PART 1: INTRODUCTION

Under the Administrative Procedures Act (APA), 1969 PA 306, the agency that has the statutory authority to promulgate the rules must complete and submit this form electronically to the Office of Regulatory Reinvention (ORR) at orr@michigan.gov no less than 28 days before the public hearing.

1. Agency Information

| Agency name: | Department of Transportation |
| Division/Bureau/Office: | The Office of Passenger Transportation |
| Name, title, phone number, and e-mail of person completing this form: | Jean Ruestman, Manger RuestmanJ@michigan.gov, 517-373-6625 |
| Name of Departmental Regulatory Affairs Officer reviewing this form: | Troy Hagon, hagont@michigan.gov, 517-373-4860 |

2. Rule Set Information

| ORR assigned rule set number: | 2018-010 TP |
| Title of proposed rule set: | Motor Bus Transportation Rules |

PART 2: KEY SECTIONS OF THE APA

24.207a “Small business” defined.
Sec. 7a. “Small business” means a business concern incorporated or doing business in this state, including the affiliates of the business concern, which is independently owned and operated, and which employs fewer than 250 full-time employees or which has gross annual sales of less than $6,000,000.00.

24.240 Reducing disproportionate economic impact of rule on small business; applicability of section and MCL 24.245(3).
Sec. 40. (1) When an agency proposes to adopt a rule that will apply to a small business and the rule will have a disproportionate impact on small businesses because of the size of those businesses, the agency shall consider exempting small businesses and, if not exempted, the agency proposing to adopt the rule shall reduce the economic impact of the rule on small businesses by doing all of the following when it is lawful and feasible in meeting the objectives of the act authorizing the promulgation of the rule:
(a) Identify and estimate the number of small businesses affected by the proposed rule and its probable effect on small businesses.
(b) Establish differing compliance or reporting requirements or timetables for small businesses under the rule after projecting the required reporting, record-keeping, and other administrative costs.
(c) Consolidate, simplify, or eliminate the compliance and reporting requirements for small businesses under the rule and identify the skills necessary to comply with the reporting requirements.
(d) Establish performance standards to replace design or operational standards required in the proposed rule.
(2) The factors described in subsection (1)(a) to (d) shall be specifically addressed in the small business impact statement required under section 45.
(3) In reducing the disproportionate economic impact on small business of a rule as provided in subsection (1), an agency shall use the following classifications of small business:
   (a) 0-9 full-time employees.
   (b) 10-49 full-time employees.
   (c) 50-249 full-time employees.
   (4) For purposes of subsection (3), an agency may include a small business with a greater number of full-time employees in a classification that applies to a business with fewer full-time employees.
   (5) This section and section 45(3) do not apply to a rule that is required by federal law and that an agency promulgates without imposing standards more stringent than those required by the federal law.

MCL 24.245 (3) Except for a rule promulgated under sections 33, 44, and 48, the agency shall prepare and include with the notice of transmittal a regulatory impact statement which shall contain specific information (information requested on the following pages).

[Note: Additional questions have been added to these statutorily-required questions to satisfy the cost-benefit analysis requirements of Executive Order 2011-5].

MCL 24.245b Information to be posted on office of regulatory reinvention website.
Sec. 45b. (1) The office of regulatory reinvention shall post the following on its website within 2 business days after transmittal pursuant to section 45:
   (a) The regulatory impact statement required under section 45(3).
   (b) Instructions on any existing administrative remedies or appeals available to the public.
   (c) Instructions regarding the method of complying with the rules, if available.
   (d) Any rules filed with the secretary of state and the effective date of those rules.
   (2) The office of regulatory reinvention shall facilitate linking the information posted under subsection (1) to the department or agency website.

PART 3: AGENCY RESPONSE

Please provide the required information using complete sentences. Do not answer any question with “N/A” or “none.”

Comparison of Rule(s) to Federal/State/Association Standards:

1. Compare the proposed rule(s) to parallel federal rules or standards set by a state or national licensing agency or accreditation association, if any exist.

   Proposed Rule 2 confirms two federal statues, 49 USC 13902(b)(3) and 49 USC 14501 (a)(1)(A). No other proposed rules compare to parallel federal rules or standards set by a state or national licensing agency or accreditation association.

   A. Are these rule(s) required by state law or federal mandate?
      The rules are not required by either state law or federal mandate.

   B. If these rule(s) exceed a federal standard, identify the federal standard or citation, describe why it is necessary that the proposed rule(s) exceed the federal standard or law, and specify the costs and benefits arising out of the deviation.
      These rules do not exceed any federal standards.

2. Compare the proposed rule(s) to standards in similarly situated states, based on geographic location, topography, natural resources, commonalities, or economic similarities.

