

Legislative Analysis



CAR DEALER HOURS OF OPERATION

Phone: (517) 373-8080
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Senate Bill 128 (S-1) as reported from House committee

Sponsor: Sen. Kimberly LaSata

House Committee: Regulatory Reform

Senate Committee: Regulatory Reform

Complete to 9-17-21

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

Senate Bill 128 would amend the Michigan Vehicle Code to revise the regular hours of operation that must be maintained under the definition of ***established place of business*** by a business establishment selling new or used vehicles.

Established place of business means premises actually occupied either continuously or at regular periods by a dealer or manufacturer, where its books and records are kept and at which a large share of its business is transacted.

Currently, in defining the term ***established place of business***, the code provides that, for a Class A dealer (new vehicles) or Class B dealer (used vehicles), the term means premises that contain a conspicuous posting of the dealer's regular hours of operation. The posted hours are required to be at least 30 hours per week.

The bill instead would require the posted hours to be at least 30 hours per week for at least 48 weeks per year. Fifteen of the 30 hours per week would have to be between the hours of 8 a.m. and 5 p.m., Monday through Friday. The dealer could change its posted hours of operation to be less than the required 30 hours per week, but only for up to four weeks. The dealer would have to notify the Department of State at least seven days before the change. The department would have to waive the seven-day notification requirement for good cause, such as a medical emergency or other extenuating circumstances.

The bill would take effect 60 days after its enactment.

MCL 257.14

HOUSE COMMITTEE ACTION:

The House Regulatory Reform committee reported the Senate-passed version of the bill without amendment.

BRIEF DISCUSSION:

Senate Bill 128 would provide greater flexibility for auto dealers regarding the minimum number of hours they must be open for business each week under state law. Currently, whether it is a franchised dealership selling new vehicles or a business selling used vehicles, the business must be open for at least 30 hours a week. Under the bill, with a week's notice to the secretary of state, an auto dealer could be open for less than the 30-hour minimum for up to

four weeks each year. This would allow dealers to close for several days or more in a single week to allow for vacation during slow times, for repairs or equipment upgrades, or for employees to attend an out-of-town event or seminar. It also would allow an auto dealer to accommodate emergencies, such as an employee's illness or a death in an employee's family (important for small businesses that may not have enough employees to cover for an absent coworker) or weather emergencies such as blizzards or flooding. In an emergency situation, the requirement to notify the secretary of state before falling below the minimum 30 hours for a week would be waived. The bill also would ensure that customers are not disadvantaged by the flexibility it would provide to auto dealers by requiring at least half of those 30 hours to be during traditional business hours.

FISCAL IMPACT:

The bill would have no fiscal impact on the state or local units of government.

POSITIONS:

A representative of the New Heights Christian Community Development Association testified in support of the bill. (6-15-21)

The following entities indicated support for the bill (8-4-21):

- Auto Dealers of Michigan (ADM)
- Michigan Independent Auto Dealers Association (MIADA)

The Secretary of State indicated a neutral position on the bill. (6-15-21)

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