



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 4344 (Substitute S-4 as reported by the Committee of the Whole)
Sponsor: Representative Peter Pettalia
House Committee: Transportation and Infrastructure
Senate Committee: Regulatory Reform

CONTENT

The bill would amend the Motor Vehicle Service and Repair Act to codify a number of administrative rules relating to automotive business, and make other changes. Specifically, the bill would do the following:

- Codify, revise, or delete definitions.
- Codify the repair activities performed by a gasoline service station or person that qualify that station or individual as a motor vehicle repair facility.
- Codify prohibitions against certain practices regarding contracts, repairs, warranties, advertising or representation, liens, estimates or charges, and coercive practices by a motor vehicle repair facility subject to the Act, or a person who is an owner or operator of a motor vehicle repair facility subject to the Act, and also require certain practices involving the replacement of a major component part (as described below).
- Allow the Administrator (the Secretary of State) to promulgate any rules necessary to implement the Act, and codify provisions allowing him or her to issue declaratory rulings and take action against a stockholder, officer, director, or partner of a facility that is a corporation or partnership that violates certain provisions.
- Codify the repair categories for automobiles and light trucks, and heavy-duty trucks that an individual may specialize in as a specialty or master mechanic.
- Allow a specialty mechanic qualified in all repair categories to apply for certification as a master mechanic for light vehicles and heavy-duty trucks, with respect to the qualifications achieved for each category.
- Codify the requirements for an individual to be certified as a master motorcycle mechanic or recreational trailer mechanic.
- Codify expiration policies for permits, certificates, or registration relating to a master mechanic, specialty mechanic, or a motor vehicle repair facility, and prescribe the process under which those documents could be renewed.
- Codify the conditions under which an applicant for certification may take an oral or practical test, and specify other details regarding the examination.
- Codify provisions pertaining to a mechanic trainee permit.
- Codify provisions detailing the evaluation and approval of a school, academy, or other similar establishment that intends to provide training to mechanics or mechanic trainees.
- Establish requirements for certified master, specialty, or trainee mechanics, including provisions that would apply if those individuals violated certain requirements.
- Codify the requirement for additional information from the owner of a motor vehicle repair facility when he or she registers his or her facility.
- Codify provisions regarding a "change of ownership" for a motor vehicle repair facility and the details regarding new registration, including required fees.
- Codify provisions regarding the amount of time a motor vehicle repair facility must keep its business records for inspection, and include other details regarding records.

- Codify the requirement that certain information be included on a replacement registration permit.
- Establish examination, application, certificate, and renewal fees for mechanics.
- Change from \$10 to \$50 the amount a motor vehicle repair facility may charge above the estimate given to the customer who did not sign a special waiver, before a written or oral consent for that excess charge is required.
- Codify requirements for a registered motor vehicle repair facility to display certain items.
- Codify provisions regarding the return of parts to a customer.
- Change from \$20 to \$50 the minimum amount that triggers a requirement for a motor vehicle repair facility to provide a customer an estimate before beginning repairs.
- Rescind R 257.101 to 257.173 of the Michigan Administrative Code, which relate to general automotive businesses.

The bill would require a motor vehicle repair facility subject to the Act that replaced a major component part (excluding the engine and the transmission) during the term of the vehicle manufacturer's original warranty, or during the first five years of the vehicle manufacturer's original warranty, whichever was less, to replace the major component part, and an owner or operator of the motor vehicle repair facility would have to ensure that the major component part was replaced, with one of the following:

- A new original equipment manufacturer (OEM) part.
- A used or recycled OEM part.
- A part that met any applicable Federal motor vehicle safety standards and the standards for parts recognized as OEM comparable quality as verified by the Certified Automotive Parts Association, NSF International, or another nationally recognized automotive parts testing agency.

The bill would take effect 90 days after its enactment.

MCL 257.1302 et al.

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on State and local government. It is currently a misdemeanor punishable by imprisonment for up to 90 days and a fine of up to \$1,000, or both, for a first offense, for any person, agent, or employee of a registrant to knowingly violate the Act. A subsequent conviction is punishable by up to one year's imprisonment and a fine of up to \$5,000, or both. It is unknown whether the changes in the bill would lead to a change in the number of misdemeanor arrests and convictions under the Act.

An increase in misdemeanor arrests and convictions could place incremental resource demands on local court systems, law enforcement, probation offices, and jails. Any associated increase in fine revenue would be dedicated to public libraries.

Conversely, a decrease in misdemeanor arrests and convictions could incrementally reduce resource demands on local court systems, law enforcement, probation offices, and jails.

The bill would have no fiscal impact on the Department of State.

Date Completed: 5-13-16

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.