

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4185**

A bill to amend 1949 PA 300, entitled
"Michigan vehicle code,"
by amending section 217c (MCL 257.217c), as amended by 2015 PA 48.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 217c. (1) The secretary of state may conduct periodic
2 reviews of the records of a dealer to determine whether adequate
3 notice is given to a transferee or lessee of a rebuilt salvage
4 vehicle of that vehicle's prior designation as a salvage vehicle.
5 The secretary of state may request an insurance company to provide
6 copies of salvage title documents and claims reports involving
7 major component parts to assist the secretary of state in
8 monitoring compliance with this act.

9 (2) Except for a late model vehicle that has been stolen and

1 recovered and that has no major component part removed, missing, or
2 destroyed, or damaged and not salvageable, an insurance company
3 licensed to conduct business in this state that acquires ownership
4 of a late model vehicle through the payment of a claim shall
5 proceed under either of the following:

6 (a) If the insurance company acquires ownership of the vehicle
7 through payment of a claim, the owner of the vehicle shall assign
8 the certificate of title to the insurance company which shall do
9 all of the following:

10 (i) Surrender a properly assigned certificate of title to the
11 secretary of state.

12 (ii) If the estimated cost of repair, including parts and
13 labor, is equal to or more than 75% but less than 91% of the
14 predamaged actual cash value of the vehicle, apply for a salvage
15 certificate of title, and if the estimated cost of repair,
16 including parts and labor, is equal to or greater than 91% of the
17 predamaged actual cash value of the vehicle, apply for a scrap
18 certificate of title. The insurance company shall not sell the
19 vehicle without first receiving a salvage or scrap certificate of
20 title, which shall be assigned to the buyer. An insurance company
21 may assign a salvage or scrap certificate of the title only to an
22 automotive recycler, used or secondhand vehicle parts dealer,
23 foreign salvage vehicle dealer, or vehicle scrap metal processor.

24 (b) If after payment of a total loss claim the insurance
25 company permits the owner of the vehicle to retain ownership, the
26 insurance company shall do all of the following:

27 (i) If the estimated cost of repair, including parts and

labor, is equal to or greater than 75% but less than 91% of the predamaged actual cash value of the vehicle, require each owner of the vehicle to sign an application for a salvage certificate of title, or if the estimated cost of repair, including parts and labor, is equal to or greater than 91% of the predamaged actual cash value of the vehicle, require each owner of the vehicle to sign an application for a scrap vehicle certificate of title.

(ii) Attach the owner's certificate of title to the application for a salvage or scrap certificate of title or have the owner certify that the certificate of title is lost.

(iii) On behalf of the owner, apply to the secretary of state for a salvage or scrap certificate of title in the name of the owner. The owner shall not sell or otherwise dispose of the vehicle without first receiving a salvage or scrap certificate of title, which shall be assigned to the buyer. An insurance company may assign a salvage or scrap certificate of title only to an automotive recycler, used or secondhand vehicle parts dealer, foreign salvage vehicle dealer, or vehicle scrap metal processor.

(3) If an insurance company pays a claim for total loss to the owner or lienholder of record as kept by the secretary of state, or both, if applicable, of a vehicle but the owner or lienholder of record as kept by the secretary of state fails to surrender the certificate of title or other document necessary for the transfer of ownership of the vehicle to the insurance company within the expiration of 30 days after the claim payment, the insurance company, without having obtained the surrender of the title or other document otherwise necessary for the transfer of ownership

1 for the vehicle from the owner or lienholder of record as kept by
2 the secretary of state, or both, if applicable, may apply to the
3 secretary of state for a title as provided under this section. The
4 insurance company shall, at the time of application, provide proof
5 of the payment and that the insurance company has requested in
6 writing, by certified mail or by another commercially available
7 delivery service providing proof of delivery, on at least 2
8 separate occasions that the owner or lienholder of record as kept
9 by the secretary of state surrender to the insurance company the
10 certificate of title or other document necessary for the transfer
11 of ownership to the insurance company. The application shall be
12 signed under the penalty of perjury. Subject to subsection
13 (2)(a)(ii), upon meeting the requirements of this subsection, the
14 secretary of state shall issue to the insurance company the
15 appropriate certificate of title free of all liens and shall notify
16 the prior vehicle owner and lienholder of record as kept by the
17 secretary of state, if any, of that action in writing. Proof of
18 payment of the claim is satisfied only by 1 of the following:

19 (a) In the case of payment by check, either of the following:

20 (i) A copy of the front and back of the endorsed check.

21 (ii) Evidence that the check has cleared the account of the
22 payer.

23 (b) In the case of payment by electronic transfer, evidence
24 that the payment was charged to the account of the payer.

25 (4) Except as provided in subsection (3), if an insurance
26 company acquires ownership of a vehicle other than a late model
27 vehicle through payment of damages due to an accident, the company

1 shall surrender a properly assigned title to the buyer upon
2 delivery.

