

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5260

A bill to amend 1949 PA 300, entitled
"Michigan vehicle code,"
by amending section 248~~l~~ (MCL 257.248~~l~~), as added by 2018 PA 420.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 248~~l~~. (1) The secretary of state shall establish each of
2 the following dealer training programs for eligible used vehicle
3 dealers:

4 (a) A prelicensure dealer training program that meets all of
5 the following:

6 ~~(i) Is conducted by the department, or a qualified trade~~
7 ~~organization approved by the department, and is offered at least 2~~
8 ~~times each calendar quarter. If approved by the department, the~~
9 ~~training program may be conducted online or by other electronic~~

1 ~~means.~~

2 (i) ~~(ii)~~—Is available to any individual who is an eligible used
3 vehicle dealer ~~who is~~ applying for an original dealer license or is
4 a partner or officer of an eligible used vehicle dealer ~~that is~~
5 applying for an original dealer license.

6 (ii) ~~(iii)~~—Includes training related to this act and any other
7 subject matter approved by the secretary of state, such as consumer
8 protection and sales and use tax collection. The department may
9 consult with ~~any~~ other departments to evaluate and ~~approve~~ **develop**
10 course content it considers appropriate.

11 (b) A training program for designated individuals that meets
12 all of the following:

13 (i) ~~Is conducted by the department or another person designated~~
14 ~~by the secretary of state and is~~ offered at least 2 times each
15 calendar quarter. ~~If approved by the department, the training~~
16 ~~program may be conducted online or by other electronic means.~~

17 (ii) Is available to any designated individual.

18 (iii) Includes training in transferring vehicle titles,
19 documentation of title transfers, record keeping, and any other
20 subject matter ~~approved~~ **considered appropriate** by the secretary of
21 state, such as consumer protection and sales and use tax
22 collection. **The department may consult with other departments to**
23 **evaluate and develop course content it considers appropriate.**

24 (c) A continuing education training program that meets all of
25 the following:

26 (i) Is conducted at least 2 times in each calendar quarter.

27 (ii) Includes at least 2 hours of training.

28 (iii) Includes subject matter ~~approved~~ **considered appropriate** by
29 the secretary of state, such as transferring vehicle titles,

1 documentation of title transfers, record keeping, consumer
 2 protection, and sales and use tax collection. The department may
 3 consult with ~~any~~ other departments it considers appropriate to
 4 evaluate and ~~approve~~ **develop** course content.

5 ~~(iv) Is conducted by 1 of the following:~~

6 ~~(A) The department.~~

7 ~~(B) A qualified trade organization that is approved by the~~
 8 ~~department. The department may evaluate a qualified trade~~
 9 ~~organization approved under this sub-subparagraph to determine~~
 10 ~~whether it meets the requirements of this subdivision. The~~
 11 ~~department may, after a hearing, suspend or revoke a qualified~~
 12 ~~trade organization's approval to offer the training described in~~
 13 ~~this subdivision for failure to comply with those requirements.~~

14 (2) In the 6-month period preceding the date of the
 15 application for an original eligible used vehicle dealer license,
 16 each individual who is the applicant, each partner of the
 17 applicant, or each officer of the applicant, as applicable, for the
 18 original eligible used vehicle dealer license ~~must~~ **shall** complete
 19 the **prelicensure** dealer training program described in subsection
 20 (1) (a). This subsection does not apply to ~~either~~ **any** of the
 21 following:

22 (a) An applicant, or application, for the renewal of an
 23 eligible used vehicle dealer license.

24 (b) The holder of an original eligible used vehicle dealer
 25 license that was granted before, and is valid on, ~~the effective~~
 26 ~~date of this section.~~ **March 20, 2019.**

27 **(c) The owner, partner, corporate officer, or director of a**
 28 **new vehicle dealer license.**

29 (3) In the 90-day period following the issuance of an original

1 dealer license to an eligible used vehicle dealer, the licensed
2 dealer shall select a designated individual and ensure that he or
3 she completes the ~~dealer~~ training program described in subsection
4 (1)(b). ~~However, this~~ **This** subsection does not apply if the
5 designated individual has completed the **continuing education**
6 training program described in subsection (1)(c). An eligible used
7 vehicle dealer ~~must~~ **shall** select a designated individual for each
8 of its retail sales locations. An eligible used vehicle dealer ~~must~~
9 **shall** not select the same individual as the designated individual
10 for more than 3 retail sales locations.

11 (4) Subsection (3) does not apply to the holder of an original
12 or renewal eligible used vehicle dealer license that was granted
13 before, and is valid on, ~~the effective date of this section~~ **March**
14 **20, 2019** until that license is next renewed.

15 (5) In addition to the training program described in
16 subsection (1)(b), an eligible used vehicle dealer shall ensure
17 that a designated individual completes the **continuing education**
18 training program described in subsection (1)(c) 1 time in each 24-
19 month period after the date of issuance of its original license.

