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BILL ANALYSIS



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Senate Bill 1050 (as introduced 9-6-16)
Sponsor: Senator Rick Jones
Committee: Regulatory Reform

Date Completed: 10-19-16

CONTENT

The bill would amend Public Act 119 of 1986, which governs the purchase or receipt of used motor vehicle parts, to do the following:

- **Include a motor vehicle tire, tire wheel or rim, or continuous tire tread in the definition of "used motor vehicle part" if it were not received by the used parts dealer directly from the owner in conjunction with the purchase of replacement tires, wheels, or rims.**
- **Exclude from the definition of "dealer" an end-user, hauler, or processor of scrap tires, a licensed disposal area, and a solid waste hauler.**
- **Make an exception to the Act's record-keeping requirements for a used parts dealer's purchase or receipt of used parts from an end-user or processor of scrap tires.**

The bill would take effect 90 days after enactment.

The Act prescribes requirements applicable to a used motor vehicle parts dealer regarding the maintenance of transaction records, the methods of payment a dealer may use to pay a customer, and criminal penalties for a dealer who does not comply with record-keeping requirements or who falsifies a record.

"Used motor vehicle part" means any of the following:

- A major component part, dashboard, radio, stereo, 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.
- A motor vehicle tire, tire wheel or rim, or continuous tire tread.

The bill would refer to a motor vehicle tire, tire wheel or rim, or continuous tire tread that was not received by the dealer directly from the owner of the tire, wheel, rim or tread, in conjunction with the purchase of replacement tires, wheels, or rims.

"Dealer" means any person who engages in the ordinary course of repeated and recurrent transactions of buying or receiving used motor vehicle parts from people other than a dealer licensed under the Michigan Vehicle Code. The term excludes a scrap metal processor or automotive recycler that buys or otherwise acquires motor vehicles or motor vehicle component parts for the purpose of processing or selling the metal for remelting. The bill also would exclude the following:

- An end-user, scrap tire hauler, or scrap tire processor.

-- A disposal area that is licensed under, or a solid waste hauler that is subject to, Part 115 (Solid Waste Management) of the Natural Resources and Environmental Protection Act (NREPA).

"End-user", "scrap tire hauler", and "scrap tire processor" would mean those terms as they are defined in Section 16901 of NREPA. (Under that section, "end-user" means any of the following:

- A person who possesses a permit to burn tires under NREPA.
- The owner or operator of a landfill that is authorized under its operating license to use scrap tires.
- A person who uses a commodity to make a product that is sold in the market.
- A person who is authorized by Part 169 (Scrap Tires) of NREPA to accumulate scrap tires, who acquires them, and who converts them into a product that is sold in the market or reused in an authorized manner.

Subject to specific exceptions, "scrap tire hauler" means a person who transports more than 10 scrap tires at once in a vehicle on a public road or street. "Scrap tire processor" means either a portable shredding operation or a person who is authorized by Part 169 to accumulate scrap tires and is engaged in the business of buying or otherwise acquiring them and reducing their volume by shredding or otherwise facilitating recycling or resource recovery techniques for scrap tires.)

Public Act 119 requires a dealer to maintain a permanent record of each transaction concerning the buying or receiving of any used motor vehicle part from a person, other than a dealer licensed under the Vehicle Code. The bill also would make an exception for the purchase or receipt of a used vehicle part from an end-user or scrap tire processor regulated under Part 169 of NREPA.

MCL 257.1351 & 257.1352

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would have an indeterminate, though likely minimal, fiscal impact on State and local government. The bill would effectively eliminate a record-keeping requirement for certain entities that are regulated under NREPA. It also would exempt dealers from the requirement when receiving used vehicle parts from certain entities. Many of the transactions covered by Public Act 119 are subject to record-keeping requirements under NREPA, so it is unknown whether or by how much these exceptions would reduce future prosecutions for violations. A reduction in misdemeanor and felony prosecutions and convictions could decrease resource demands on local court systems, community supervision, and jails and correctional facilities. For any decrease in prison intakes, in the short term, the marginal savings to State government would be approximately \$3,764 per prisoner per year. In the long term, if the decreased intake of prisoners reduced the total prisoner population enough to allow the Department of Corrections to close a housing unit or an entire facility, the marginal savings to State government would be approximately \$34,550 per prisoner per year. Any associated decrease in fine revenue would reduce revenue to public libraries.

Fiscal Analyst: Ryan Bergan

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