



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 158 (as passed by the Senate)
Sponsor: Senator Rick Jones
Committee: Regulatory Reform

Date Completed: 3-15-17

RATIONALE

Reportedly, Michigan has had a large problem with the theft of car tires, including tires stolen from private vehicles, rental vehicles, and vehicles located at dealerships. To address this issue, legislation was enacted in 2016 to improve record-keeping procedures for businesses that buy or receive used motor vehicle parts, and to assist in deterring tire theft. Evidently, the law is having the unanticipated effect of imposing duplicative record-keeping requirements on scrap tire end users, processors, and haulers, as well as licensed disposal areas and solid waste haulers, which receive used motor vehicle tires for recycling and disposal. In order to prevent these entities from having to comply with duplicative requirements, some people have suggested that the affected businesses be exempted from the record-keeping procedures.

CONTENT

The bill would amend Public Act 119 of 1986, which governs the purchase or receipt of used motor vehicle parts, to do the following:

- **Include a motor vehicle tire wheel or rim in the definition of "used motor vehicle part" if it were received by a used parts dealer in conjunction with the purchase of a replacement tire, wheel, or rim.**
- **Include a motor vehicle tire, tire wheel or rim, or continuous tire tread in the definition of "used motor vehicle part" if it were received by a dealer but not in conjunction with the purchase of a replacement tire, tire wheel, rim.**
- **Exclude from the definition of "dealer" an end-user, scrap tire hauler, or scrap tire processor, and a disposal area or solid waste hauler licensed under or subject to the Natural Resources and Environmental Protection Act.**
- **Make an exception to the Act's record-keeping requirements for a used parts dealer's purchase or receipt of used parts from an end-user or processor of scrap tires.**

The Act prescribes requirements applicable to a used motor vehicle parts dealer regarding the maintenance of transaction records, the methods of payment a dealer may use to pay a customer, and criminal penalties for a dealer who does not comply with record-keeping requirements or who falsifies a record.

"Used motor vehicle part" means any of the following:

- A major component part, dashboard, radio, stereo, or seat of a late model motor vehicle for which a certificate of title and registration plate have been issued to a consumer or dealer.
- A motor vehicle tire, tire wheel or rim, or continuous tire tread.

The bill would refer to a motor vehicle tire wheel or rim that is received by the dealer in conjunction with the purchase of a replacement tire, wheel, or rim. The bill also would include in the definition 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. "Tire wheel or rim" would include a tire wheel or rim on which a tire is mounted.

"Dealer" means any 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 dealer licensed under the Michigan Vehicle Code. The term 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. The bill also would exclude the following:

- An end-user, scrap tire hauler, or scrap tire processor.
- A disposal area that is licensed under, or a solid waste hauler that is subject to, Part 115 (Solid Waste Management) of the Natural Resources and Environmental Protection Act (NREPA).

"End-user", "scrap tire hauler", and "scrap tire processor" would mean those terms as they are defined in Section 16901 of NREPA. (Under that section, "end-user" means any of the following:

- A person who possesses a permit to burn tires under NREPA.
- The owner or operator of a landfill that is authorized under its operating license to use scrap tires.
- A person who uses a commodity to make a product that is sold in the market.
- A person who is authorized by Part 169 (Scrap Tires) of NREPA to accumulate scrap tires, who acquires them, and who converts them into a product that is sold in the market or reused in an authorized manner.

Subject to exceptions, "scrap tire hauler" means a person who transports more than 10 scrap tires at once in a vehicle on a public road or street. "Scrap tire processor" means either a portable shredding operation or a person who is 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 for scrap tires.)

Public Act 119 requires a dealer to maintain a permanent record of each transaction concerning the buying or receiving of any used motor vehicle part from a person, other than a dealer licensed under the Vehicle Code. The bill also would make an exception for the purchase or receipt of a used vehicle part from an end-user or scrap tire processor regulated under Part 169 of NREPA.

MCL 257.1351 & 257.1352

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

By excluding scrap tire end users, haulers, and processors, along with licensed disposal areas and solid waste haulers, from the definition of "dealer", the bill would remove them from the reporting requirements set forth in Public Act 119 of 1986. These entities, which receive scrap tires for recycling and disposal, could fall under that definition, but they are often not in direct contact with an individual selling or disposing of scrap tires and may be unable to provide the information that must be reported.

Part 169 of the Natural Resources and Environmental Protection Act also requires scrap tire end users, processors, and haulers to maintain transportation records for scrap tires from the point of generation, through hauling, and to disposal or recycling. Removing these entities from the definition of "dealer" in Public Act 119 would prevent duplicative record-keeping without affecting the goal of deterring tire theft. Additionally, the bill would amend the definition of "used motor vehicle part" to prevent additional and unnecessary record-keeping for tire retailers that take used tires for disposal or recycling in conjunction with the sale of replacement tires.

Legislative Analyst: Stephen Jackson

FISCAL IMPACT

The bill would have an indeterminate, though likely minimal, fiscal impact on State and local government. The bill would effectively eliminate a record-keeping requirement for certain entities that are regulated under NREPA. It also would exempt dealers from the requirement when receiving used vehicle parts from certain entities. Many of the transactions covered by Public Act 119 are subject to record-keeping requirements under NREPA, so it is unknown whether or by how much these exceptions would reduce future prosecutions for violations. A reduction in misdemeanor and felony prosecutions and convictions could decrease resource demands on local court systems, community supervision, and jails and correctional facilities. For any decrease in prison intakes, in the short term, the marginal savings to State government would be approximately \$3,764 per prisoner per year. Any associated decrease in fine revenue would reduce revenue to public libraries.

Fiscal Analyst: Ryan Bergan

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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.