

USED VEHICLE DEALER TRAINING PROGRAM

Phone: (517) 373-8080
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Senate Bill 1023 (H-1) as reported from committee

Sponsor: Sen. Peter MacGregor

House Committee: Commerce and Trade

Senate Committee: Commerce

Complete to 12-11-18

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

Senate Bill 1023 would amend the Michigan Vehicle Code to require certain applicants for a used vehicle dealer license to complete a dealer training program established by the Secretary of State (SOS).

The bill would require the SOS to establish three separate training programs: a prelicensure dealer training program, a training program for designated individuals, and a continuing education training program. Each program would have to be conducted by the Department of State or another person designated by the SOS, would have to be offered twice quarterly, and could be conducted online or electronically if the SOS allowed. Each program's training regimen would have additional unique course requirements. The Department of State would be permitted to consult with other state departments to evaluate and approve course content for a prelicensure or continuing education training program.

The bill would require an eligible vehicle dealer who is an applicant for an original license to complete the prelicensure dealer license program within six months before application for the license. An eligible used vehicle dealer would have to designate an individual to complete a training program for designated individuals within 90 days after an original dealer license was issued as well as a continuing education training program one time each year after the license was issued. The bill would prohibit the Department from renewing the license of an eligible used vehicle dealer unless the application included certification from the dealer that it had complied with the bill's training requirements.

MCL 257.248 et al.

FISCAL INFORMATION:

The bill would result in indeterminate costs for the Department of State (DOS) and have no fiscal impact on local units of government. Costs would depend on the manner in which prelicensure training is implemented and may require an additional appropriation if current services are not to be affected. The bill provides DOS the option to permit a qualified third-party trade organization to conduct pre-licensure training upon DOS approval of the training material. The bill also permits training to be conducted online or by other electronic means.

DOS currently offers monthly vehicle dealer training classes that cover some, but not all, of the material required by the bill. If DOS opts to expand its current training program to satisfy the bill's requirements, it would incur additional personnel costs to support the increased training material and demand. It is not yet determined how much additional personnel costs would be required, but DOS does not anticipate that these costs would be significant. If DOS opts to offer prelicensure training online or by other electronic means, there would be one-time costs associated with developing the online hosting capabilities and software to do so. It is not yet determined whether current appropriations would cover the costs of developing an online training option or additional personnel costs.

If DOS opts to approve training through a third-party trade organization, there would be no additional costs to DOS; however, dealers would likely pay for the costs of training as determined by market rates for prelicensure training services.

POSITIONS:

The following entities testified in support of the bill (11-27-18):

- Car City
- City of Cars
- Stehouwer Auto Sales

The Michigan Independent Automobile Dealers Association indicated support for the bill. (11-27-18)

A representative of the Department of State testified in opposition to the bill. (11-27-18).

Legislative Analyst: Nick Kelly
Fiscal Analyst: Michael Cnossen

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