

Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 554 (Substitute S-1 as passed by the Senate)
Sponsor: Senator Mike Rogers
Committee: Transportation and Tourism

Date Completed: 7-22-99

RATIONALE

The Michigan Vehicle Code prohibits a person from buying, selling, brokering, or dealing in vehicles that are required to have a certificate of title unless he or she obtains a dealer license from the Secretary of State. A dealer license entitles a dealer to conduct his or her business in the county covered by the license. Consequently, a person must apply for a dealer license for each county in which the business is to be conducted, and a dealer, before moving his or her place of business or opening an additional place of business, must apply to the Secretary of State for a supplemental dealer license. The Code's licensing requirements apply to dealers of recreational vehicles (RVs), as well as to auto dealers. Unlike auto dealers who sell their cars from dealerships located at one site, RV dealers often market their vehicles regionally through camper and RV shows staged at exhibition arenas, such as the Silverdome or the Novi Expo Center. Under the Code, RV dealers who attend these exhibitions must obtain a new dealer's license for each location. It has been suggested that RV dealers who already have obtained a license for an established business should not have to obtain a supplemental license to sell vehicles at a trade show sponsored by an RV dealers trade association.

CONTENT

The bill would amend the Michigan Vehicle Code to permit a dealer to conduct the business of buying, selling, or dealing in motor homes, trailer coaches, trailers, or pickup campers at a recreational vehicle show in the State, without obtaining a separate or supplemental license under the Code, if all of the following applied:

- The dealer was licensed as a new vehicle dealer or a used or secondhand vehicle dealer.
- A recognized RV or campground association sponsored the show.
- The show did not last more than 14 days.
- At least 14 days before the show began, the RV or campground association sponsor

notified the Secretary of State that the show was scheduled; the location, dates, and times of the show; and the name, address, and dealer license number of each participating dealer.

Under the Code, a dealer license entitles the dealer to conduct in the county covered by the license the business of buying, selling, and dealing in vehicles or salvageable parts. The dealer license also entitles 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, the license would entitle the dealer to conduct business at any other "licensed dealer's" established place of business in the State.

MCL 257.248

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Under the Code, an applicant for a dealer's license must submit a \$10,000 bond to indemnify or reimburse a purchaser, seller, financial agency, or governmental agency for monetary loss caused through fraud, cheating, or misrepresentation in the conduct of the vehicle business. The bond also serves to indemnify or reimburse the State for any deficiency by the dealer in the payment of the State's sales and use taxes. In addition, an applicant must submit certain information about the business, including its ownership, name and location, as well as information about the vehicles to be handled by the dealership. Under the bill, a dealer would not have to obtain a supplemental license to conduct business at an RV show, if he or she already were licensed under the Code. By requiring a dealer to obtain a yearly license, but not a supplemental license, the bill would ensure that the Secretary of State still had the necessary background information

and indemnification from a dealership, if problems developed as the result of sales made at an RV show.

Supporting Argument

Due to the time required to process supplemental license applications, some RV expositions apparently have taken place before a license was issued. By eliminating the requirement that RV dealers obtain a supplemental license, the bill would spare them unnecessary and time-consuming paperwork.

Legislative Analyst: L. Arasim

FISCAL IMPACT

The bill would have no fiscal impact on State or 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.