

Legislative Analysis



EXEMPTIONS FROM REGULATIONS ON USED MOTOR VEHICLE PARTS

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Senate Bill 158 (reported from committee w/o amendment)

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Sponsor: Sen. Rick Jones

House Committee: Regulatory Reform

(Public Act 57 of 2017)

Senate Committee: Regulatory Reform

Complete to 5-17-17

BRIEF SUMMARY:

Senate Bill 158 would amend Public Act 119 of 1986, which deals with buying and receiving used motor vehicle parts, to exclude certain entities from regulation if they are regulated under the Natural Resources and Environmental Protection Act (NREPA). Public Act 119 requires a used motor vehicle parts dealer to maintain records of transactions, prescribes the methods of payment a dealer may use to pay a customer, and sets out criminal penalties for dealers who do not comply with record-keeping requirements or who falsify a record. The act aims to discourage the sale of stolen parts and to make it easier for law enforcement to track the sale of stolen parts.

FISCAL IMPACT:

The bill does not appear to have significant fiscal implications.

THE APPARENT PROBLEM:

According to committee testimony, the bill is intended as a technical fix for Public Act 112 of 2015 (Senate Bill 331). That bill instituted certain record-keeping and reporting requirements on dealers who buy or receive a used tire, tire wheel or rim, or continuous tire tread. Those measures brought tire sellers under the same anti-theft standards as are in place for used vehicle parts merchants, and were intended to address the problem of tire theft, particularly in Michigan's urban areas. However, the bill had the unintended consequence of imposing those requirements on scrap tire haulers, scrap tire processors, and end users, about whom the tire fraud concerns do not exist. Accordingly, Senate Bill 158 would exempt those parties from the requirements imposed by PA 112.

THE CONTENT OF THE BILL:

Under the act, a "dealer" is a person who engages in the ordinary course of repeated and recurrent transactions of buying or receiving used motor vehicle parts from people other than a vehicle dealer licensed under the Michigan Vehicle Code. The term also excludes a scrap metal processor or automotive recycler that buys or otherwise acquires motor vehicles or motor vehicle component parts for the purpose of processing or selling the metal for remelting.

Senate Bill 158 would amend the act to exclude other entities from the requirements of Public Act 119, as follows:

- The term "dealer" would not apply to either (1) an end-user, scrap tire hauler, or scrap tire processor, as those terms are used in Part 169 of the Natural Resources and Environmental Protection Act (NREPA), which deals with scrap tire regulation; or (2) a disposal area that is licensed under, or a solid waste hauler that is subject to, Part 115 of the NREPA, which deals with solid waste management.
- A dealer would not have to maintain a record of a transaction involving the buying or receiving of a used motor part from an end-user or scrap tire processor regulated under Part 169 of NREPA.
- The terms "end-user," "scrap tire hauler," and "scrap tire processor" are defined in Section 16901 of NREPA, as follows.
 - An "end-user" is defined as (1) a person who possesses a permit to burn tires; (2) the owner or operator of a landfill authorized under its operating license to use scrap tires; (3) a person who uses a tire-related commodity to make a product that is sold in the market; or (4) a person who is authorized to accumulate scrap tires and who converts them into a product that is sold in the market or reused in an authorized manner.
 - A "scrap tire hauler" means a person who transports more than 10 scrap tires at once in a vehicle on a public road or street (with some exceptions).
 - A "scrap tire processor" means either a portable shredding operation or a person authorized to accumulate scrap tires and is engaged in the business of buying or otherwise acquiring them and reducing their volume by shredding or otherwise facilitating recycling or resource recovery techniques.

The bill also would clarify the term "used motor vehicle part" so that it would apply to both:

- (1) A motor vehicle tire wheel or rim received by the dealer in conjunction with the purchase of a replacement tire or replacement tire wheel or rim; and
- (2) A motor vehicle tire, tire wheel or rim, or continuous tire tread that is received by the dealer but is not in conjunction with the purchase of a replacement tire or replacement tire wheel or rim.

The bill specifies that the term "tire wheel or rim" includes a tire wheel or rim on which a tire is mounted.

The bill would take effect 90 days after enactment.

MCL 257.1351 and 257.1352

HOUSE COMMITTEE ACTION:

The members of the House Regulatory Reform Committee reported out the Senate-passed version of Senate Bill 158 without amendment.

ARGUMENTS:

For:

The bill simply corrects an unintended application of the provisions of Public Act 112 of 2015 by exempting scrap tire haulers, scrap tire processors, and end users from the requirements imposed by PA 112.

POSITIONS:

Representatives of the following organizations testified in support of the bill:

- Michigan Department of Natural Resources (5-3-17)
- Michigan Department of Environmental Quality (5-3-17)

The Michigan Waste & Recycling Association supports the bill. (5-3-17)

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