

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 659

A bill to amend 1949 PA 300, entitled
"Michigan vehicle code,"
by amending section 2481 (MCL 257.2481), as added by 2018 PA 420.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2481. (1) The secretary of state shall establish each of
2 the following dealer training programs for eligible used vehicle
3 dealers:

4 (a) A prelicensure dealer training program that meets all of
5 the following:

6 ~~(i) Is conducted by the department, or a qualified trade~~
7 ~~organization approved by the department, and is offered at least 2~~
8 ~~times each calendar quarter. If approved by the department, the~~



1 ~~training program may be conducted online or by other electronic~~
 2 ~~means.~~

3 (i) ~~(ii)~~—Is available to any individual who is an eligible used
 4 vehicle dealer ~~who is~~ applying for an original dealer license or is
 5 a partner or officer of an eligible used vehicle dealer ~~that is~~
 6 applying for an original dealer license.

7 (ii) ~~(iii)~~—Includes training related to this act and any other
 8 subject matter approved by the secretary of state, such as consumer
 9 protection and sales and use tax collection. The department may
 10 consult with ~~any other~~ departments to evaluate and ~~approve~~ **develop**
 11 course content it considers appropriate.

12 (b) A training program for designated individuals that meets
 13 all of the following:

14 (i) ~~Is conducted by the department or another person designated~~
 15 ~~by the secretary of state and is~~ offered at least 2 times each
 16 calendar quarter. ~~If approved by the department, the training~~
 17 ~~program may be conducted online or by other electronic means.~~

18 (ii) Is available to any designated individual.

19 (iii) Includes training in transferring vehicle titles,
 20 documentation of title transfers, record keeping, and any other
 21 subject matter ~~approved~~ **considered appropriate** by the secretary of
 22 state, such as consumer protection and sales and use tax
 23 collection. **The department may consult with other departments to**
 24 **evaluate and develop course content it considers appropriate.**

25 (c) A continuing education training program that meets all of
 26 the following:

27 (i) Is conducted at least 2 times in each calendar quarter.

28 (ii) Includes at least 2 hours of training.

29 (iii) Includes subject matter ~~approved~~ **considered appropriate** by



1 the secretary of state, such as transferring vehicle titles,
 2 documentation of title transfers, record keeping, consumer
 3 protection, and sales and use tax collection. The department may
 4 consult with ~~any~~ other departments it considers appropriate to
 5 evaluate and ~~approve~~ **develop** course content.

6 ~~(iv) Is conducted by 1 of the following:~~

7 ~~(A) The department.~~

8 ~~(B) A qualified trade organization that is approved by the~~
 9 ~~department. The department may evaluate a qualified trade~~
 10 ~~organization approved under this sub-subparagraph to determine~~
 11 ~~whether it meets the requirements of this subdivision. The~~
 12 ~~department may, after a hearing, suspend or revoke a qualified~~
 13 ~~trade organization's approval to offer the training described in~~
 14 ~~this subdivision for failure to comply with those requirements.~~

15 (2) In the 6-month period preceding the date of the
 16 application for an original eligible used vehicle dealer license,
 17 each individual who is the applicant, each partner of the
 18 applicant, or each officer of the applicant, as applicable, for the
 19 original eligible used vehicle dealer license ~~must~~ **shall** complete
 20 the **prelicensure** dealer training program described in subsection
 21 (1)(a). This subsection does not apply to ~~either~~ **any** of the
 22 following:

23 (a) An applicant, or application, for the renewal of an
 24 eligible used vehicle dealer license.

25 (b) The holder of an original eligible used vehicle dealer
 26 license that was granted before, and is valid on, ~~the effective~~
 27 ~~date of this section.~~ **March 20, 2019.**

28 (c) **The owner, partner, corporate officer, or director of a**
 29 **new vehicle dealer license.**



1 (3) In the 90-day period following the issuance of an original
 2 dealer license to an eligible used vehicle dealer, the licensed
 3 dealer shall select a designated individual and ensure that he or
 4 she completes the ~~dealer~~-training program described in subsection
 5 (1)(b). ~~However, this~~ **This** subsection does not apply if the
 6 designated individual has completed the **continuing education**
 7 training program described in subsection (1)(c). An eligible used
 8 vehicle dealer ~~must~~ **shall** select a designated individual for each
 9 of its retail sales locations. An eligible used vehicle dealer ~~must~~
 10 **shall** not select the same individual as the designated individual
 11 for more than 3 retail sales locations.

