



House  
Legislative  
Analysis  
Section

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## REMANUFACTURED VEHICLE PARTS

House Bill 5292 (Substitute H-2)  
First Analysis (3-22-90)

Sponsor: Rep. Joanne G. Emmons  
Committee: Transportation

### ***THE APPARENT PROBLEM:***

The Vehicle Code provides that a person who deals in the buying, selling, or brokering of distressed late model motor vehicles or salvageable parts must first obtain a used parts dealer license from the secretary of state. This was required under Public Act 255 of 1988 in order to help reduce the number of car theft rings that operate in the state. The act's provisions, however, initially were interpreted by the secretary of state to apply to certain persons involved in the selling of remanufactured engines and transmissions. Thus, in addition to having to meet the act's licensing requirements, these persons are required to meet certain higher insurance requirements for employees and must be zoned as junk yards to meet the act's licensing requirements. Some people feel the definition of dealers under the act should be clarified to differentiate between persons who actually remanufacture engines or transmissions and those who buy, sell, or exchange these when their primary business involves the sale of new vehicle parts.

### ***THE CONTENT OF THE BILL:***

The bill would amend the Vehicle Code to include within the definition of "dealer" (of late model motor vehicles or salvageable parts) a person engaged in the actual remanufacturing of engines or transmissions, or both. A dealer, however, would not include a person who bought or sold remanufactured vehicle engine and transmission salvageable vehicle parts or who received in exchange used engines or transmissions if that person's primary business was the sale of new vehicle parts and he or she was not engaged in any other activity requiring a dealer license under the act.

MCL 257.56b and 257.248

### ***FISCAL IMPLICATIONS:***

According to the Department of State, the bill would provide a reduction in work and revenue to the department but both would be minimal. (3-21-90)

### ***ARGUMENTS:***

#### ***For:***

By clarifying the difference between those who deal in the buying, selling, or exchange of remanufactured engines and transmissions and those who actually remanufacture them, the bill would recognize the type of legitimate business in which these types of automotive parts dealers are involved. Public Act 255 of 1988 intended to reduce "chop shop" crime involving stolen automotive parts, but was construed by the secretary of state to include persons who legitimately deal in the purchase, sale, or exchange of remanufactured engines and transmissions. Such inclusion increases the cost of doing business and presents certain zoning problems for these businesses. Persons actually involved in remanufacturing these parts, though, would fall under the act's requirements for licensure.

### ***POSITIONS:***

The Department of State supports the bill. (3-21-90)

The Department of State Police supports the bill. (3-21-90)

The Michigan Automotive Parts Association supports the bill. (3-21-90)

H.B. 5292 (3-22-90)