



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 331 (as introduced 5-14-15)
Sponsor: Senator Rick Jones
Committee: Regulatory Reform

Date Completed: 10-13-15

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 from a customer only with specific methods of payment.

The Act imposes certain record-keeping requirements on a dealer that buys or receives used motor vehicle parts from a customer. A "used motor vehicle part" is any major component part, dashboard, stereo, radio, or seat of a late model motor vehicle for which a certificate of title and registration plate have been issued to a consumer or dealer. The bill would include a motor vehicle tire, tire wheel or rim, or continuous tire tread in the definition of "used motor vehicle part", and exclude a motor vehicle tire, tire wheel or rim, or continuous tire tread from the definition of "major component part".

Under the bill, 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 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.

Currently, when documenting a transaction concerning the purchase or receipt of any used motor vehicle part from a person other than a licensee under the Michigan Vehicle Code, 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 that the dealer also indicate the transaction number of any direct deposit or electronic transfer to the customer's account at a financial institution.

Currently, a dealer that knowingly violates certain requirements of the Act is guilty of a misdemeanor, punishable by imprisonment for up to one year, a maximum fine of \$1,000, or both. A second or subsequent violation is a felony, punishable by up to two years' imprisonment, a maximum fine of \$5,000, or both. 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.

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

MCL 257.1351 et al.

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would expand the regulations applicable to used motor vehicle part transactions involving used motor vehicle tires, tire wheels or rims, and continuous tire tread, and could increase the felonies and misdemeanors associated with violations of these regulations. 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.

Fiscal Analyst: Ryan Bergan

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