



STATE OF MICHIGAN  
**DEPARTMENT OF TRANSPORTATION**  
LANSING

RICK SNYDER  
GOVERNOR

KIRK T. STEUDLE  
DIRECTOR

March 31, 2017

Governor Snyder and Members of the Legislature:

We are pleased to present the first annual report of the Council on Future Mobility in accordance with the requirements of Public Act No. 332 of 2016.

Passage of this act, and the appointment of the council places Michigan at the forefront of states with proactive legislation and a process for identifying and recommending significant policy changes fostering the development of autonomous and connected vehicle technology and ways to enhance personal mobility.

Most importantly, this will help serve the people of Michigan through safer travel, better and more inclusive mobility, and corresponding economic vitality.

The Council on Future Mobility has members representing different points of view, but a shared vision for serving the state and becoming a national thought leader for these important and changing technologies.

This first annual report will be followed by other annual reports and interim reports on a range of specific, mobility topics.

We trust you will find this initial statement of the council to be useful and the first of many contributions to important deliberations and policy developments.

Respectfully submitted,

Kirk T. Steudle  
Director, Michigan Department of Transportation  
Co-Chair, Council on Future Mobility

John R. Peracchio  
Peracchio & Company, LLC  
Co-Chair, Council on Future Mobility

Enclosure

cc: Council on Future Mobility Members

## MICHIGAN COUNCIL ON FUTURE MOBILITY

*“The Michigan council on future mobility is created within the state transportation department. The council shall provide to the governor, legislature, department, state transportation department, department of insurance and financial services, department of technology, management and budget, and department of state police recommendations for changes in state policy to ensure that this state continues to be the world leader in autonomous, driverless, and connected vehicle technology.”* Section 665(6) of Public Act No. 332 of 2016

### THIS ANNUAL REPORT

*“The council created under subsection (6) shall submit recommendations for statewide policy changes and updates no later than March 31, 2017 and shall continue to make recommendations annually thereafter, or more frequently in the council’s discretion.”* Section 665(8) of Public Act No. 332 of 2016

Because of the brief time since the law’s enactment and appointment of council members, this first annual report will serve as an outline for the council’s future work.

### THE BACKGROUND

In March 2017, the outlook for automated motor vehicles in Michigan is characterized by the following:

- Strategic activity from in-state vehicle manufacturers, parts suppliers, software developers and other entities.
- Interest from out-of-state domestic and international market participants and developers in considering Michigan as a site for research and development.
- Prominent location along an international trade corridor and excellent relations with Canadian units of government at multiple levels and businesses.
- Strong competition from other states in the USA and other nations seeking to be a focal point for such research and development.
- Creation of leading sites of research such as Mcity at the University of Michigan and the American Center for Mobility.
- Strong research presence at state institutions of higher learning independently and in partnership with key private sector entities.
- Active involvement of state and academic officials in national forums and organizations on autonomy and connected vehicle technology.
- Leading state in vehicle to infrastructure research and development.
- Favorable state policy framework to promote research.
- Good partnerships among the state, private sector participants, and key local agencies.
- Strong support from state legislative and executive branches.
- Awaiting federal direction on a range of key issues.

- Competing with other public and private entities for federal funding for testing and development.
- Challenges affecting important public assets as identified by the recent 21<sup>st</sup> Century Infrastructure Commission report prepared for Governor Snyder.

## **PRINCIPLES FOR RECOMMENDATIONS**

As the Michigan Council on Future Mobility begins its role of making policy recommendations, key guiding principles will be:

- State policies should be focused on traditional roles for individual states regarding regulation of drivers and the use of vehicles, but should not stray into roles preempted by the federal government.
- Michigan should adopt policies that promote the development of related technologies responsibly and avoid policies which seek to address a parochial interest or need, but have the effect of making this state a regulatory island.
- Michigan should actively advise the National Highway Traffic Safety Administration of the Michigan perspective on national rule-making and seek to bring the expertise and insights of state experts to that federal policy level.
- Policy recommendations should respect collaboration with local officials, agencies and units of government and develop strong relationships among levels of government so that the views of one level are known to the others.
- Policy recommendations should always promote the goals of improving traffic safety, advancing vehicle connectivity, and enhancing personal mobility for Michigan residents.

## **THE IMMEDIATE NEEDS**

Specific steps can be taken even in advance of enacting new legislation:

- Review current provisions of the Michigan Vehicle Code with the goal of determining whether they need to be amended to address a traffic environment with vehicles equipped with a range of automated driving feature sets and connectivity.
- Develop a strategy for educating law enforcement and first responders on practical issues associated with enforcing laws which will accommodate the testing and deployment of automated and connected motor vehicles.
- Review current laws regarding transit and shared ride services to reduce conflicts with development and testing of new, automated services.
- Consider recommending practical actions of state agencies to facilitate the development and testing of automated driving system(s) and automated motor vehicle(s) as defined in Public Act 332 of 2016, and to offer consistent guidance to entrepreneurs and service providers seeking to bring new services and mobility options to the public.
- Support implementation of the 21<sup>st</sup> Century Infrastructure Commission recommendations for the establishment of a regional infrastructure pilot and its ongoing work with supporting emerging technologies.

