

Legislative Analysis



SURETY BOND WHEN OWNERSHIP OF WATERCRAFT AND SNOWMOBILES IS IN QUESTION

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House Bill 4920

Sponsor: Rep. David Farhat

Committee: Transportation

Complete to 9-26-05

A SUMMARY OF HOUSE BILL 4920 AS INTRODUCED 6-14-05

The bill would amend a section of the Natural Resources and Environmental Protection Act (MCL 324.80307 et al.) that deals with certificate of titles for watercraft and snowmobiles. It would address cases where the Secretary of State is not satisfied as to the ownership of the watercraft or snowmobile with a value of over \$2,500, and would allow the SOS to require the filing of a property executed surety bond.

In cases where the value of a watercraft or snowmobile is less than \$2,500, and the Secretary of State is not satisfied as to its ownership, the SOS would require the applicant to certify that he or she is the owner and is entitled to register and title the watercraft or snowmobile.

Surety Bond Requirements. The bill would impose the following requirements on the surety bond referred to above. The bond would have to be in amount equal to twice the value of the watercraft or snowmobile, as determined by the Secretary of State, and would have to be conditioned to indemnify or reimburse the SOS, any prior owner, and any subsequent purchaser against any expense, loss, or damage, including reasonable attorney fees, incurred as a result of the issuance of a certificate of title or any defect in the right, title, or interest of the applicant in the watercraft or snowmobile.

An interested person would have a right of action to recover on the bond for a breach of the conditions of the bond, but the aggregate liability of the surety to all persons could not exceed the amount of the bond. The bond would be returned at the end of three years or earlier if the watercraft or snowmobile was no longer registered in the state and the currently valid certificate of title was surrendered to the SOS, unless the SOS had been notified of the pendency of an action to recover on the bond.

FISCAL IMPACT:

There would be no fiscal impact on the state or on local governmental units.

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