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BILL ANALYSIS



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Senate Bill 331 (Substitute S-2 reported by the Committee of the Whole)
Sponsor: Senator Rick Jones
Committee: Regulatory Reform

CONTENT

The bill would amend Public Act 119 of 1986, which regulates the business of buying or receiving used motor vehicle parts, to allow a dealer to purchase used motor vehicle tires, tire wheels or rims, or continuous tread only with specific forms of payment, and require a dealer to comply with certain record-keeping procedures concerning those parts.

Specifically, in a transaction concerning the purchase or receipt of any used motor vehicle tires, tire wheels or rims, or continuous tire tread, the only methods of payment a dealer could use to pay a customer would be a check, money order, bank draft, or direct deposit or electronic transfer to the customer's account at a financial institution. Any payment made by check, money order, or bank draft would have to be mailed to the customer.

The Act imposes certain record-keeping requirements on a dealer that buys or receives used motor vehicle parts from a customer. Among other things, a dealer must record the form of payment and indicate the number of the check, money order, or bank draft used to pay the customer. The bill would require the dealer or an agent employed by the dealer also to indicate the transaction number of any direct deposit or electronic transfer to the customer's account at a financial institution. If the transaction included the purchase or receipt of one or more used tires, tire wheels or rims, or continuous tire tread, the dealer or agent would be required to place the transaction number on a tag that would be attached to each of those items.

The Act prescribes criminal penalties for a dealer that knowingly violates certain requirements of the Act. The bill would extend these penalties to a dealer that knowingly violated the provision limiting the methods of payment for used tires, tire wheels or rims, or continuous tire tread, and would extend the penalties to agents who violated the Act.

The bill would take effect 90 days after it was enacted.

MCL 257.1351 et al.

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill could increase the felonies and misdemeanors associated with violations of the regulations applicable to used motor vehicle part transactions involving used motor vehicle tires, tire wheels or rims, and continuous tire tread. There are no data to indicate how many additional offenders would be convicted of violating the Act (or indirectly, how many would be convicted of selling stolen vehicle parts), but to the extent that additional convictions occurred, costs of incarceration and community supervision would increase accordingly. Penal fine revenue would benefit public libraries.

Date Completed: 11-16-15

Fiscal Analyst: Ryan Bergan

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Bill Analysis @ www.senate.michigan.gov/sfa

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