   No similar standards in similarly situated states were located.
A. If the rule(s) exceed standards in those states, explain why and specify the costs and benefits arising out of the deviation.

No similar standards in similarly situated states were located. These rules do not add additional costs to the businesses impacted. The rules, however, provide benefits to these businesses by clearly explaining the requirements contained within the Public Act 432 of 1982, as amended.

3. Identify any laws, rules, and other legal requirements that may duplicate, overlap, or conflict with the proposed rule(s).

No other laws, rules or other legal requirements duplicate, overlap or conflict with the proposed rules.

A. Explain how the rule has been coordinated, to the extent practicable, with other federal, state, and local laws applicable to the same activity or subject matter. This section should include a discussion of the efforts undertaken by the agency to avoid or minimize duplication.

The rules do not impact other federal, state and local laws. The rules present no duplication with other federal, state and local laws.

Purpose and Objectives of the Rule(s):

4. Identify the behavior and frequency of behavior that the proposed rule(s) are designed to alter.

The proposed rules clarify the requirements for a for-hire commercial passenger vehicle carrying 9 or more passengers, including the driver.

A. Estimate the change in the frequency of the targeted behavior expected from the proposed rule(s).

There will be no change in the frequency of the targeted behavior expected from the proposed rule.

B. Describe the difference between current behavior/practice and desired behavior/practice.

There is no difference between the current behavior / practice and the desired behavior / practice.

C. What is the desired outcome?

The desired outcome of these rules is a better understanding of the requirements by businesses impacted by PA 432 of 1982, as amended.

5. Identify the harm resulting from the behavior that the proposed rule(s) are designed to alter and the likelihood that the harm will occur in the absence of the rule.

The safety of passengers and motorists on Michigan’s roadways. Without understanding the requirements contained within PA 432 of 1982, as amended, carriers may transport passengers in unsafe vehicles.

A. What is the rationale for changing the rule(s) instead of leaving them as currently written?

To promote passenger safety through the clarification of the requirements contained within the revised version of PA 432 of 1982, as amended, approved in 2017.

6. Describe how the proposed rule(s) protect the health, safety, and welfare of Michigan citizens while promoting a regulatory environment in Michigan that is the least burdensome alternative for those required to comply.

The rules clarify the requirements for the businesses regulated under PA 432 of 1982, as amended. Businesses impacted by changes may not understand and adhere to the new requirements, resulting in the health and safety of passengers being placed in jeopardy.

7. Describe any rules in the affected rule set that are obsolete or unnecessary and can be rescinded.

Revised: December 27, 2017
These rules are all new and no rules are obsolete, unnecessary or can be rescinded.

**Fiscal Impact on the Agency:**

Fiscal impact is an increase or decrease in expenditures from the current level of expenditures, i.e. hiring additional staff, higher contract costs, programming costs, changes in reimbursement rates, etc. over and above what is currently expended for that function. It does not include more intangible costs or benefits, such as opportunity costs, the value of time saved or lost, etc., unless those issues result in a measurable impact on expenditures.

8. Describe the fiscal impact on the agency (an estimate of the cost of rule imposition or potential savings).

| The implementation of these rules will have no fiscal impact on the agency. They are a clarification of the requirements. |

9. Describe whether or not an agency appropriation has been made or a funding source provided for any expenditures associated with the proposed rule(s).

| There will be no additional expenditures associated with the proposed rules. No agency appropriation has been made or funding source provided. |

10. Describe how the proposed rule(s) is necessary and suitable to accomplish its purpose, in relationship to the burden(s) it places on individuals. Burdens may include fiscal or administrative burdens, or duplicative acts.

| The proposed rule is necessary to allow both the businesses impacted and MDOT to operate consistently in the administration of the requirements contained within PA 432 of 1982, as amended. There will be no fiscal burdens placed on MDOT or businesses impacted by these rules. |

| A. Despite the identified burden(s), identify how the requirements in the rule(s) are still needed and reasonable compared to the burdens.

| There will be no fiscal burdens placed on MDOT or businesses impacted by these rules. The rules are needed to allow both the businesses impacted and MDOT to operated consistently in the administration of the requirements contained within PA 432 of 1982, as amended. |

**Impact on Other State or Local Governmental Units:**

11. Estimate any increase or decrease in revenues to other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Estimate the cost increases or reductions for such other state or local governmental units as a result of the rule. Include the cost of equipment, supplies, labor, and increased administrative costs in both the initial imposition of the rule and any ongoing monitoring.

