

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 6446 (as passed by the House)
Sponsor: Representative Marc Shulman
House Committee: Insurance and Financial Services
Senate Committee: Transportation and Tourism

Date Completed: 12-5-02

CONTENT

The bill would amend the Motor Vehicle Sales Finance Act to increase the maximum document preparation fee for a motor vehicle sales installment contract and require that the fee be regularly adjusted to account for inflation; require any installment sales contract to contain the cash price of any extended warranty or service contract; and specify that the finance charge would have to be calculated by the seller.

Currently, a document preparation fee must not exceed \$40. Under the bill, the fee would be limited to not more than 5% of the cash price of the motor vehicle or \$160, whichever was less. Beginning on January 1, 2005, the administrator (the Commissioner of the Office of Financial and Insurance Services) would have to adjust the \$160 maximum fee every two years to reflect the cumulative percentage change in the consumer price index for the immediately preceding calendar years. ("Consumer price index" would be defined as the United States 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.) The administrator would have to round the adjustment to the nearest \$10 increment to set the fee every two years, but would have to carry over and use the absolute value to calculate the next two-year adjustment.

MCL 492.113 & 492.118

Legislative Analyst: Julie Koval

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Maria Tyszkiewicz

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.