

Senate Fiscal Agency
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SFA



BILL ANALYSIS

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Senate Bill 554 (as enrolled)
Sponsor: Senator Mike Rogers
Senate Committee: Transportation and Tourism
House Committee: Transportation

PUBLIC ACT 172 of 1999

Date Completed: 4-24-00

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 attending these exhibitions had to obtain a new dealer's license for each location. It was 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 an RV trade show.

CONTENT

The bill amended 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 apply:

- The dealer is licensed as a new vehicle dealer or a used or secondhand vehicle dealer.
- The show does not last more than 14 days.
- At least 14 days before the show begins, the show producer notifies the Secretary of State that the show is 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 the business of buying, selling, and dealing in vehicles or salvageable parts in the county covered by the license. 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 entitles 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 does not have to obtain a supplemental license to conduct business at an RV show, if he or she already is licensed under the Code. Since a dealer still must obtain a yearly license, the Secretary of State will have the necessary background information and indemnification from a dealership, if problems develop 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 spares them and the State unnecessary and time-consuming paperwork.

Legislative Analyst: L. Arasim

FISCAL IMPACT

The bill will 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.