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BILL ANALYSIS

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Senate Bill 663 (as introduced 11-6-13)
Sponsor: Senator Mike Kowall
Committee: Economic Development

Date Completed: 11-13-13

CONTENT

The bill would amend the Revised Judicature Act to do the following:

- Provide that a vehicle manufacturer or subcomponent system producer would not be liable in a product liability action for damages resulting from another person's modification of a vehicle or equipment to convert the vehicle into an automated vehicle.**
- Provide that certain sections of the Act concerning product liability actions would not apply with regard to an automated vehicle, to the extent that they were inconsistent with the bill.**

The bill is tie-barred to Senate Bill 169. (The Substitute (S-2) version of that bill would amend the Michigan Vehicle Code to allow the operation of an automated vehicle for research and testing purposes; grant automated vehicle manufacturers and upfitters immunity from civil liability for damages arising out of third-person modification of automated vehicles and automated technology; and prescribe misdemeanor and civil penalties for unlawfully operating an automated vehicle.)

Senate Bill 663 would add Section 2949b to the Act to provide that the manufacturer of a vehicle would not be liable in a product liability action for damages resulting from any of the following, unless the defect from which the damages resulted was present in the vehicle when it was manufactured:

- The conversion or attempted conversion of the vehicle into an automated motor vehicle by another person.
- The installation of equipment in the vehicle by another person to convert it into an automated motor vehicle.
- The modification by another person of equipment that was installed by the manufacturer in an automated motor vehicle specifically for using it in automatic mode.

"Automated motor vehicle" and "automatic mode" would mean those terms as defined in Section 2b of the Michigan Vehicle Code, which Senate Bill 169 would enact. (Under Senate Bill 169 (S-2), "automated vehicle" would mean a motor vehicle on which automated technology has been installed that enables the vehicle to be operated without any control or monitoring by a human driver. "Automated technology" would mean technology installed on a motor vehicle that has the capability to assist, make decisions for, and replace a human driver. "Automatic mode" would mean the mode of operating an automated vehicle when automated technology is engaged to enable the vehicle to operate without any control or monitoring by a human driver.)

The bill also would grant immunity from product liability to a subcomponent system producer recognized as described in Section 244 of the Vehicle Code for damages resulting from the modification of equipment installed by that producer to convert a vehicle to an automated motor vehicle, unless the defect from which the damages resulted was present in the equipment when it was installed by the producer. (Under Section 244 of the Vehicle Code, a producer of a vehicle subcomponent system essential to the operation of the vehicle or the safety of an occupant may operate or move a vehicle upon a street or highway solely to transport or test the subcomponent system if the vehicle displays a special plate approved by the Secretary of State. The producer must be either a recognized subcomponent system producer or a producer under contract with a vehicle manufacturer.)

The bill specifies that Sections 2945 to 2949a of the Act would not apply in a product liability action to the extent that they were inconsistent with proposed Section 2949b. (Those sections pertain to the following with regard to a product liability action:

- Admissible evidence.
- Determination and limitation of damages.
- Circumstances under which a manufacturer or seller is not liable, such as when the alteration or misuse of a product causes harm and was not reasonably foreseeable.
- Warning of the risk of injury, death, or damage connected with the foreseeable use of a product.
- A defendant's willful disregard of knowledge that a product was defective at the time of manufacture or distribution.)

Proposed MCL 600.2949b

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

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

Fiscal Analyst: Dan O'Connor

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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.