

USED TIRES, WHEELS, AND RIMS

Phone: (517) 373-8080
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Senate Bill 331 (reported from House Committee as H-1)

Sponsor: Sen. Rick Jones

House Committee: Commerce and Trade

Senate Committee: Regulatory Reform

Complete to 4-19-16

Analysis available at
<http://www.legislature.mi.gov>

(Enacted as Public Act 112 of 2016)

SUMMARY:

The bill would amend Public Act 119 of 1986, which deals with buying and receiving used motor vehicle parts. It would specify that in transactions concerning the buying or receiving of any used motor vehicle tires, tire wheels or rims, or continuous tire tread, the only methods of payment a dealer may use to pay a customer are:

- a check,
- a money order,
- a bank draft, or
- a direct deposit or electronic transfer to the customer's account at a financial institution.

[The aim of these provisions is to make it easier for law enforcement to track the sale of stolen tires and related parts and work toward reducing such thefts. Tire theft is said to particularly be a problem for rental care companies.]

A violation would be a misdemeanor for a first offense, punishable by imprisonment for not more than one year and/or a fine of \$1,000. A second or subsequent violation would be a felony, punishable by imprisonment not more than two years and/or a fine of \$5,000. (These are the penalties currently in the act for violations.)

If a payment is made by check, money order, or bank draft, the dealer must mail that payment to the customer at the address shown on the customer's identification documents the dealer is required to maintain.

When payments are made by direct deposit or electronic transfer to a customer's account at a financial institution, the transaction number must be maintained in dealer records.

The bill also would amend the definition of "used motor vehicle part" to specifically add "a motor tire, tire wheel or rim, or continuous tire tread."

Also, the bill would require that when a transaction involved used tires, wheels or rims, and tire tread, the dealer or agent would have to place the transaction number on a tag that is to be attached to each of those items being bought or received. (The act currently requires that a record of transactions involving used motor vehicle parts.)

HOUSE COMMITTEE ACTION:

The House Committee on Commerce and Trade adopted one amendment to the Senate-passed bill and reported the bill as Substitute H-1. The substitute bill amends the definition of "dealer" in the act. Currently, that term does not apply to a scrap metal processor. The substitute bill would say that the term also does not apply to an automotive recycler that buys or otherwise acquires motor vehicles or component parts for the purpose of processing or selling the metal for resmelting.

FISCAL IMPACT:

This bill would have no fiscal impact on the Michigan State Police or local law enforcement agencies (but would probably make the job of preventing the sale of stolen car parts easier).

To the extent that the bill results in a greater number of convictions, it would increase costs on state and local correctional systems. New felony convictions would result in increased costs related to state prisons, county jails, and/or state probation supervision. New misdemeanor convictions would increase costs related to county jails and/or local misdemeanor probation supervision. The average cost of prison incarceration in a state facility is roughly \$35,300 per prisoner per year, a figure that includes various fixed administrative and operational costs. The costs of local incarceration in a county jail and local misdemeanor probation supervision vary by jurisdiction. State costs for parole and felony probation supervision average about \$3,600 per supervised offender per year. Any increase in penal fine revenues would increase funding for local libraries, which are the constitutionally-designated recipients of those revenues.

POSITIONS:

The following testified in support of the bill on 3-8-16:

- Help Eliminate Auto Thefts
- The Detroit Police Department
- The Wayne County Prosecutor's Office

The following indicated support for the bill on 3-8-16:

- Avis, Budget, and Enterprise Rental Cars
- The Insurance Institute of Michigan
- The Michigan Insurance Coalition

Legislative Analyst: Chris Couch
Fiscal Analyst: Kent P. Dell
Robin Risko

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