20 (6) **The training requirements described in subsections (2),**
21 **(3), and (5) may be satisfied by attending a training program that**
22 **is conducted by the department or a qualified trade organization**
23 **approved by the department under subsection (10).**

24 (7) **A qualified trade organization may apply to the department**
25 **for approval to conduct the training programs described in**
26 **subsection (1). A qualified trade organization shall not conduct a**
27 **training program described in subsection (1) unless it obtains the**
28 **approval described in subsection (10). No later than 30 days after**
29 **the effective date of the amendatory act that added this**

1 subsection, the department shall develop and make available an
2 application form.

3 (8) The department shall establish an application procedure
4 for a qualified trade organization to obtain approval from the
5 department under subsection (10) to conduct the training programs
6 described in subsection (1) that includes all of the following
7 requirements:

8 (a) Any documentation required for establishing that the
9 applicant is a qualified trade organization.

10 (b) A training program plan or curriculum for each training
11 program the qualified trade organization intends to conduct that is
12 consistent with the training programs described in subsection (1).

13 (c) Any other information or requirements the department
14 considers necessary for purposes of approving an application under
15 subsection (10).

16 (9) The training programs established by the secretary of
17 state under subsection (1) and any training program approved by the
18 department under subsection (10) may be conducted online or by
19 other electronic means.

20 (10) Not later than 30 days after receiving an application
21 under this section from a qualified trade organization to conduct
22 training programs described in subsection (1), the department shall
23 approve or deny the application. The department shall provide the
24 approval or denial in writing and, if denied, it shall list the
25 reasons for the denial. Regardless of the reason for denial, the
26 applicant may resubmit the application correcting the deficiencies
27 identified by the department in the denial letter. The department
28 shall have 10 business days to review a resubmitted application and
29 either approve or deny the application. If a resubmitted

1 application is denied, the denial must be in writing to the
2 applicant and the applicant must have an opportunity to correct any
3 deficiencies identified by the department in the denial letter.

4 (11) The department shall periodically monitor all training
5 programs approved under subsection (10) for compliance with the
6 requirements of the training programs described in subsection (1).
7 If a qualified trade organization that has received the approval
8 described in subsection (10) fails to comply with the requirements
9 of the training programs described in subsection (1), the
10 department may, after a hearing conducted in accordance with the
11 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
12 24.328, suspend or revoke the approval.

13 (12) ~~(6)~~—The department shall not renew the license of an
14 eligible used vehicle dealer unless the application for renewal
15 includes a certification from the dealer that it is in compliance
16 with the training requirements applicable under this section.

17 (13) The department may charge a qualified trade organization
18 an annual fee for applying for approval under subsection (7). The
19 annual fee described in this subsection is either of the following,
20 as applicable:

21 (a) An initial application fee of up to \$500.00.

22 (b) An application renewal fee in an amount not to exceed 50%
23 of the initial application fee set by the department under
24 subdivision (a).

25 (14) A qualified trade organization that received approval
26 under subsection (10) shall do all of the following:

27 (a) Notify the secretary of state of the date, time, and
28 location of the training program at least 3 days prior to
29 conducting the training program. All training programs must be made

1 available to the secretary of state.

2 (b) Report to the secretary of state a list of all
3 participants that completed the training program in an electronic
4 format.

5 (c) Remit to the department a payment of \$5.00 per training
6 program participant.

7 (15) The fees collected by the department under subsection
8 (14) must be deposited in the dealer training program fund created
9 under subsection (16).

10 (16) The dealer training program fund is created in the state
11 treasury. The state treasurer shall deposit money and other assets
12 received from the department under subsection (15) and from any
13 other source in the fund. The state treasurer shall direct the
14 investment of money in the fund and credit interest and earnings
15 from the investments to the fund.

16 (17) The department shall expend money from the fund, on
17 appropriation, only to administer this section.

18 (18) The department may promulgate rules and procedures in
19 accordance with the administrative procedures act of 1969, 1969 PA
20 306, MCL 24.201 to 24.328, to implement this section.

21 (19) ~~(7)~~As used in this section:

22 (a) "Designated individual" means any of the following
23 individuals, if he or she is selected by an eligible used vehicle
24 dealer to complete a training program described in this section:

25 (i) An individual who is a licensed eligible used vehicle
26 dealer or a partner or officer of a licensed eligible used vehicle
27 dealer.

28 (ii) ~~Is~~An individual who is an employee of a licensed eligible
29 used vehicle dealer, such as a general manager, a sales manager, or

1 an employee who is responsible for preparing title documents for
2 the dealer.

3 (b) "Eligible used vehicle dealer" means a person that is
4 licensed as a used or secondhand vehicle dealer, or is applying for
5 licensure as a used or secondhand vehicle dealer, and is not **an**
6 **owner, partner, corporate officer, or director of a licensed new**
7 **vehicle dealer** or seeking licensure as **an owner, partner, corporate**
8 **officer, or director of** a new vehicle dealer.

9 (c) "Fund" means the dealer training program fund created
10 under subsection (16).

11 (d) ~~(e)~~—"Qualified trade organization" means a bona fide
12 nonprofit membership organization that is based in this state, that
13 has been in existence for at least 5 years, and whose members are
14 primarily eligible used vehicle dealers.

15 Enacting section 1. This amendatory act takes effect 60 days
16 after the date it is enacted into law.