

Legislative Analysis



SALVAGE VEHICLE AGENT: ELIMINATE LICENSE CATEGORY

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 6060

Sponsor: Rep. Tom Pearce

House Bill 6061

Sponsor: Rep. Marty Knollenberg

Committee: Regulatory Reform

Complete to 6-30-10

A SUMMARY OF HOUSE BILLS 6060-6061 AS INTRODUCED 4-22-10

The bills would eliminate the licensing requirement for salvage vehicle agents and eliminate references to that license category. They are tie-barred to each other and, as introduced, have an effective date of October 1, 2009.

Currently, a person must be licensed as a salvage vehicle agent in order to purchase, acquire, sell, or otherwise deal in scrap or salvage vehicles at auction. Only persons licensed as a used vehicle parts dealer (Class C), automotive recycler (Class R), or foreign salvage vehicle dealer are eligible for a license as a salvage vehicle agent. Under the bills, a Class C or Class R dealer would no longer have to obtain the separate salvage vehicle agent license to purchase scrap or salvage vehicles. A person from another state would no longer have to be licensed by the State of Michigan to buy and remove from the state scrap or salvaged vehicles.

House Bill 6061 would amend the Michigan Vehicle Code (MCL 257.17a et al.). The bill would repeal sections in the code pertaining to licensure as a salvage vehicle agent and eliminate references in the code to a salvage vehicle agent. The repealed sections are Sections 56c, 248b, 248g, 248h, and 248i.

The bill would also revise the definition of "foreign salvage vehicle dealer." Currently, the term means a person who is a licensed dealer in another state and is engaged in Michigan in the business of purchasing, selling, or otherwise dealing on a wholesale basis in salvageable parts or vehicles of a type required to have a salvage or scrap certificate of title under the act.

Instead, the term "foreign salvage vehicle buyer" would mean a person who is licensed in another state or jurisdiction and acquires salvage or scrap vehicles exclusively for the purpose of taking those salvage or scrap vehicles out of Michigan. (As written, the bill does not specify that the "license" required in this provision must be connected with buying and removing scrap or salvage vehicles.)

The term "scrap certificate of title" would be revised to mean a document issued by the secretary of state evidencing ownership of a scrap vehicle, which may be assigned to a

person licensed under Section 248 or a foreign salvage vehicle buyer. Currently, the document can only be assigned to a scrap metal processor, an automotive recycler, used or secondhand vehicle parts dealer, or a foreign salvage vehicle dealer and reassignable only to a vehicle scrap metal processor.

Currently, a vehicle salvage pool or broker cannot sell, transfer, or release a distressed, late model vehicle to anyone other than the vehicle's former owner, a used or secondhand vehicle parts dealer, a vehicle scrap metal processor, a licensed foreign salvage vehicle dealer, or a registered motor vehicle repair facility engaging in body work. A vehicle salvage pool, auction, or broker cannot sell, transfer, etc. a distressed, late model vehicle to anyone other than the vehicle's former owner, a licensed salvage agent of an automotive recycler, or a licensed salvage agent of a foreign salvage vehicle dealer.

Those provisions would be eliminated. Instead, a vehicle salvage pool, auction, or broker may sell, transfer, or release a distressed late model vehicle to the vehicle's former owner, a person licensed under Section 428 of the act, or a foreign salvage vehicle buyer.

The bill would also revise to whom a vehicle with a salvage or scrap certificate of title could be sold; under the bill, the vehicle could be sold by the person receiving the title to a person licensed under Section 248 of the act or a foreign salvage vehicle buyer.

The bill would eliminate a provision giving the secretary of state authority to automatically suspend a broker's or dealer's license and any salvage vehicle agent's license for 30 days if the licensed dealer removed a scrap vehicle from the state for the purpose of rebuilding the vehicle or selling or leasing the vehicle to a person other than a vehicle scrap metal processor. Currently, this provision applies to the licenses of automotive recyclers, used or secondhand vehicle parts dealers, vehicle scrap metal processors, vehicle salvage pool operators, distressed vehicle transporters, foreign salvage vehicle dealers, and brokers.

House Bill 6060 would amend the second hand dealers and junk dealers act, Public Act 350 of 1917 (MCL 445.403) to eliminate from the definition of "automotive recycler," a reference to salvage vehicle agent as defined in Section 56c of the Michigan Vehicle Code; Section 56c would be repealed by House Bill 6061.

FISCAL IMPACT:

House Bills 6060 and 6061 would have an indeterminate, but likely negative, fiscal impact on the Secretary of State. Under the provisions of the bills, the licensing category of salvage vehicle agent is eliminated, which would result in reduced revenue to the Secretary of State from those licensing fees.

Legislative Analyst: Susan Stutzky
Fiscal Analyst: Ben Gielczyk

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.