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Used Car Dealers Getting Raw Deal?

The Mackinac Center for Public Policy claims 2004 legislation tightening regulations on used car dealerships has forced many business to close, but the Michigan Independent Auto dealers Association and the Michigan Automobile Dealers Association (MADA) say this is not the case.

The Mackinac Center recently wrote an article about the 2004 legislation, claiming that the new regulations placed on used car dealers drove several dealers out of business.

The legislation did several things, but the piece getting the most attention required used car dealerships to get local approval on zoning regulation compliance. The dealers were always supposed to adhere to zoning provisions before the bills passed, but when the 2004 legislation passed, it was found that many of them weren't in compliance.

Jack **McHUGH** with the Mackinac Center argues that some local governments are denying the zoning check off to used car dealerships simply because they do not want the dealerships in the area.

"Whatever the reason, and this is speculation, but we do know that local governments sometimes have an animus towards certain types of businesses and it would not be that much of a surprise if, in some cases, that were the case here," he said.

Secretary of State records show that since the legislation was enacted, 850 small businesses were put out of business. McHugh said he doesn't know how many of these businesses were forced out because of the legislation, but he said the legislation definitely had a negative impact on some businesses.

Automobile associations, on the other hand, said the intent wasn't to get rid of used car dealerships. The intent was to protect consumers. Apparently some dealers — used and new — were setting up temporary dealerships on the weekend. After a weekend of selling cars, they would head out and customers wouldn't be able to find them if they had an issue with their car.

To prevent this, the associations pushed several changes including the zoning enforcement. The hope was that requiring a local check off would make sure the zoning laws were being enforced.

Terry **BURNS** with the MADA said the associations were not trying to push out used dealers. Burns said this is evident by the fact that the used car dealership supported the legislation.

"We both wanted to make sure that our image picked up a little bit and we did it so customers would know that they (the dealers) at least met some standards," Burns said.