



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 867 (Substitute S-2 as reported)

Sponsor: Senator John Cherry

Committee: Regulatory Affairs

CONTENT

The bill would amend the Motor Vehicle Service and Repair Act to allow the owner of a motor vehicle repair facility to operate an auxiliary facility under the same registration as the primary facility if the auxiliary facility met specified requirements. It also would modify the cost of motor vehicle repair facility registration fees and create the Mechanic Certification Examination Fund, which would have to be spent to update and administer the mechanic certification examination.

MCL 257.1302 et al.

BRIEF RATIONALE

According to testimony, the auto dealership business has experienced changes due to technological advancements in the car manufacturing industry. Many dealerships now require more floor space for computer equipment and EV batteries; however, the Act currently requires a dealership to obtain a second license for even nearby auxiliary spaces. Some have argued that this is an unnecessary burden for a dealership due to bookkeeping and regulatory requirements. It has been suggested that dealerships be allowed to open auxiliary facilities under the same license.

Legislative Analyst: Nathan Leaman

FISCAL IMPACT

The bill would create the Mechanic Certification Examination Fund. The current fee for a certification exam is \$6 and deposited into the State's General Fund (GF). The bill would increase the fee to \$18, with \$12 of each fee being deposited into the proposed Fund. Based on the most recent figure of 41,600 exams taken in Fiscal Year 2022-23, an estimated \$500,000 annually would be deposited into the Fund, assuming that same rate of exams given in a year. The amount deposited in the GF would remain the same as \$6 would continue to be deposited into the GF. The Department of State (DOS) could use the funds to develop and update the mechanic certification examination's content. The DOS estimates the breakdown of the \$12 portion of the fee to be allocated as follows:

- \$5 to develop and update the exam.
- \$5 for the administration of the exam.
- \$2 for IT support and related contracts.

Finally, the bill would modify the current registration fee schedule by reducing the number or registration categories from 20 to five. The revised fee schedule would raise an additional estimated \$160,000 annually for the State's GF, which raises an estimated \$2.9 million annually based on the current fee schedule.

Date Completed: 10-22-24

Fiscal Analyst: Joe Carrasco, Jr.

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Bill Analysis @ www.senate.michigan.gov/sfa

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