| There will be no increase or decrease in revenues to other state or local governmental units as a result of the rule. There will be no cost increase or reduction for equipment, supplies, labor or administrative labor for other state or local governmental units as a result of this rule. |

| A. Estimate the cost increases or reductions for other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Include the cost of equipment, supplies, labor, and increased administrative costs in both the initial imposition of the rule and any ongoing monitoring. 

| There will be no cost increase or reduction for equipment, supplies, labor or administrative labor for other state or local governmental units as a result of this rule. |

12. Discuss any program, service, duty or responsibility imposed upon any city, county, town, village, or school district by the rule(s).

| No program, service, duty or responsibility of a city, county, town, village or school district will be impacted by this rule. |
A. Describe any actions that governmental units must take to be in compliance with the rule(s). This section should include items such as record keeping and reporting requirements or changing operational practices.

No actions will be required by any governmental units to be in compliance of this rule.

13. Describe whether or not an appropriation to state or local governmental units has been made or a funding source provided for any additional expenditures associated with the proposed rule(s).

No appropriation or funding source has been made, nor is needed to provide state or local governmental units with additional funding.

Rural Impact:

14. In general, what impact will the rule(s) have on rural areas?

The rules clarify the requirements contained within PA 432 of 1982, as amended.

A. Describe the types of public or private interests in rural areas that will be affected by the rule(s).

Only private for-hire commercial passenger carriers will be impacted by the rules.

Environmental Impact:

15. Do the proposed rule(s) have any impact on the environment? If yes, please explain.

The proposed rules have no impact upon the environment.

Small Business Impact Statement:

16. Describe whether and how the agency considered exempting small businesses from the proposed rule(s).

Public Act 432 of 1982, as amended, does not allow exemptions, therefore no exemptions were considered.

17. If small businesses are not exempt, describe (a) how the agency reduced the economic impact of the proposed rule(s) on small businesses, including a detailed recitation of the efforts of the agency to comply with the mandate to reduce the disproportionate impact of the rule(s) upon small businesses as described below, per MCL 24.240(1)(a)-(d), or (b) the reasons such a reduction was not lawful or feasible.

There are no economic impacts to any sized business with the adoption of these rules.

A. Identify and estimate the number of small businesses affected by the proposed rule(s) and the probable effect on small business.

265 small business will be affected with minimal effect on small businesses.

B. Describe how the agency established differing compliance or reporting requirements or timetables for small businesses under the rule after projecting the required reporting, record-keeping, and other administrative costs.

The agency did not change any requirements for small businesses under the rule.

C. Describe how the agency consolidated or simplified the compliance and reporting requirements for small businesses and identify the skills necessary to comply with the reporting requirements.

The agency did not consolidate or simplify the rules for small business, there are no reporting requirements.

D. Describe how the agency established performance standards to replace design or operation standards required by the proposed rule(s).
The agency did not establish performance standards to replace design or operation standards required by the proposed rule(s).

18. Identify any disproportionate impact the proposed rule(s) may have on small businesses because of their size or geographic location.
   There will be no disproportionate impact on small businesses because of their size or geographic location.

19. Identify the nature of any report and the estimated cost of its preparation by small businesses required to comply with the proposed rule(s).
   There will be no reporting or additional costs to prepare reports by small businesses.

20. Analyze the costs of compliance for all small businesses affected by the proposed rule(s), including costs of equipment, supplies, labor, and increased administrative costs.
   The costs of compliance for all small businesses affected by the proposed rule(s), including costs of equipment, supplies, labor, and increased administrative costs will be $0.

21. Identify the nature and estimated cost of any legal, consulting, or accounting services that small businesses would incur in complying with the proposed rule(s).
   The nature and estimated cost of any legal, consulting, or accounting services that small businesses would incur in complying with the proposed rule(s) will be $0.

22. Estimate the ability of small businesses to absorb the costs without suffering economic harm and without adversely affecting competition in the marketplace.
   The ability of small businesses to absorb the costs without suffering economic harm and without adversely affecting competition in the marketplace will not be impacted.

23. Estimate the cost, if any, to the agency of administering or enforcing a rule that exempts or sets lesser standards for compliance by small businesses.
   The cost to the agency of administering or enforcing a rule that exempts or sets lesser standards for compliance by small businesses will be $0.

24. Identify the impact on the public interest of exempting or setting lesser standards of compliance for small businesses.
   The impact on the public interest of exempting or setting lesser standards of compliance for small businesses will be zero.

25. Describe whether and how the agency has involved small businesses in the development of the proposed rule(s).
   The agency has not involved small businesses in the development of the proposed rule(s).

   A. If small businesses were involved in the development of the rule(s), please identify the business(es).
      The agency has not involved small businesses in the development of the proposed rule(s).

