registrations, permits, and certifications and their related transaction fees. Most revenue deferred in FY 2020-21 from extended renewal dates would likely be collected later in FY 2021-22. However, it is not known if all deferred revenue would be collected after September 31, 2021, potentially resulting in an indeterminate one-time net reduction in revenue. Revenue from renewals and transaction fees are deposited into the Transportation Administration Collection Fund (TACF), Personal Identification Card Fees Fund, and Enhanced Driver License and Enhanced Official State Personal Identification Card Fund, which supports SOS driver and vehicle services.

All revenue collections deferred from prior extended due dates in 2020 and 2021 have not yet been collected following the current passed deadline extension of March 31, 2021. It is not yet known if uncollected fees are outstanding due to a backlog of appointments and transactions at SOS branch offices or if some individuals have decided to forgo renewing certain licenses, registrations, permits, or certificates, leading to a net reduction of transaction fee revenue. Revenue to the TACF in FY 2020-21 as of May 2021 is \$12.7 million below the amount it was in May of FY 2018-19, the most recent FY prior to pandemic-related service changes and renewal waivers.

The TACF is currently projected to run a revenue shortfall of between \$1.0 and \$10.0 million in FY 2020-21, depending on how much outstanding revenue is collected from the existing backlog or renewal transactions. SB 256 would transfer \$18.0 million from the Comprehensive Transportation Fund to the TACF to offset the revenue shortfall in the current and next FY. If SB 256 is not enacted, the bill's reduction of renewal fee revenue in FY 2020-21 would likely add to the current projected shortfall and could require additional funding being appropriated to the Department of State to support operational expenses or the achievement of significant cost savings.

The bills would also lead to a reduction of revenue to the state general fund from a reduction in the assessment of late fees for registrations and license renewals from both the renewal deadline extension and the provision in SB 507 to prohibit late fees if the Department of State does not restore its pre-pandemic full-time services and service hours. In FY 2018-19 the department collected \$11.6 million in registration late fees and \$1.8 million in driver license renewal late fees. In FY 2019-20, when renewal deadlines were first waived in March 2020, late fees fell to \$5.6 million for registration late fees. Data on driver license renewal late fees in FY 2019-20 had not been updated from available reports at the time of this analysis.

Revenue collected from late fees on vehicle registrations are deposited into the state's general fund. Renewal and late fee revenue associated with driver's licenses and state personal identification cards is allocated to the state's general fund, counties and municipalities, the Traffic Law Enforcement and Safety Fund, the Transportation Economic Development Fund, and the Enhanced Driver License and Enhanced Official State Personal Identification Card Fund.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.