

Legislative Analysis



NON-MOTORIZED RECREATIONAL VEHICLES: INCLUDE IN MOTOR VEHICLE SALES FINANCE ACT

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House Bill 4052 (Substitute H-1)
House Bill 4053 (reported without amendment)
Sponsor: Rep. Kenneth Kurtz
Committee: Commerce

Complete to 2-25-13

A SUMMARY OF HOUSE BILLS 4052 & 4053 AS REPORTED FROM COMMITTEE

Generally speaking, the bills would allow a dealer licensed under the Motor Vehicle Sales Finance Act to sell or lease recreational vehicles that are not self-propelled under the terms of that act, in the same way that they do with self-propelled vehicles. This would apply, for example, to pop-up campers towed behind a vehicle. At the same time, the bills would allow dealers that sell only non-self-propelled recreational vehicles, such as pop-up campers, to continue to operate instead under the Retail Installment Sales Act.

House Bill 4052 would amend the Motor Vehicle Sales Finance Act. Currently, the act applies only to self-propelled motor vehicles. The bill would amend the definition of "motor vehicle" to include, in some circumstances, recreational vehicles that are not self-propelled.

The Motor Vehicle Sales Finance Act provides regulation of the business of selling, offering for sale, hiring, or leasing motor vehicles under installment sale contracts for personal, family, or household use.

House Bill 4053 would make a complementary amendment to the Retail Installment Sales Act, which regulates the retail sale of goods and services under an installment contract or charge agreement. That act does not apply to motor vehicles. The bill would specify that the definition of the term "motor vehicle" as used in the act is the same as that found in the Motor Vehicle Sales Finance Act. The two bills are tie-barred to each other, meaning both must be enacted for either to take effect.

Each bill amends only the section of the relevant act that contains definitions of terms. In each case, it rearranges the definitions without making substantive changes, other than the change to the definition of "motor vehicle."

House Bill 4052 would use the definition of "recreational vehicle" found in Section 49a of the Michigan Vehicle Code but with some exceptions. Section 49a defines a recreational vehicle as a new or used vehicle that has its own motive power or is towed by a motor vehicle; is primarily designed to provide temporary living quarters for recreational, camping, travel, or seasonal use; complies with all applicable federal vehicle regulations; and does not require a special highway movement permit under Section 719a

to be operated or towed on a street or highway. The term includes, but is not limited to, a motor home, travel trailer, or pickup camper.

However, certain recreational vehicles would not be included, and thus would not fall under the Motor Vehicle Sales Finance Act. The exceptions are:

- Park model trailers.
- A recreational vehicle that does not have its own motive power if all of the following are met:
 - The recreational vehicle is sold by a person engaged solely in the business of selling, hiring, or leasing recreational vehicles that do not have their own motive power and not any other types of motor vehicles.
 - The vehicle is sold under a retail installment contract or retail charge agreement that meets the requirements of the Retail Installment Sales Act.
 - The seller of the recreational vehicle filed a written notice with the "administrator" (i.e., the director of the Department of Insurance and Financial Services) certifying that the seller will comply with the Retail Installment Sales Act in the installment sale of any recreational vehicle that does not have its own motive power.

The term "motor vehicle," for the purpose of these acts does not include a tractor, motorcycle, trailer, semitrailer, or power shovel, and does not include road machinery, agricultural machinery, and other machinery not designed primarily for highway transportation. It also doesn't apply to devices that are guided by tracks or that travel through the air.

FISCAL IMPACT:

House Bill 4052 would have a potential fiscal impact on the Office of Financial and Insurance Regulation (OFIR) insofar as the expansion of the definition of "motor vehicle" to include non-self-propelled recreation vehicles leads to increased complaints made to OFIR under the Motor Vehicle Sales Finance Act.

POSITIONS:

The Michigan Manufactured Housing, Recreational Vehicle, and Campground Association (MARVAC) indicated support for the bill. (2-20-13)

The Michigan Bankers Association indicated support for the bill. (2-20-13)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.