



**Senate Fiscal Agency**  
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BILL



ANALYSIS

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House Bill 4679 (Substitute S-2 as reported by the Committee of the Whole)  
Sponsor: Representative Kirk A. Profit  
House Committee: Insurance  
Senate Committee: Financial Services

## **CONTENT**

The bill would amend the Michigan Vehicle Code to limit the liability of a person engaged in the business of leasing motor vehicles, by specifying that a lessor would be liable only when a vehicle was operated by certain drivers and setting maximum amounts for a lessor's liability.

A lessor, under a lease providing for the use of a motor vehicle for 30 days or less, would be liable for an injury caused by the negligent operation of the vehicle only if the injury occurred while the vehicle was operated by an authorized driver under the lease agreement or by the lessee's spouse, father, mother, brother, sister, son, daughter, or other immediate family member. In addition, unless a lessor or his or her agent were negligent in leasing a motor vehicle, the lessor's liability would be limited to \$20,000 because of bodily injury to or death of one person in any one accident, and \$40,000 because of bodily injury to or death of two or more people in any one accident.

A lessor of motor vehicles would have to notify a lessee that the lessor would be liable only up to the maximum amounts specified in the bill, and only if the leased vehicle were operated by an authorized driver or the lessee's spouse, parent, sibling, child, or other immediate family member. The lessor also would have to notify the lessee that the lessee could be liable to the lessor up to the maximum amounts provided for in the bill for lessors, and to an injured person for amounts awarded in excess of those maximum amounts.

The bill specifies that it could not be construed to expand or reduce the liability of a motor vehicle lessor, except as otherwise provided by the Code, or to impair a lessor's right to indemnity or contribution, or both.

For purposes of the bill, "motor vehicle" would mean "a self-propelled device by which a person or property may be transported upon a public highway", but would not include a bus, power shovel, road machinery, agricultural machinery, or other machinery or vehicle not designed primarily for highway transportation, or a device that moved upon or was guided by a track.

MCL 257.401

Legislative Analyst: P. Affholter

## **FISCAL IMPACT**

This bill would not have a fiscal or regulatory impact on the State or on local governmental units.

Date Completed: 5-24-95

Fiscal Analyst: K. Lindquist

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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.