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Senate Fiscal Agency  
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Lansing, Michigan 48909-7536

**SFA****BILL ANALYSIS**

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Senate Bill 1197 (Substitute S-2 as reported by the Committee of the Whole)  
Sponsor: Senator Mat J. Dunaskiss  
Committee: Transportation and Tourism

### **CONTENT**

The bill would amend Public Act 118 of 1981, which regulates motor vehicle manufacturers, distributors, wholesalers, and dealers, to replace provisions under which a manufacturer, importer, or distributor may not establish a dealership that would unfairly compete with a new motor vehicle dealer of the same line make operating in the relevant market area.

The bill would prohibit a manufacturer, importer, or distributor from owning, operating, or controlling a new motor vehicle dealer including a new motor vehicle dealer engaged primarily in performing warranty repair services on motor vehicles pursuant to the manufacturer's warranty. The bill describes situations in which the prohibition would not apply (i.e., the ownership by a manufacturer or distributor of a new motor vehicle dealer during the transition from one owner or operator to another or while it was being sold under a contract or purchase option to the operator of the new motor vehicle dealer; or, the ownership by a manufacturer of an entity that owned or operated a new motor vehicle dealer of the same line make franchised by the manufacturer).

In addition, the bill would prohibit a manufacturer, importer, or distributor from selling a new motor vehicle to a retail customer other than through its franchised dealers, unless the customer were a nonprofit organization or a Federal, State, or local government or agency.

MCL 445.1564 & 445.1574

Legislative Analyst: L. Arasim

### **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Date Completed: 5-17-00

Fiscal Analyst: E. Limbs