



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 331 (as enacted)
Sponsor: Senator Rick Jones
Senate Committee: Regulatory Reform
House Committee: Commerce and Trade

PUBLIC ACT 112 of 2016

Date Completed: 3-2-17

RATIONALE

Reportedly, Michigan has a large problem with the theft of car tires. This includes tires stolen from private vehicles, rental vehicles, and vehicles located at dealerships. To address this issue, it was suggested that Public Act 119 of 1986, which regulates the business of buying or receiving used motor vehicle parts, should limit the acceptable forms of payment by those who purchase used tires, in order to improve record-keeping procedures.

CONTENT

The bill amended Public Act 119 of 1986 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 includes a motor vehicle tire, tire wheel or rim, or continuous tire tread in the definition of "used motor vehicle part", and excludes 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 method a dealer may use to pay a customer is 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 must be mailed to the customer.

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 also requires the dealer or an agent to indicate the transaction number of any direct deposit or electronic transfer to the customer's account at a financial institution. If the transaction includes the purchase or receipt of one or more used tires, tire wheels or rims, or continuous tire tread, the dealer or agent must place the transaction number on a tag that must be attached to each of those items.

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 extends these penalties to a dealer that knowingly violates the provision limiting the methods of payment for used tires, tire wheels or rims, or continuous tire tread, and extends the penalties to agents who violate the Act.

(An "agent" is an individual who, for compensation or other valuable consideration, is employed directly or indirectly by a dealer.)

The bill took effect on August 8, 2016.

MCL 257.1351 et al.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Tires are an easy target for criminals because they are difficult to secure, have high resale value, and have no distinguishable markings, and buyers are easy to find. The conditions of the roads in Michigan keep tire demand high. According to Help Eliminate Auto Thefts (H.E.A.T.), an organization that coordinates citizen action with law enforcement agencies through a confidential tip line for reporting information on stolen vehicles and other automotive crimes, while the overall number of vehicle thefts has decreased over time, tire theft is still very prevalent. The organization also stated that the Detroit Police Department had reported 1,664 cases of larceny of motor vehicle accessories during the 2015 year, and an estimated 70% of those cases involved tires.

Furthermore, vehicle rental agencies report many instances of tire theft. According to October 2015 Committee testimony by H.E.A.T., one rental company had tracked 700 cases of vehicles stolen and subsequently recovered without their tires since 2013. Enterprise Holdings, a large car rental company, also reported that its Detroit company had almost \$1.2 million in damage caused by tire theft in more than 300 incidents during the company's 2014 fiscal year. The experience of individuals who rent a car and have its tires stolen is an undesirable situation for the Detroit region and the rest of Michigan.

The bill's provisions limiting payment methods for used tires, and requiring transaction numbers to be recorded, will lead to better record-keeping of used tire sales, which will enable police to track criminals more effectively.

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

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

Fiscal Analyst: Ryan Bergan

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.