

MOTOR VEHICLE FINANCING: MOTORCYCLES

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Senate Bill 1321 as passed by the Senate

Sponsor: Sen. Jason E. Allen

House Committee: Regulatory Reform

Senate Committee: Economic Development, Small Business and Regulatory Reform

Complete to 12-7-04

A SUMMARY OF SENATE BILL 1321 AS REPORTED FROM COMMITTEE

The Motor Vehicle Sales Finance Act (MCL 492.102), which regulates motor vehicle financing, specifically excludes motorcycles from its definition of "motor vehicle". The bill would delete that exclusion, thus including motorcycles under the act.

The bill also would include a limited liability company in the act's definition of "person". Currently, the act defines "person" as an individual, partnership, association, corporation, governmental entity or any other legal entity.

The term "administrator" would be redefined as the Commissioner of the Office of Financial and Insurance Services (OFIS), Department of Labor and Economic Growth. The act currently refers to the Financial Institutions Bureau.

FISCAL IMPACT:

The bill would add motorcycle dealers to the category of regulated motor vehicle financing institutions. Current motor vehicle financing businesses pay a \$30 regulatory fee annually to cover the cost of licensure and regulation. This bill would require that motorcycle dealers be licensed, which would increase the regulatory responsibilities of the Office of Financial and Insurance Services in the Department of Labor and Economic Growth. The \$30 regulatory fee would be used to cover the cost of regulation. OFIS says the current fee is not enough to sustain a fully modernized regulatory program.

POSITIONS:

The Michigan Motorcycle Dealers Association indicated support for the bill to the House Committee on Regulatory Reform on 11-30-04.

The Office of Financial and Insurance Services indicated opposition to the bill because the agency believes the MVSFA is in need of a more thorough overhaul and because it believes the permitted document preparation fees in the act are too high. (11-30-04)

Legislative Analyst: Chris Couch