## **SPECIFIC RECOMMENDATIONS**

The Michigan Council on Future Mobility will apply the principles above as it examines the following topics with a view toward specific recommendations.

### **CYBER SECURITY**

Awareness of the growing potential of automated motor vehicle travel comes at the same time as awareness of threats, acts of terror, and crimes involving the Internet, computers, and personal identity theft. In the mind of the general public, development of the new technology must be accompanied by strong protections for public safety and strong sanctions against misdeeds and mayhem. The most effective efforts will be taken at the national and international levels. Even so, Michigan political leaders can consider specific policies to obviate cyber security threats at the state level.

### **LIABILITY AND INSURANCE**

An overarching goal of developing this technology is to reduce accidents and injuries. Such a trend would presumably reduce or transfer insurance costs. Michigan's system of no-fault insurance may be better suited than other systems to accommodate this new technology and its consequences. To manage risk and liability, there are practical issues that need to be reviewed and changes made to state insurance laws to ensure consumers, agents, and underwriters alike can be fully prepared to welcome these vehicles and their advances.

### **MULTI-MODAL TECHNOLOGY APPLICATIONS**

The rapid development of technology is challenging the traditional definition of mobility and the standard divisions among modes of travel. Terms like "driver," "operator," and "passenger" are becoming more fluid, and the concept of travel is becoming more general rather than specific to one mode. As a matter of state policy, there is a need to ensure the modes and means of travel are more compatible to and complimentary with the end goal of enhancing personal mobility. A review of these linkages can hopefully identify policies that reduce barriers to ease of mobility.

### **ONGOING AND FUTURE AREAS OF INTEREST**

**TALENT:** Education of new and emerging talent and attraction and retention of key, existing talent are vital for long-term leadership in the development of autonomous and connected technology.

**ACCESS:** Advances in mobility technology offer an opportunity for bringing marginalized groups and individuals into the mainstream of mobility and community. Deliberate efforts are necessary to realize this potential to assist our diverse and vulnerable travelers.

**IMPACT:** These technologies will affect society beyond the impact on a particular industry. Changes in society, such as the impact on certain occupations or practices, should be examined carefully along with opportunities to redirect human resources and mitigate negative impacts.

## THE PLAN

The Michigan Council on Future Mobility intends to supplement this first annual report with a deeper review of one or more of the topics above and to produce an interim report in the summer of 2017 with additional recommendations.

## THE COUNCIL ON FUTURE MOBILITY

- Kirk Steudle - Council Co-Chairman & Director, Michigan Department of Transportation
- John Peracchio - Council Co-Chairman & Managing Member, Peracchio & Company, LLC
- Steve Arwood - CEO, Michigan Economic Development Corporation
- Stephen Buckley - Senior Technical Fellow/Senior Manager, Electrical Engineering, FCA US LLC
- David Bulkowski - Executive Director, Disability Advocates of Kent County
- Mark Davidoff - Managing Partner, Deloitte, LLP
- Eric DeLong - Deputy City Manager, City of Grand Rapids
- Ryan Eustice - Vice President, Autonomous Driving, Toyota Research Institute; Associate Professor, University of Michigan
- Emily Frascaroli - Counsel, Ford Motor Company; Lecturer, University of Michigan Law School
- John James - President, Renaissance Global Logistics & James Group International
- Amy Mass - Vice President & Counsel, The Hanover Insurance Group/Citizens Insurance
- Jeremy McClain - Director, Systems & Technology, Continental Automotive Systems Inc.
- Gary Smyth - Executive Director, Global R&D Laboratories for General Motors Company, Global Research & Development
- David Behen - Director, Michigan Department of Technology, Management & Budget
- Lt. Col. Richard Arnold - Deputy Director, Michigan State Police (Designee of Michigan State Police Director Col. Kriste Etue)
- Representative Kevin Hertel - Appointed by the Michigan Speaker of the House
- Representative Michele Hoytenga - Appointed by the Michigan Speaker of the House
- Senator Mike Kowall - Appointed by the Michigan Senate Majority Leader
- Pat McPharlin - Director, Michigan Department of Insurance & Financial Services
- Michael Senyko - Chief of Staff, Department of State (Designee of Michigan Secretary of State Ruth Johnson)
- Senator Rebekah Warren - Appointed by the Michigan Senate Majority Leader