



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



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

Senate Bill 712 (as passed by the Senate)
Sponsor: Senator Deborah Cherry
Committee: Transportation

Date Completed: 10-22-03

RATIONALE

Under the Michigan Vehicle Code, a person, including a dealer, must have a salvage vehicle agent license in order to buy or sell distressed or late model vehicles or salvageable parts through a salvage pool. Only a licensed automotive recycler, used or secondhand vehicle parts dealer, or foreign salvage vehicle dealer may apply to the Secretary of State for such a license. A dealer may not have more than two people, including himself or herself, licensed as salvage vehicle agents. Reportedly, the two-person limit presents problems for some dealers, particularly large ones, because they cannot have representatives from their businesses at more than two auctions at once. It has been suggested that the number of licensed salvage vehicle agents allowed per dealer should be increased.

CONTENT

The bill would amend the Michigan Vehicle Code to increase the number of individuals a licensed used or secondhand vehicle parts dealer or foreign salvage vehicle dealer may have licensed as a salvage vehicle agent from two to four.

MCL 257.248e

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

It is possible that the number of salvage vehicle agents per dealer has been limited in order to prevent fraud by people who buy salvage vehicles and sell them to people who

do not understand what they are buying, or to prevent the operation of chop shops (which dismantle stolen vehicles and sell the parts). The two-person limit, however, appears to be arbitrary and can interfere with a dealer's ability to purchase salvage vehicles and parts from more than two auctions at the same time.

Response: Perhaps it would be appropriate to remove the limit altogether.

Legislative Analyst: Julie Koval

FISCAL IMPACT

The bill would have a minimal impact depending on the number of additional agent licenses that would be issued. The application fee for an agent's license is \$50. The Department of State reports that there are currently 1,086 licensed salvage vehicle agents.

Fiscal Analyst: Bill Bowerman

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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.