



Senate Fiscal Agency  
P.O. Box 30036  
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383  
Fax: (517) 373-1986

Senate Bill 1064 (Substitute S-1 as reported)

Sponsor: Senator Aric Nesbitt

Committee: Regulatory Reform

## **CONTENT**

The bill would amend the Vehicle Code to do the following:

- Modify the definition of "established place of business" as it applies to a wholesaler and prescribe the definition of "established place of business" as it applies to a secondhand vehicle parts dealer, a vehicle salvage pool operator, a distressed vehicle operator, a broker, and an automotive recycler.
- Require a wholesaler to maintain regular hours of operation at an established place of business that included at least 15 regular business hours per week between the hours of 8 AM and 5 PM, Monday through Friday.
- Increase, from 15 days to 21 days, the time period a dealer selling, leasing, or exchanging certain vehicle or a person engaged in the sale of vessels has to apply for a new title and transfer or secure registration plates and secure a certificate of registration.
- Increase, from \$15 to \$50, the late transfer fee for a title.
- Increase, from 30 days to 60 days, the time period for which a special registration is valid.
- Specify that a provision specifying that a vehicle registration expires two years after the owner's birthday would apply, beginning October 1, 2022.
- Increase, from 15 days to 30 days, the maximum time period for which a temporary registration plate or maker is valid.
- Specify that certain odometer information would not apply to a scrap vehicle.
- Allow the Secretary of State (SOS) to accept an electronically signed odometer disclosure document that complied with certain requirements.
- Prohibit the SOS from renewing a new dealer's license if the applicant had not bought or sold more than five vehicles during the 12 months preceding the dealer's renewal application.
- Increase, from \$10,000 to \$25,000, the bond amount required for a new vehicle dealer or used secondhand vehicle dealer or broker license seeking licensure.
- Require the SOS or law enforcement officials to provide dealers with 36 hours' advance notice of an inspection.
- Modify certain license fees.

MCL 257.14

Legislative Analyst: Eleni Lionas

## **FISCAL IMPACT**

The bill would have a positive fiscal impact on the Department of State. Specifically, the proposed late title transfer fee increase would increase revenue for the Department. In fiscal year (FY) 2020-21, there were a total of 191,762 title transfers that were filed late and assessed the \$15 fee for an estimated revenue collected of \$2.9 million. The bill would increase the timeline to transfer a title from 15 to 21 days, which could result in fewer late fee assessments. However, the actual decrease in late fee assessments is indeterminate.

Given the increase in the late fee from \$15 to \$50, the number of late fees would need to decline to below 58,000 transactions before the revenue would fall below the \$2.9 million collected in FY 2020-21.

The bill also would increase, from \$75 to \$160, the dealer license fee for a full-year license and would increase, from \$37.50 to \$80, the fee for a half-year license. Currently, a dealer may apply for a license that is valid for up to four years, provided the fee paid is equal to the fee multiplied by the number of years for which the license will be valid. In 2021, there were just under 5,200 dealer licenses issued in Michigan. Assuming all of those dealers renewed their licenses for a full year, at the proposed rate of \$160 for a full-year license, the fee revenue from dealer license fees would increase by \$442,000. The amount of increased revenue would depend on the number of actual dealers applying for licenses and how many were full-year licenses versus a half-year license.

Date Completed: 6-16-22

Fiscal Analyst: Joe Carrasco, Jr.

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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.