



**House
Legislative
Analysis
Section**

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MOTOR VEHICLES USED ABROAD

House Bill 4720 with committee amendment
First Analysis (5-11-89)

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Sponsor: Rep. Joseph Young, Jr.
First Committee: Transportation
Second Committee: State Affairs

Mich. State Law Library

THE APPARENT PROBLEM:

General Motors is developing a special promotion for its Cadillac division. Like similar programs offered by foreign luxury car manufacturers, a person will be able to purchase a Cadillac at a European dealership, take delivery in the United States, and be treated to a package that includes personalized service, factory tours, and shipping overseas. Part of the promotion is to include the ability to tour the United States in the new Cadillac prior to dropping it off for overseas shipment. In order to do so, the foreign purchaser would have to obtain a registration in the state where the vehicle was obtained. The Michigan Vehicle Code does provide for a special \$5 registration for vehicles purchased in Michigan for removal to a place out-of-state, but that registration is only good for 30 days, which may not be long enough to meet the needs of many of the overseas purchasers. General Motors seeks legislation enabling purchasers under its U.S. Delivery Program to drive their newly-purchased Cadillacs in this state and elsewhere for longer than 30 days.

THE CONTENT OF THE BILL:

The bill would amend the Michigan Vehicle Code to allow the secretary of state to issue special 90-day registrations for motor vehicles bought in the state to be primarily used, stored and registered in a foreign country. The fee for such a registration would be \$10. A certificate of title would not have to be obtained.

If the owner bought the car from a dealer, the dealer would apply for the special registration on behalf of the buyer. If the owner bought the car from a manufacturer, the buyer (or someone having his or her power of attorney) would have to apply in person at an office of the secretary of state and supply "certification" (along with any other required forms for the special registration) that the person was the bona fide buyer (or had the bona fide buyer's power of attorney).

MCL 257.216 et al.

FISCAL IMPLICATIONS:

According to the Department of State, the bill would have minimal fiscal implications. (5-10-89)

ARGUMENTS:

For:

Along with House Bill 4731, which would provide for a sales tax exemption, the bill is an important piece in a Cadillac promotion program being developed by General Motors. Under that program, a person could arrange a Cadillac purchase in Europe, take delivery in the United States, and receive substantial financial incentives in the form of suspended sales taxes, free overseas shipping, and currency exchange rates. Included in the package will be travel information, factory tours, and various special

services. An integral part of the promotion will be the ease and comfort with which the purchaser could tour the United States for an extended period of time. For deliveries in Michigan, that period is suggested to be 90 days. (Under House Bill 4731, in the House Taxation committee, the purchase would be exempt from the sales tax providing the vehicle qualified under this bill.) The bill, by providing for a 90-day special registration, would augment the tourism aspects of the promotion.

Against:

It is unclear why a person wealthy enough to buy a Cadillac and travel extensively in a foreign land needs to have a registration fee that does not exceed \$10, particularly when that person may be using his or her stay in the United States to conduct business and develop profitable contacts in places other than Michigan.

POSITIONS:

General Motors supports the bill. (5-10-89)

The Department of State is supportive of the bill, and neutral on the issue of whether a \$10 registration fee should be available for foreign purchasers of vehicles in Michigan. (5-10-89)

H.B. 4720 (5-11-89)