



Senate Bill 659 (as introduced 12-3-19)
Sponsor: Senator Peter MacGregor
Committee: Regulatory Reform

Date Completed: 1-21-20

CONTENT

The bill would amend the Michigan Vehicle Code to do the following:

- **Revise certain dealer training program requirements for eligible used vehicle dealers.**
- **Specify that an owner, partner, corporate officer, or director of a new vehicle dealer license would not have to complete the prelicensure dealer training program.**
- **Allow certain training requirements to be satisfied by attending a training program that was conducted by the Department of State or a qualified trade organization approved by the Department.**
- **Allow a qualified trade organization to apply to the Department for approval to conduct the dealer training programs, and prohibit an organization from conducting a training program unless it obtained approval no later than 30 days after the bill's effective date.**
- **Require the Department to establish rules and procedures in accordance with the Administrative Procedures Act for obtaining approval to conduct the dealer training programs.**
- **Allow the training programs established by the Secretary of State and any training programs approved by the Department under the bill to be conducted online or by other electronic means.**
- **Prohibit the Department from charging a fee to review, approve, or deny an application submitted under the bill.**

Dealer Training Programs

Under the Code, the Secretary of State must establish three dealer training programs for eligible used vehicle dealers.

"Eligible used vehicle dealer" means a person that is licensed as a used or secondhand vehicle dealer, or is applying for licensure as a used or secondhand vehicle dealer, and is not licensed or seeking licensure as a new vehicle dealer. Under the bill, the term would mean a person that is licensed as a used or secondhand vehicle dealer, or is applying for licensure as a used or secondhand vehicle dealer, and is not an owner, partner, corporate officer, or director of a licensed new vehicle dealer or seeking licensure as an owner, partner, corporate officer, or director of a new vehicle dealer.

Under the Code, the first program must be a prelicensure dealer training program that meets both of the following:

- Is available to any individual who is an eligible used vehicle dealer applying for an original dealer license or is a partner or officer of an eligible used vehicle dealer applying for an original dealer license.
- Includes training related to the Code and any other subject matter approved by the Secretary of State, such as consumer protection and sales and use tax collection.

The program also must be conducted by the Department of State, or a qualified trade organization approved by the Department, and is offered at least two times each calendar quarter. If approved by the Department, the training program may be conducted online or by other electronic means. The bill would delete these provisions.

Under the Code, the second program must be a training program for designated individuals that meets all of the following:

- Is conducted by the Department or another person designated by the Secretary of State and is offered at least two times each calendar quarter and, if approved by the Department, the program may be conducted online or by other electronic means.
- Is available to any designated individual.
- Includes training in transferring vehicle titles, documentation of title transfers, record keeping, and any other subject matter approved by the Secretary of State, such as consumer protection and sales and use tax collection.

"Designated individual" means any of the following individuals, if he or she is selected by an eligible used vehicle dealer to complete a training program:

- An individual who is a licensed eligible used vehicle dealer or a partner or officer of a licensed eligible used vehicle dealer.
- An individual who is an employee of a licensed eligible used vehicle dealer, such as a general manager, a sales manager, or an employee who is responsible for preparing title documents for the dealer.

The bill would revise the above provisions pertaining to the second program to the following:

- Would have to be offered at least two times each calendar quarter.
- Would have to be available to any designated individual.
- Would have to include training in transferring vehicle titles, documentation of title transfers, record keeping, and any other subject matter considered appropriate by the Secretary of State, such as consumer protection and sales and use tax collection.

The Department also could consult with other departments to evaluate and develop course content it considered appropriate.

Under the Code, the third program must be a continuing education training program that meets certain requirements.

One of these requirements is that the program must be conducted by either the Department of State or a qualified trade organization that is approved by the Department. The Department may evaluate a qualified trade organization that it approved to determine whether it meets the program requirements. The Department may, after a hearing, suspend or revoke a qualified trade organization's approval to offer the training for failure to comply with the requirements. The bill would delete these provisions.

Prelicensure Dealer Training Program; Exception

Under the Code, in the six-month period preceding the date of the application for an original eligible used vehicle dealer license, each individual who is the applicant, each partner of the applicant, or each officer of the applicant, as applicable, for the original eligible used vehicle dealer license must complete the prelicensure dealer training program described above. This provision does not apply to either of the following:

- An applicant, or application, for the renewal of an eligible used vehicle dealer license.
- The holder of an original eligible used vehicle dealer license that was granted before, and is valid on, March 20, 2019.

Under the bill, the above provision also would not apply to the owner, partner, corporate officer, or director of a new vehicle dealer license.

Alternative Training Program

The bill specifies that certain provisions pertaining to training deadlines after the issuance of an original dealer license to an eligible used vehicle dealer could be satisfied by attending a training program that was conducted by the Department of State or a qualified trade organization approved by the Department.

Qualified Trade Organization; Conducting Training Programs

The bill would allow a qualified trade organization to apply to the Department for approval to conduct the three training programs described above. The organization could not conduct a training program described above unless it obtained approval no later than 30 days after the bill's effective date. The Department would have to establish rules and procedures in accordance with the Administrative Procedures Act for obtaining approval, including the following:

- An application form and procedure.
- Any documentation required for establishing that the applicant was a qualified trade organization.
- A training program plan or curriculum for each training program the qualified trade organization intended to conduct that was consistent with the training programs described above.
- Any other information or requirements the Department considered necessary to determine its approval.

The training programs established by the Secretary of State and any training programs approved by the Department under the bill could be conducted online or by other electronic means.

Within 10 business days after receiving an application, the Department would have to approve or deny it. The Department would have to provide the approval or denial in writing and, if denied, it would have to list the reasons for the denial. Regardless of the reason for denial, the applicant could resubmit the application correcting the deficiencies identified by the Department in the denial letter. The Department would have five business days to review a resubmitted application and either approve or deny the application. If a resubmitted application were denied, the denial would have to be in writing to the applicant and the applicant would have an opportunity to correct any deficiencies identified by the Department in the denial letter.

If a qualified trade organization that had received the approval described above failed to comply with the training program requirements described in the Michigan Vehicle Code, the Department could, after a hearing conducted in accordance with the Administrative Procedures Act, suspend or revoke the approval.

Fee

The Department could not charge a fee to review, approve, or deny an application submitted under these provisions.

MCL 257.248I

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill could have a minimal negative fiscal impact on the Department of State. The bill would require the Department to develop used vehicle dealer training course content compared to the current requirement of approving the course content. Additionally, the Department would have to establish rules and procedures for a qualified trade organization to conduct the required trainings in addition to trainings conducted by the Department. Although these costs would be new costs to the Department, they should be minimal and could be absorbed within the Department's annual appropriation.

Fiscal Analyst: Joe Carrasco

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.