Public Act 425 of 2016

Agency: Secretary of State

Date: March 2017

Effective April 4, 2017 – Michigan Vehicle Code Amended

Primary Purpose of Act

The primary purpose of this Act is to amend the Michigan Vehicle Code to implement new business licensing requirements, create a mobility dealer endorsement, and expand the Department’s ability to better protect consumers.

Mobility Dealer Endorsement

The Act effectively creates a new dealer classification: “Mobility Dealer.” A mobility dealer is a used or secondhand vehicle dealer that holds an endorsement as a mobility dealer from the Department. This endorsement authorizes a mobility dealer to display, hold in inventory, demonstrate, solicit the sale of, or offer for sale a mobility vehicle, regardless of the chassis make of the mobility vehicle.

Consumer Protection

The Act empowers the Secretary of State to issue a temporary “Cease and Desist Order” to vehicle dealers. The Order will have immediate effect if consumer or public interest would be irreparably harmed by a delay in issuing such an order. Temporary Cease and Desist Orders contain a provision requiring the Secretary of State to hold a hearing within 30 days to determine whether or not the Order will become permanent.

Dealer Surety Bond

The Act requires a surety bond to make indemnification or reimbursement for a monetary loss if the Secretary of State issued a Final Order that the licensee engaged in fraud or misrepresentation. This also applies to a surety bond to indemnify or reimburse the State for a sale or use tax deficiency after the Secretary of State issues a Final Order.

15-Day Temporary Registration Fee Increase

Presently, the Department collects a service fee of $5.00 for each group of 5 temporary registrations sold to dealers ($1 per temp). This Act authorizes the Secretary of State to reflect the actual cost of administering temporary registration permits/plates and raise the fee in an appropriate amount up to a $4.00 maximum per temporary registration. The cost may deferred by charging the purchaser.
Vehicle Dealer Licenses

An initial vehicle dealer license issued on or after April 4, 2017 expires one year after the date the license is issued. A dealer license that is issued before the effective date of this Act will continue to expire on December 31st of the last year for which the license is issued. Dealers will now be required to file an application for renewal with the Secretary of State at least 30 days before the expiration of its current license.

If a vehicle dealer has not renewed its dealer license on or before the expiration date, the Secretary of State notifies the dealership it has not received its renewal application. The notice will include the amount of the late renewal fee. A late renewal fee equals 150% of the normal fee for renewal if the dealer had renewed on time.

In-Transit Permits

The Act extends the maximum length of time a special in-transit registration is valid from 14 days to 30. The Act in substantial part states, “special registration is valid for not more than 30 days after the date of issuance.” The special in-transit increase from 14 to 30 days will not be immediately implemented by the Department. Vehicle dealers will be informed via bulletin and e-mail broadcasts before this change becomes effective if they have provided the Department with valid e-mail addresses.

The $10 fee for the in-transit permit does not increase.

Department Publications and Compliance Training

This Act requires a vehicle dealer applicant (including renewals) make a certification the applicant or any other individual who is responsible for the daily operations of the dealership, understands the requirements of this Act, the Rules promulgated under this Act, The Dealer Manual published by the Secretary of State, and any other applicable material provided by the Department.

The Dealer Manual, Department website information, and vehicle dealer compliance training will be updated to reflect new requirements caused by this Act. Licensed vehicle dealers can expect updates via bulletin and e-mail broadcasts if they have provided the Department with valid e-mail addresses.

Contact Information for Questions

Questions can be directed to the Secretary of State Website mailbox:

http://www.michigan.gov/sos/0,4670,7-127-13162-25634--,00.html

Questions may also be directed to the Department of State Information Center toll-free number at 888-767-6424 8:30 a.m. to 5:00 p.m. Monday through Friday.