

MICHIGAN VEHICLE CODE AMENDMENTS

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Senate Bill 1064 (S-1) as passed by the Senate

Sponsor: Sen. Aric Nesbitt

House Committee: Regulatory Reform

Senate Committee: Regulatory Reform

Complete to: 9-20-22

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

SUMMARY:

Senate Bill 1064 would amend sections of the Michigan Vehicle Code relating to vehicle registration and dealer licenses. The bill would make the following changes:

- The bill would amend the definition of “established place of business” as it relates to wholesalers to include additional requirements.
- The bill would add definitions and requirements relating to the “established place of business” of a used or secondhand vehicle parts dealer, vehicle scrap metal processor, vehicle salvage pool operator, distressed vehicle transporter, broker, or automotive recycler.
- Currently, a dealer selling, leasing, or exchanging vehicles, and a person engaged in the sale of vessels under the Natural Resources and Environmental Protection Act, is required to title the vehicle or vessel in the name of its purchaser or lessee within 15 days of sale or lease. The bill would amend this to 21 days and increase the late fee penalty for failing to meet the time frame described above from \$15 to \$50.
- The bill would delete a requirement for notification to prior vehicle owners and lienholders when a vehicle is totaled by an insurance company.
- The bill would increase the time for which a special registration is valid from 30 days to 60 days. The bill also would amend requirements for special registrations by adding a requirement that the name and address of any lienholder be added to the special registration.
- Temporary registration plates would be valid for 30 days, rather than the current 15 days.
- The bill would require odometer readings to include tenths of miles or kilometers. (Currently, mileage is not required to be recorded to that specificity.)
- An odometer reading would no longer be required if the title is being transferred for a scrap vehicle.
- The bill would authorize the Department of State to accept odometer information electronically through a disclosure document that complies with all of the following:
 - It is submitted on a form that is approved by the Department of State.
 - It is electronically signed using software that provides antitamper and identification verification technology and is approved for this use by the Department of State.
 - It is otherwise fully compliant with 49 CFR 580 (a federal regulation concerning odometer reading disclosures).
- Currently, if the transferee of a vehicle is a new motor vehicle dealer or a used or secondhand vehicle dealer that acquires the vehicle for resale, the dealer is not required to obtain a new registration of the vehicle or forward the certificate of title to the

secretary of state. Under the bill, upon prior written notice to the secretary of state, the registration could remain at a secondary location of the dealer within the same county.

- The bill would allow dealers to apply for one or more special plates that would be valid for the duration of the dealer's license.
- The bill would increase the amount of the bond an applicant for a new vehicle dealer license or a used or secondhand vehicle dealer or broker license must have from \$10,000 to \$25,000.
- The bill would prohibit the secretary of state from renewing a dealer's license if they have not bought or sold more than five vehicles during the 12 months preceding the dealer's renewal application.
- A dealer could advertise or display to the public a vehicle that the dealer has acquired or that is available to the dealer directly from the manufacturer or distributor or the manufacturer's or distributor's subsidiary or affiliate within a reasonable period of time, even though the dealer is still waiting on possession of the vehicle's title. (Such a vehicle, if displayed on the dealer's lot, would have to be placed in a dedicated area at the dealership and arranged in a manner that clearly separates the vehicle from those available for immediate sale to the public with signage placed on the vehicle indicating the vehicle is not available for final sale until the title is in the possession of the dealer.)
- A dealer could park, store, hold, and repair vehicles owned under one dealer license on the lot or property held by the same dealer under a separate dealer license.
- The bill would require the secretary of state or law enforcement to provide 36 hours advance notice to a licensed dealer before conducting an inspection. (The law does not now contain a notification requirement or require the inspecting entity to have proof of notification.)

MCL 257.14 et seq.

FISCAL IMPACT:

The bill would increase revenues to the Department of State and the Michigan Transportation Fund (MTF) from fee revenue increases. Some revenue from the MTF is distributed to local units of government. The bill would increase the penalty fee for late title transfers to certain used and new vehicle dealers from \$15 to \$50 while also increasing the number of days permitted to transfer a title or registration plate from 15 days to 21 days. While the one-week extension to the title and registration transfer period would result in fewer late fees assessed, revenue from the 233% fee increase would likely surpass the anticipated loss from fewer late fees assessed. In FY 2020-21, there were a reported 191,762 late title transfers assessed fees for a total collection of approximately \$2.9 million. This amount includes fees from late title transfers by both private sellers and dealers, and the bill would only increase late transfer fees from dealers. Data was not available from the Department of State by the time of this analysis to estimate how many late transfer fee transactions from dealers occur in a typical year.

The bill would also increase dealer licensing fees from \$37.50 to \$80 for a half year's license and \$75 to \$160 per year for a single year's license or multiple year license. In FY 2020-21, there were 5,196 dealer license transactions. Data was not available from the Department of State to determine how many of these transactions pertained to half-year or full-year licenses. Assuming, for estimating purposes, that all license fees were for full-year licenses, the bill would increase annual revenue to the MTF by approximately \$441,700. Actual revenue

impacts would be lower after accounting for half year license fees. Revenue in the MTF is primarily distributed to local road agencies and certain targeted road programs.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.