



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 5460 (Substitute H-3 as reported without amendment)
Sponsor: Representative Alabas Farhat
House Committee: Regulatory Reform
Senate Committee: Finance, Insurance, and Consumer Protection

CONTENT

The bill would amend the Motor Vehicles Sales Finance Act to allow an installment sale contract for a new motor vehicle to provide for a series of monthly payments in unequal payment amounts if the amount of any payment did not increase more than 40% from the amount of the first scheduled payment and the amount of each payment under the installment sale contract did not exceed the buyer's maximum payment threshold. The bill also would prohibit an installment seller or sales finance company from charging a fee based solely on the fact that the contract required payments in unequal amounts and a fee for prepayment of unpaid installments.

MCL 492.102 et al.

BRIEF RATIONALE

Current statute requires that car payments for new vehicles be equal in amount. According to testimony, customers and dealers could benefit from unequal payments that adhered to a predetermined schedule as another financing option.

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 6-24-24

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