



**House
Legislative
Analysis
Section**

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RV BUYERS, DRIVER ED "LOANERS"

House Bill 5120 (Substitute H-2)
First Analysis (5-29-90)

Sponsor: Rep. Gordon R. Sparks
Committee: Transportation

THE APPARENT PROBLEM:

Manufacturers of motor homes (recreational vehicles or "RVs") buy major components — such as bodies, chassis, motors, appliances, and so forth — from a number of different sources, often from a number of different states. The RV manufacturers then sell the completed RVs to dealers, who then sell the RVs to the general public. In at least one instance, an RV owner received a chassis recall notice, only to discover that the chassis of his new RV was a year older than the RV model year.

In an unrelated matter, the Michigan Vehicle Code requires that cars loaned by car dealers to schools for driver education programs carry this information on their titles. Apparently in recent years many car dealers have reduced or stopped their practice of loaning driver education cars free of charge to school districts, in part because cars used in driver education programs can't be sold for as much as they otherwise could if the driver education notation were left off the title.

THE CONTENT OF THE BILL:

The Michigan Vehicle Code requires that certain information be contained on the title of a vehicle, as well as on the application for the title. The bill would make some changes in the information required on titles and applications.

Driver education cars. The code requires, among other things, that a title include a notation indicating when a car has been loaned by a dealer to a school district for use in a driver education program. The bill would amend this part of the code to exempt cars loaned for use in driver education programs from having the notation "driver education" on the title, requiring instead that this information be disclosed on the application for a title.

Motor homes. The bill also would require that dealers include on applications for titles of new motor homes the year of manufacture of every major part that had its own manufacturer's certificate of origin (which applies only to the chassis).

Buyer documents. The bill would require that vehicle dealers provide buyers with a copy of "each document signed by the buyer" (that is, with a copy of the application for title).

MCL 257.222, 257.251, and 257.251a

FISCAL IMPLICATIONS:

Fiscal information is not available.

ARGUMENTS:

For:

The bill would eliminate the possibility that buyers of new

motor homes could be surprised to learn through chassis recall notices that their RV's chassis was of an older model year than that of the RV's model year.

Response: This change in the law is not needed. It is common practice for RV manufacturers to buy chassis in "bulk," so that the year the chassis is made doesn't necessarily match the model year of the completed RV. But such chassis are still new, at least in the sense of being unused. On the other hand, if buyers are to be fully informed of the dates of manufacture of all of the major component parts of their new RVs, then the bill doesn't go far enough, since it addresses only those major components that have certificates of origin — and the RV's engine and major appliances (such as refrigerators), to mention only two, do not have such certificates. Finally, compliance by Michigan RV dealers may be difficult, if not impossible, since they would be dependent on manufacturers of RVs from other states (such as Indiana) to get and pass on certificates of origin for chassis. But out-of-state RV manufacturers themselves often get component parts from other states, and may not acquire (or pass on to Michigan dealers) the extra paperwork that the bill would require.

For:

The proposed changes in the way driver's education cars are titled would help a number of people: not only car dealers (who could conceivably make more money), but school driver education programs and, by extension, present and future Michigan drivers who are affected by the quality of training of young drivers in Michigan. The title change could help make "loaner" cars more available to school driver education programs, since dealers would no longer have to fear cars losing value because of a "driver education" notice on the titles.

Response: Buyers would lose an important protection that they currently have in law. Buyers of supposedly new cars should know whether or not the car had been used in a driver education program.

Reply:

This provision would affect only second buyers of such cars. First buyers of driver education "loaners" still would have access to this information on the application for title that dealers would have to give them at the time of sale.

POSITIONS:

The Department of State supports the bill. (5-29-90)

The Michigan Association of Recreational Vehicles and Campgrounds (MARVAC) does not oppose the bill. (5-24-90)

H.B. 5120 (5-29-90)