

Legislative Analysis



SALVAGE VEHICLE AGENT: ELIMINATE LICENSE CATEGORY

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House Bills 4832 and 4833

Sponsor: Rep. Paul Muxlow

Committee: Transportation

Complete to 9-20-11

A SUMMARY OF HOUSE BILLS 4832 AND 4833 AS INTRODUCED 6-28-11

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, 2011.

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 obtain any license from the State of Michigan to buy and remove from the state scrap or salvaged vehicles.

House Bill 4832 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 The repealed sections are Sections 56c, 248b, 24e, 248g, 248h, and 248i.

The bill would eliminate use of the term "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 bill uses the term "foreign salvage vehicle buyer," defined to 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.

Currently, a vehicle salvage pool, auction, or broker cannot sell, transfer, or release 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 248 of the act, or a foreign salvage vehicle buyer.

Also under the bill, an insurance company could assign a salvage or scrap certificate of title to a person licensed under Section 248 of the act or a foreign salvage vehicle buyer.

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 to 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.

[NOTE: The bill refers throughout to "a person licensed under Section 248." That section provides for the following dealer licenses: new vehicle dealer, used or secondhand vehicle dealer, used or secondhand vehicle parts dealer, vehicle scrap metal processor, vehicle salvage pool operator, distressed vehicle transporter, broker, automotive recycler, and wholesaler.]

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 4833 would amend the Second Hand Dealers and Junk Dealers Act, Public Act 350 of 1917 (MCL 445.403) to eliminate language that references a salvage vehicle agent as defined in Section 56c of the Michigan Vehicle Code; that section would be repealed by House Bill 4833. The bill would add a definition of "person" to mean an individual, partnership, corporation, limited liability company, association or other legal entity.

FISCAL IMPACT:

House Bills 4832 and 4833 would have an indeterminate, but likely negative, fiscal impact on the Secretary of State (SOS). Under the provisions of the bills, the licensing category of salvage vehicle agent is eliminated, which would result in reduced revenue to the SOS due to foregone licensing fees.

The bills would also change "foreign salvage vehicle dealer" to "foreign salvage vehicle buyer" and no longer require a license to operate in this state. To qualify as a newly defined "foreign salvage vehicle buyer" the person would have to be licensed in another state and only be involved in acquiring salvage or scrap vehicles exclusively for the purpose of taking them out of state. For those entities qualifying as just a "buyer," the SOS would not require licensing and that would result in foregone licensing fees. If a person formerly licensed as a "foreign salvage vehicle dealer" wished to participate in

activities no longer permissible for those qualifying as a "foreign salvage vehicle buyer" the person would presumably have to be licensed by the SOS in the same manner as is required for other persons required to be licensed under MCL 257.248. The overall fiscal impact would depend on the number of former "foreign salvage vehicle dealers" opting to get licensed in the state of Michigan under MCL 257.248.

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■ 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.