Cost-Benefit Analysis of Rules (independent of statutory impact):

26. Estimate the actual statewide compliance costs of the rule amendments on businesses or groups.
   There will be no additional statewide compliance costs on businesses or groups.

   A. Identify the businesses or groups who will be directly affected by, bear the cost of, or directly benefit from the proposed rule(s).
There will be no businesses or groups who will be directly affected by, bear the cost of, or directly benefit from the proposed rule(s).

B. What additional costs will be imposed on businesses and other groups as a result of these proposed rules (i.e. new equipment, supplies, labor, accounting, or recordkeeping)? Identify the types and number of businesses and groups. Be sure to quantify how each entity will be affected.

No additional costs will be imposed on businesses and other groups as a result of these proposed rules (i.e. new equipment, supplies, labor, accounting, or recordkeeping).

27. Estimate the actual statewide compliance costs of the proposed rule(s) on individuals (regulated individuals or the public). Include the costs of education, training, application fees, examination fees, license fees, new equipment, supplies, labor, accounting, or recordkeeping.

The actual statewide compliance costs of the proposed rule(s) on individuals (regulated individuals or the public) will be $0.

A. How many and what category of individuals will be affected by the rules?

265 for-hire commercial passenger carriers will be impacted by the rule.

B. What qualitative and quantitative impact does the proposed change in rule(s) have on these individuals?

The rule has no qualitative and quantitative impact on these individuals.

28. Quantify any cost reductions to businesses, individuals, groups of individuals, or governmental units as a result of the proposed rule(s).

There will be no cost reductions to businesses, individuals, groups of individuals, or governmental units as a result of the proposed rule(s).

29. Estimate the primary and direct benefits and any secondary or indirect benefits of the proposed rule(s). Provide both quantitative and qualitative information, as well as your assumptions.

Carriers may experience small cost benefits by having a full understanding of the law and MDOT’s inspections process and not incurring late fees or loss of their authority to operate. These benefits will range from $100 - $500.

30. Explain how the proposed rule(s) will impact business growth and job creation (or elimination) in Michigan.

The rules will have no impact upon business growth or job creation.

31. Identify any individuals or businesses who will be disproportionately affected by the rules as a result of their industrial sector, segment of the public, business size, or geographic location.

The rules will not disproportionately impact any individual or small business.

32. Identify the sources the agency relied upon in compiling the regulatory impact statement, including the methodology utilized in determining the existence and extent of the impact of a proposed rule(s) and a cost-benefit analysis of the proposed rule(s).

Public Act 432 of 1982, as amended, combined with the experience of personnel within the Office of Passenger Transportation were relied upon when creating the regulatory impact statement. There is no economic impact, therefore no cost analysis was completed.

A. How were estimates made, and what were your assumptions? Include internal and external sources, published reports, information provided by associations or organizations, etc., which demonstrate a need for the proposed rule(s).

Estimates and assumptions were made by reviewing PA 432 of 1982, as amended, and data received from the Office of Passenger Transportations Bus and Limousine Regulatory
Information System. Ambiguity of some language in PA 432 of 1982, as amended, demonstrated the need for clarification in the form of administrative rules.

**Alternatives to Regulation:**

33. Identify any reasonable alternatives to the proposed rule(s) that would achieve the same or similar goals. Include any statutory amendments that may be necessary to achieve such alternatives.

   No reasonable alternatives to the rule would achieve the same or similar goals.

   **A.** In enumerating your alternatives, include any statutory amendments that may be necessary to achieve such alternatives.

   No reasonable alternatives to the rule would achieve the same or similar goals.

34. Discuss the feasibility of establishing a regulatory program similar to that in the proposed rule(s) that would operate through private market-based mechanisms. Include a discussion of private market-based systems utilized by other states.

   The proposed rules are informational only, they clarify the requirements contained within PA 432 of 1982, as amended.

35. Discuss all significant alternatives the agency considered during rule development and why they were not incorporated into the rule(s). This section should include ideas considered both during internal discussions and discussions with stakeholders, affected parties, or advisory groups.

   Administrative rules clarify the requirements of PA 432 of 1982, as amended. They do not add additional burden to carriers.

**Additional Information:**

36. As required by MCL 24.245b(1)(c), describe any instructions on complying with the rule(s), if applicable.

   Administrative rules clarify the requirements of PA 432 of 1982, as amended.

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↓ To be completed by the ORR ↓

PART 4: REVIEW BY THE ORR

Date RISCBA received: 3-22-2018

Date RISCBA approved: 4/2/18

Date of disapproval: 

Explanation: 

Revised: December 27, 2017

MCL 24.245(3)