



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 4920 (as passed by the House)
Sponsor: Representative David Farhat
House Committee: Transportation
Senate Committee: Transportation

Date Completed: 11-28-05

CONTENT

The bill would amend Parts 801 (Marine Safety), 803 (Watercraft Transfer and Certificate of Title), 811 (Off-Road Recreation Vehicles), and 821 (Snowmobiles) of the Natural Resources and Environmental Protection Act to do the following:

- Allow the Secretary of State (SOS) to require an applicant for the registration of a watercraft or snowmobile valued at more than \$2,500 to file a surety bond, if the SOS were not satisfied as to the watercraft's or snowmobile's ownership.**
- Require the SOS to require an applicant for the registration of a watercraft or snowmobile valued at \$2,500 or less to certify that he or she was the owner of the watercraft or snowmobile, if the SOS were not satisfied as to the watercraft's or snowmobile's ownership.**
- Eliminate a \$22 registration fee for a snowmobile.**
- Extend the date by which the SOS must sell at least 2,000 Great Lakes Protection specialty watercraft decals to avoid discontinuing sale of the decals.**

The bill is described below in further detail.

Watercraft or Snowmobile Worth Over \$2,500

Under the bill, if the SOS were not satisfied as to the ownership of a watercraft or snowmobile valued at more than \$2,500, before registering the watercraft or snowmobile, the SOS could require the applicant to file a properly executed surety bond in a form prescribed by the SOS and executed by the applicant and a company authorized to conduct a surety business in Michigan. The bond would have to be in an amount equal to twice the value of the watercraft or snowmobile, as determined by the SOS, and would have to be conditioned to indemnify or reimburse the SOS, any prior owner, and any subsequent purchaser and their successors in interest 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 its conditions, but the aggregate liability of the surety to all people could not exceed the amount of the bond.

The bond would have to be returned at the end of three years, or earlier if the watercraft or snowmobile no longer were registered in Michigan and the currently valid certificate of title

were surrendered to the SOS, unless the SOS received notification of a pending action to recover on the bond.

Watercraft or Snowmobile Worth \$2,500 or Less

Under the bill, if the SOS were not satisfied as to the ownership of a watercraft or snowmobile worth \$2,500 or less, the SOS would have to require the applicant to certify that he or she was the owner and entitled to register and title the watercraft or snowmobile.

Great Lakes Protection Decal

Part 801 requires the SOS to make available for purchase an annual Great Lakes Protection specialty watercraft decal. The decal costs \$35. Of that amount, \$10 must be retained by the SOS for use in creating and distributing the decal, and \$25 must be forwarded to the State Treasurer for deposit into the Michigan Great Lakes Protection Fund to be used for research on aquatic nuisance species (ANS), for public education of the threat of ANS, and for efforts to eradicate ANS from the Great Lakes and other waters of the State.

Part 801 requires the SOS to discontinue sales of the decals if the SOS is unable to sell at least 2,000 in the fiscal year ending September 30, 2005, and at least 500 in each subsequent fiscal year. The bill would refer to the two-year period ending September 30, 2006, rather than the fiscal year ending September 30, 2005.

MCL 324.80124a et al.

Legislative Analyst: Julie Koval

FISCAL IMPACT

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

Fiscal Analyst: Bill Bowerman

S0506\4920sa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.