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 1243 (as enrolled)
Sponsor: Senator Bill Bullard, Jr.
Committee: Transportation and Tourism

Date Completed: 8-30-00

RATIONALE

Apparently, it is common for automobile dealerships to provide vehicles to driver education programs operated by school districts. The vehicles typically are loaned or leased for a few months at a reduced rate. When the vehicles are returned to the dealerships and subsequently sold, the new owners receive an orange-colored title, rather than the green title that usually accompanies new and used vehicles. An orange title (which also is issued when a former police car is sold) is required when a vehicle has been used by a political subdivision of the State. Evidently, this diminishes the market value of the vehicle by approximately $1,500 to $2,000. As a result, some dealerships reportedly have become reluctant to supply vehicles for driver education programs, which means that public schools in their communities might have difficulty finding affordable automobiles for driver training.

It has been pointed out that vehicles sold by private driver education companies do not receive an orange title. It also has been pointed out that, unlike police cars, driver education vehicles used by school districts are not driven thousands of miles or at high speeds. For these reasons, and to ensure that vehicles are available for public driver training programs, it has been suggested that vehicles loaned or leased by dealerships to school districts be exempted from the orange titling requirement.

CONTENT

The bill would amend the Michigan Vehicle Code to exempt from certain vehicle titling requirements a vehicle loaned or leased to a political subdivision of the State for use as a driver education vehicle.

The Code requires that an application for a certificate of title contain certain information, including whether the vehicle is to be or has been used as a taxi or police vehicle, or by a political subdivision of the State. Under the bill, a certificate of title for a vehicle owned by a dealer and loaned or leased to a political subdivision of the State for use as a driver education vehicle would be exempt from having to include this information.

A certificate of title also must contain certain information, including whether the vehicle is to be used or has been used as a taxi, as a police vehicle, or by a political subdivision of the State. The Code exempts from this requirement a vehicle owned by a dealer and loaned to a political subdivision of the State for use as a driver education vehicle. Under the bill, this exemption also would apply to a dealer-owned vehicle that had been leased to a political subdivision for use as a driver education vehicle.

In addition, the Code requires that a certificate of title for a police vehicle, a vehicle owned by a political subdivision of the State, a salvage vehicle, a rebuilt vehicle, and a scrap vehicle be different in color from the certificate of title for all other vehicles. Under the bill, this requirement would not apply to a vehicle loaned or leased to a political subdivision of the State for use as a driver education vehicle.

MCL 257.217 et al.

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

The bill would protect the market value of vehicles used by schools for driver education, by sparing them whatever stigma may attach to orange-titled vehicles. This would encourage dealerships to continue their generous practice of providing vehicles at reduced rates for public driver training purposes. Also, the bill would bring parity to public and private sector driver training operations, since private driving schools sell their vehicles without an orange title. With the institution of graduated driver education requirements, and the increasing number of private driving schools, there appear to be fewer school districts offering driver training. By making it more affordable for public schools to provide this education, the bill would help ensure that

inexpensive driver training was available for all students.

Legislative Analyst: S. Lowe

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: J. Runnels

A9900\s1243a

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.