12 (4) Subsection (3) does not apply to the holder of an original
 13 or renewal eligible used vehicle dealer license that was granted
 14 before, and is valid on, ~~the effective date of this section~~ **March**
 15 **20, 2019** until that license is next renewed.

16 (5) In addition to the training program described in
 17 subsection (1)(b), an eligible used vehicle dealer shall ensure
 18 that a designated individual completes the **continuing education**
 19 training program described in subsection (1)(c) 1 time in each 24-
 20 month period after the date of issuance of its original license.

21 (6) **The training requirements described in subsections (2),**
 22 **(3), and (5) may be satisfied by attending a training program that**
 23 **is conducted by the department or a qualified trade organization**
 24 **approved by the department under subsection (10).**

25 (7) **A qualified trade organization may apply to the department**
 26 **for approval to conduct the training programs described in**
 27 **subsection (1). A qualified trade organization shall not conduct a**
 28 **training program described in subsection (1) unless it obtains the**
 29 **approval described in subsection (10). No later than 30 days after**



1 the effective date of the amendatory act that added this
2 subsection, the department shall develop and make available an
3 application form.

4 (8) The department shall establish an application procedure
5 for a qualified trade organization to obtain approval from the
6 department under subsection (10) to conduct the training programs
7 described in subsection (1) that includes all of the following
8 requirements:

9 (a) Any documentation required for establishing that the
10 applicant is a qualified trade organization.

11 (b) A training program plan or curriculum for each training
12 program the qualified trade organization intends to conduct that is
13 consistent with the training programs described in subsection (1).

14 (c) Any other information or requirements the department
15 considers necessary for purposes of approving an application under
16 subsection (10).

17 (9) The training programs established by the secretary of
18 state under subsection (1) and any training program approved by the
19 department under subsection (10) may be conducted online or by
20 other electronic means.

21 (10) Not later than 10 business days after receiving an
22 application under this section, the department shall approve or
23 deny the application. The department shall provide the approval or
24 denial in writing and, if denied, it shall list the reasons for the
25 denial. Regardless of the reason for denial, the applicant may
26 resubmit the application correcting the deficiencies identified by
27 the department in the denial letter. The department shall have 5
28 business days to review a resubmitted application and either
29 approve or deny the application. If a resubmitted application is



1 denied, the denial shall be in writing to the applicant and the
 2 applicant shall have an opportunity to correct any deficiencies
 3 identified by the department in the denial letter.

4 (11) If a qualified trade organization that has received the
 5 approval described in subsection (10) fails to comply with the
 6 requirements of the training programs described in subsection (1),
 7 the department may, after a hearing conducted in accordance with
 8 the administrative procedures act of 1969, 1969 PA 306, MCL 24.201
 9 to 24.328, suspend or revoke the approval.

10 (12) ~~(6)~~—The department shall not renew the license of an
 11 eligible used vehicle dealer unless the application for renewal
 12 includes a certification from the dealer that it is in compliance
 13 with the training requirements applicable under this section.

14 (13) The department shall not charge a fee to review, approve,
 15 or deny an application submitted under this section.

16 (14) The department may promulgate rules and procedures in
 17 accordance with the administrative procedures act of 1969, 1969 PA
 18 306, MCL 24.201 to 24.328, to implement this section.

19 (15) ~~(7)~~—As used in this section:

20 (a) "Designated individual" means any of the following
 21 individuals, if he or she is selected by an eligible used vehicle
 22 dealer to complete a training program described in this section:

23 (i) An individual who is a licensed eligible used vehicle
 24 dealer or a partner or officer of a licensed eligible used vehicle
 25 dealer.

26 (ii) ~~is~~—An individual who is an employee of a licensed eligible
 27 used vehicle dealer, such as a general manager, a sales manager, or
 28 an employee who is responsible for preparing title documents for
 29 the dealer.



1 (b) "Eligible used vehicle dealer" means a person that is
2 licensed as a used or secondhand vehicle dealer, or is applying for
3 licensure as a used or secondhand vehicle dealer, and is not **an**
4 **owner, partner, corporate officer, or director of a** licensed **new**
5 **vehicle dealer** or seeking licensure as **an owner, partner, corporate**
6 **officer, or director of** a new vehicle dealer.

7 (c) "Qualified trade organization" means a bona fide nonprofit
8 membership organization that is based in this state, that has been
9 in existence for at least 5 years, and whose members are primarily
10 eligible used vehicle dealers.

11 Enacting section 1. This amendatory act takes effect 60 days
12 after the date it is enacted into law.

