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## MAXIMUM AUTO DOCUMENT PREP FEE: REVISE AND INCREASE

**House Bill 6446**

**Sponsor: Rep. Marc Shulman**

**Committee: Insurance and Financial  
Services**

**Complete to 11-6-02**

### **A SUMMARY OF HOUSE BILL 6446 AS INTRODUCED 9-24-02**

Under the Motor Vehicle Sales Finance Act, installment sellers are permitted to charge buyers for various costs related to the sale of a vehicle, such as the cost of insurance premiums and fees for the registration of the vehicle and issuance of license plates. Public Act 27 of 1990 allowed installment sellers to impose a “documentary fee” to cover costs incurred in preparing paper work involved in a sale, as well as the cost of gas and personnel to take the paper work to the secretary of state for title transfer and licensing. Public Act 27 set a cap of \$40 for this fee.

House Bill 6446 would amend the act to increase the amount that can be charged as a documentary preparation fee. Under the bill, the fee could not exceed five percent of the cash price of the motor vehicle or \$250, whichever was less. Then, beginning on January 1, 2005, the administrator (the commissioner of the Office of Financial and Insurance Services) would have to adjust the \$250 maximum for the documentary preparation fee every two years to reflect the cumulative percentage change in the consumer price index for the two immediately preceding calendar years, as determined by the administrator. The administrator would have to round the adjustment to the nearest \$100 increment when setting the fee, but would have to carry over and use the absolute value to calculate the next two-year adjustment. “Consumer price index” would mean the U.S. consumer price index for all urban consumers, U.S. city average, as defined and reported by the U.S. Department of Labor, Bureau of Labor Statistics.

In addition, the bill would require that the cash price of any extended warranty or service contract would have to be listed as a separate item on the installment sale contract. Further, the bill would make a number of editorial changes to update and clarify language in the act.

MCL 492.113 and 492.118

Analyst: S. Stutzky

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