



Senate Fiscal Agency
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**BILL ANALYSIS**

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House Bill 4231 (Substitute S-2 as reported by the Committee of the Whole)
Sponsor: Representative Jim Koetje
House Committee: Government Operations
Senate Committee: Transportation

CONTENT

The bill would amend provisions of the Michigan Vehicle Code governing dealer licensure, vehicle abandonment, and other matters. In regard to dealers, the bill would do the following:

- Set forth requirements for an "established place of business" for a class (a) or class (b) dealer.
- Allow a supplemental dealer license to be issued only for a location that did not meet the definition of an "established place of business", within the county in which the dealer's established place of business was located.
- Add the classification of "wholesaler" to the types of vehicle dealers that must be licensed, beginning April 1, 2005.
- Allow the Secretary of State (SOS) to deny, suspend, or revoke a dealer license if the established place of business did not comply with all applicable zoning and municipal requirements, or the applicant or licensee engaged in the business of buying, selling, trading, or exchanging motor vehicles on a Sunday.

The bill would prohibit a person from abandoning a vehicle, and do the following:

- Provide that an abandoned vehicle's last titled owner would be presumed to be responsible for abandoning it unless he or she provided a record of sale.
- Prescribe a \$50 civil fine for abandoning a vehicle and failing to redeem it before its disposition.
- Revise the definition of "abandoned vehicle" to include a vehicle that has remained on private property without the owner's consent; or a vehicle that has remained on public property for a period of at least 48 hours, rather than a vehicle that has remained on public or private property for 48 hours after a police agency has affixed a written notice to it.
- Allow a police agency to affix a written notice to a vehicle on private property indicating that it is considered abandoned and the date and time it may be taken into custody. (Currently, police agencies are required to affix such a notice to abandoned vehicles on public or private property.)
- Require a police agency that has received a vehicle taken into custody as abandoned to notify the Secretary of State (SOS) through the Law Enforcement Information Network (LEIN) within 24 hours; and require the SOS, rather than the police agency, to notify the vehicle owner.
- Require the SOS to enter information about the vehicle on a website for public use in locating vehicles removed as abandoned.
- Delete a provision requiring a police agency to reimburse the owner of a vehicle that a court finds was not properly considered abandoned for towing and storage fees, but require the court to order any fee or bond posted by the owner to be returned.
- Add a \$40 fee to the towing and storage fees that an owner must pay in order to obtain release of a vehicle taken into custody as abandoned.

- Require \$25 of the fee to be forwarded to the SOS for deposit into a proposed "Abandoned Vehicle Fund", which the SOS would use to administer provisions of the Code related to abandoned vehicles.
- Prohibit a person from contesting the reasonableness of towing and storage fees if the fees were established by contract with the local governmental unit or law enforcement agency and complied with other requirements in the bill.
- Allow the owner of a vehicle that was being removed to pay a reasonable service fee to disconnect the vehicle from the tow truck and take possession of it.

The bill also would:

- Allow the SOS to provide for a temporary driver's permit to be valid for more than 60 days if necessary to accommodate the process of obtaining a background check required by Federal law.
- Add an effective date of October 1, 2005, to provisions requiring the SOS to suspend or revoke all vehicle group designations on an operator's or chauffeur's license for certain violations in a commercial motor vehicle.
- Provide that the denial, cancellation, or revocation of a hazardous material indorsement under the USA Patriot Act could not be appealed and would remain in effect until the SOS received notice from the Federal government that the person did not pose a security risk in transporting hazardous materials.

The amendments to provisions related to abandoned vehicles would take effect October 1, 2005. The other amendments would take effect January 31, 2005.

MCL 257.252a et al.

Legislative Analyst: Julie Koval

FISCAL IMPACT

Revenue deposited in the Abandoned Vehicle Fund would depend on the number of abandoned vehicles and the number of responsible parties who would pay the \$40 fee, or instances in which the fee was obtained from the proceeds of the sale of the abandoned vehicle. Estimates based on LIEN searches place the number of vehicles abandoned annually at approximately 52,000. Annual revenue to the Fund could range from \$1.0 million to \$2.1 million, based on a 50% to 100% collection rate. The Department of State's allocation from the Fund would range from \$650,000 to \$1.3 million.

The bill could lower costs for State and local law enforcement agencies as certain requirements under the Vehicle Code regarding abandoned vehicles would be shifted from law enforcement agencies to the SOS.

Date Completed: 12-9-04

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