

Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5364 (Substitute S-2 as reported)
Sponsor: Representative Judson Gilbert II
House Committee: Commerce
Senate Committee: Transportation and Tourism

CONTENT

The bill would amend the Michigan Vehicle Code to revise the definition of "dealer"; authorize the Secretary of State to penalize an individual for acting as a dealer without a license; and allow the individual to contest the penalty. The bill would take effect on January 1, 2003.

In the definition of "dealer", that bill would add "leasing" to the list of activities that define a dealer (e.g., purchasing, selling, or brokering vehicles); require that the person be engaged in a listed activity in a 12-month period; include in the definition a person who dealt in salvageable parts of five or more vehicles, or bought five or more vehicles to sell the parts or process into scrap metal, in a 12-month period; specify entities and people, including financial institutions and insurers, who would *not* be considered dealers; and strike a requirement that a dealer have an established place of business in this State.

If the Secretary of State determined that a person had acted as a dealer without a dealer license, he or she could issue the person a verbal or written warning, or assess an administrative fine of up to \$5,000 for a first violation, and up to \$7,500 for each subsequent violation occurring within seven years of a prior violation.

Within 20 days after receiving a written notice of assessment, the alleged violator would have to do one of the following: pay the fine; request the Secretary of State to conduct an informal conference; waive the right to an informal conference and request the Secretary of State to conduct an administrative hearing; or pay the fine and submit a properly completed dealer license application. The Secretary of State would have to reduce the fine by 50% if the individual submitted a properly completed application for a dealer license within 20 days after the fine was assessed and if the license were granted within 45 days.

MCL 257.11 et al.

Legislative Analyst: Claire Layman

FISCAL IMPACT

The Bureau of Automotive Regulation has identified 80 individuals who could be fined under this bill. A first violation fine on all of these individuals could result in the collection of \$400,000, although a fine would have to be reduced by 50% if a dealer license were issued.

The bill would significantly expand the duties of the investigators in the Bureau of Automotive Regulation, requiring additional research and evidence gathering on potential violators. The annual cost of hiring a full-time regulatory agent is approximately \$55,000.

Date Completed: 9-19-02

Fiscal Analyst: Jessica Runnels