



Senate Fiscal Agency  
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BILL ANALYSIS



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Senate Bill 1234 (as enrolled)  
Sponsor: Senator Alan L. Cropsy  
Senate Committee: Judiciary  
House Committee: Judiciary

**PUBLIC ACT 374 of 2006**

Date Completed: 11-13-06

**RATIONALE**

The Michigan Penal Code prohibits a person from buying, receiving, possessing, or concealing stolen, embezzled, or converted money, goods, or property, knowing it to be stolen, embezzled, or converted. In investigating automobile theft and chop shop operations (in which stolen vehicles are dismantled and the parts sold), undercover law enforcement officers may set up a sting operation in which they represent automobile parts as being stolen. Apparently, charges against some individuals caught and arrested in these enforcement efforts have not been sustained because the parts used by the officers were not actually stolen property. To address this, it was suggested that the prohibition be expanded to include situations in which the person has reason to know or believe that the property is stolen.

**CONTENT**

**The bill amended the Michigan Penal Code to extend penalties for dealing in stolen, embezzled, or converted property to a person who has reason to know or believe that the property is stolen, embezzled, or converted. The bill also prohibits a defense that the property was not actually stolen, if it had been represented to the accused as stolen property.**

The Code prohibits a person from buying, receiving, possessing, concealing, or aiding

in the concealment of stolen, embezzled, or converted money, goods, or property knowing the money, goods, or property is stolen, embezzled, or converted. Under the bill, the prohibition also applies to a person who has reason to know or reason to believe that the money, goods, or property is stolen, embezzled, or converted.

Similarly, the Code prohibits a person from buying, receiving, possessing, concealing, or aiding in the concealment of a stolen motor vehicle knowing that the vehicle is stolen, embezzled, or converted. The bill includes a person who has reason to know or reason to believe that the motor vehicle is stolen, embezzled, or converted.

The bill also specifies that it is not a defense to a charge under these provisions that the property was not stolen, embezzled, or converted property at the time of the violation if the property was explicitly represented to the accused person as being stolen, embezzled, or converted property.

The penalties for an offense (other than one involving a motor vehicle) are shown in Table 1. The penalties are based on the value of the property and the number of prior convictions. In each case, the maximum fine is the amount listed or three times the value of the property, whichever is greater.

Table 1

Property Value	Prior Convictions	Offense	Maximum Imprisonment	Maximum Fine
< \$200		Misd.	93 days	\$500
< \$200	1 or more	Misd.	1 year	\$2,000
\$200-< \$1,000		Misd.	1 year	\$2,000
\$200-< \$1,000	1 or more	Felony	5 years	\$10,000
\$1,000-< \$20,000		Felony	5 years	\$10,000
\$1,000-< \$20,000	2 or more	Felony	10 years	\$15,000
\$20,000 or more		Felony	10 years	\$15,000

An offense involving a motor vehicle is a felony punishable by up to five years' imprisonment and/or a maximum fine of \$10,000 or three times the value of the vehicle, whichever is greater.

The bill took effect on October 1, 2006.

MCL 750.535

**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**

Wayne County has far more automobile thefts than any other county in Michigan. The Wayne County Sheriff testified before the Senate Judiciary Committee, however, that his efforts to fight the auto theft problem were hindered because the Penal Code's prohibition against receiving stolen property had been interpreted to mean that the property actually was stolen. While undercover officers sold automobile parts they represented as being stolen to people they suspected of operating chop shops, charges of receiving stolen property in these cases evidently were dropped, or cases were dismissed, because the parts were not in fact stolen. By authorizing prosecution if the person receiving the property has reason to know or believe that it was stolen, and prohibiting a defense that the property was not stolen if it was represented to the accused person as being stolen, the bill allows the Wayne County Sheriff's Department and other law enforcement agencies to be more effective in fighting automobile theft, and may slow down the flow of stolen vehicles in Michigan.

**Supporting Argument**

Steep automobile insurance rates are a major problem for some car owners in the

Detroit area. Apparently, the high incidence of auto theft in Detroit is part of the reason for expensive insurance in Michigan's largest urban area. If enforcement efforts are improved as a result of the bill, perhaps the rate of automobile theft will decline, thereby offering some consumer relief in the form of lower auto insurance rates.

Legislative Analyst: Patrick Affholter

**FISCAL IMPACT**

The bill will have an indeterminate fiscal impact on State and local government. There are no data to indicate how many offenders will be convicted of buying, receiving, possessing, concealing, or aiding in the concealment of a motor vehicle or money, goods, or property having reason to know or believe the property is stolen, embezzled, or converted. In 2004, there were 2,383 felony convictions (590 of which were for attempting the offense) under this section of the Penal Code. Of these, 433 offenders were sentenced to prison, 1,036 to probation, 634 to jail, and 280 to a delayed or suspended sentence or Holmes Youthful Trainee Act (HYTA) probation. There are no data to indicate the number of misdemeanor convictions under this section. To the extent that the bill results in more convictions, local governments will incur increased costs of incarceration in local facilities, which vary by county. The State will incur increased costs of felony probation at an annual average cost of \$2,000, as well as the cost of incarceration in a State facility at an average annual cost of \$31,000. Additional penal fine revenue will benefit public libraries.

Fiscal Analyst: Lindsay Hollander

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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.