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SFA

BILL ANALYSIS

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Senate Bill 941 (as introduced 2-25-98)
Sponsor: Senator Bill Bullard, Jr.
Committee: Transportation and Tourism

Date Completed: 3-25-98

CONTENT

The bill would amend the Michigan Vehicle Code to:

- Prohibit a dealer from charging a purchaser of a vehicle more than the dealer had been charged by the Secretary of State for a temporary plate or marker.
- Specify that a dealer license would entitle a dealer to conduct at another business in the State the wholesale buying, selling, or dealing in vehicles.
- Establish a December 31 expiration date for a dealer license and permit a license to be renewed for up to four years.
- Require a seller's statement to a vehicle buyer to include the amount charged for a temporary registration plate.
- Revise the registration fee for vehicles with a list price of more than \$30,000.
- Establish a multiple year license and fee for vehicle dealers as well as used vehicle parts dealers, automotive recyclers, and foreign salvage vehicle dealers.

Temporary Plates, Markers

Currently, temporary registration plates or markers may be issued to licensed vehicle dealers and persons who sell vessels required to be numbered under Part 801 (Marine Safety) of the Natural Resources and Environmental Protection Act, upon application accompanied by the proper fee, for use by vehicle purchasers, for up to 15 days pending receipt of regular registration plates. Only one temporary plate or marker may be issued to a vehicle purchaser.

Under the bill, if a dealer or person required a purchaser of a vehicle or vessel to pay for a temporary plate or marker, the dealer or person could not charge the purchaser more than the dealer or person had been charged by the Secretary of State for the individual plate or marker.

Vehicle Dealer Licenses

The Code currently includes dealer licensing provisions that prohibit a person from buying, selling, brokering, or dealing in titled vehicles without a license; require a license application to contain specified information; and, require a person to apply for separate licenses for each county in which a business is to be conducted. The Code specifies that a dealer license entitles a dealer to conduct in the county covered by the license the business of buying, selling, and dealing in vehicles or salvageable parts. The bill would delete a provision that exempts from the above provisions persons who are licensed as foreign salvage vehicle dealers. The bill also would add that a dealer license would entitle the dealer to conduct at any other established place of business in the State only the business of buying, selling, or dealing in vehicles at wholesale.

Under the bill, a dealer license would expire on December 31 of the last year for which the license was issued. The Secretary of State could renew a license for up to four years upon application and payment of the required fee.

Vehicle Dealer's Records

The Code requires a seller, within 20 days after the delivery of a vehicle, to deliver to the buyer a form prescribed by the Secretary of State in conjunction with the Department of Treasury, that includes information on the vehicle and the sale. The bill would delete from the required statement the amount of the finance charge and the terms of the payment of the net balance, and would add the amount charged for a temporary registration plate.

The bill also would delete the current requirement that a dealer record of the purchase, acquisition, sale, receipt, or acceptance for the sale, delivery, or exchange of a vehicle contain the license number of the vehicle dealer from whom the vehicle was obtained and of the dealer to whom the vehicle was sold or delivered.

Registration Fees

The Code requires the Secretary of State to collect certain taxes at the time a vehicle is registered. For vehicles not otherwise subject to a different tax rate, the Code establishes a tax schedule for a 12-month registration period that is based on a vehicle's list price. Under this schedule, a vehicle with a list price of more than \$30,000 is taxed at 0.5% of the list price. The bill would delete this provision and would provide, instead, that for a vehicle with a list price of more than \$30,000, the fee would increase by \$5 for each \$1,000 increment or fraction of \$1,000 increment over \$30,000. If a current fee increased or decreased as a result of the bill, only a vehicle purchased or transferred after the bill's effective date would be assessed the increased or decreased fee.

Dealer's License, Fees

An application for a vehicle dealer's license must be accompanied by a \$10 fee for a full year's license or a \$5 fee for a half year's license. The bill would add a multiple year license for a \$10 per year fee. In addition, an application for a used or secondhand vehicle parts dealer, an automotive recycler, or foreign salvage vehicle dealer license must be accompanied by \$100 for a full year's license and \$50 for a half year's license. The bill would add a multiple year license of \$100 per year.

MCL 257.41a

Legislative Analyst: L. Arasim

FISCAL IMPACT

There would be an indeterminate fiscal impact on State government. It is unknown how much revenue could be gained by permitting a dealer license to be renewed for up to four years, rather than granting licenses for full or half years as required under the current law. In fiscal year 1996-97, however, there were 6,400 licensed vehicle dealers in the State of Michigan. There would be no fiscal impact on local government.

Fiscal Analyst: E. Limbs

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.