3 (5) If a dealer acquires ownership of a late model vehicle
4 that is a distressed vehicle from an owner, the dealer shall
5 receive an assigned certificate of title. If the assigned
6 certificate of title is not a salvage or scrap certificate of
7 title, the dealer, other than a vehicle scrap metal processor,
8 shall surrender the assigned certificate of title to the secretary
9 of state, and if the estimated cost of repair, including parts and
10 labor, is equal to or greater than 75% but less than 91% of the
11 predamaged actual cash value of the vehicle, apply for a salvage
12 certificate of title, or if the estimated cost of repair, including
13 parts and labor, is equal to or greater than 91% of the predamaged
14 actual cash value of the vehicle, apply for a scrap certificate of
15 title within 5 days after the dealer receives the assigned
16 certificate of title. The dealer may sell a salvage vehicle to
17 another automotive recycler, used or secondhand vehicle parts
18 dealer, foreign salvage vehicle dealer, or vehicle scrap metal
19 processor by assigning the salvage certificate of title to the
20 buyer. Unless the vehicle is rebuilt, inspected, and recertified
21 under this section, if the vehicle is sold to a buyer other than a
22 dealer, application shall be made for a salvage certificate in the
23 name of the buyer in the manner provided in this act. The dealer
24 may sell a scrap vehicle only to a vehicle scrap metal processor. A
25 vehicle scrap metal processor shall surrender an assigned
26 certificate of title to the secretary of state within 30 days after
27 acquiring a vehicle for which a certificate of title was received.

1 A vehicle scrap metal processor shall surrender an assigned salvage
2 or scrap certificate of title to the secretary of state within 30
3 days after acquiring a vehicle for which a salvage or scrap
4 certificate of title was received and report that the vehicle was
5 destroyed or scrapped.

6 (6) An application for a scrap certificate of title shall be
7 made on a form prescribed by the secretary of state accompanied by
8 a fee of \$15.00. The application shall contain all of the
9 following:

10 (a) The complete name and current address of the owner.

11 (b) A description of the vehicle, including its make, style of
12 body, model year, fee category or weight, color, and vehicle
13 identification number.

14 (c) If the vehicle is a late model vehicle, a listing of each
15 major component part that was not salvageable.

16 (d) Further information as may reasonably be required by the
17 secretary of state.

18 (7) The scrap certificate of title shall authorize the holder
19 of the document to transport but not drive upon a highway the
20 vehicle or parts of a vehicle, and assign ownership to a vehicle
21 scrap metal processor, automotive recycler, used or secondhand
22 vehicle parts dealer, or foreign salvage vehicle dealer. A
23 certificate of title shall not again be issued for this vehicle. A
24 person shall not rebuild or repair a scrap vehicle and allow it to
25 retain the original vehicle identification number.

26 (8) If a person, other than a dealer or insurance company that
27 is subject to subsection (2) or (5), acquires ownership of a

1 distressed, late model vehicle, the person shall surrender the
2 title or assigned certificate of title to the secretary of state,
3 and if the estimated cost of repair, including parts and labor, is
4 equal to or greater than 75% but less than 91% of the predamaged
5 actual cash value of the vehicle, apply for a salvage certificate
6 of title, or if the estimated cost of repair, including parts and
7 labor, is equal to or greater than 91% of the predamaged actual
8 cash value of the vehicle, apply for a scrap certificate of title
9 before the vehicle may be transported.

10 (9) An owner of a vehicle may determine that a vehicle is a
11 scrap vehicle or a salvage vehicle without making any determination
12 as to the actual cash value of the vehicle.

13 (10) If a leasing company, vehicle manufacturer, insurance
14 company not licensed to do business in this state, association,
15 repossession company, self-insured owner, financial institution,
16 governmental entity, or other company, institution, or entity, owns
17 a distressed, late model vehicle, the titleholder shall surrender
18 the title or assigned certificate of title to the secretary of
19 state and apply for a salvage certificate of title if the retail
20 cost of repair, including parts and labor, is equal to or greater
21 than 75% but less than 91% of the predamaged actual cash value of
22 the vehicle, or if the retail cost of repair, including parts and
23 labor, is equal to or greater than 91% of the predamaged actual
24 cash value of the vehicle, apply for a scrap certificate of title,
25 before the vehicle may be transported or sold. If ownership is
26 transferred, the owner shall sell the vehicle only to a dealer who
27 is eligible to buy a salvage or scrap vehicle in this state unless

1 the owner complies with subsection (13). When a leasing company,
2 vehicle manufacturer, insurance company not licensed to do business
3 in this state, association, repossession company, self-insured
4 owner, financial institution, governmental entity, or other
5 company, institution, or entity, estimates the repair of a
6 distressed, late model vehicle for the purpose of determining
7 whether to apply for a salvage or scrap certificate of title, a
8 complete record of the estimate and, if the vehicle is repaired
9 before a transfer of ownership, a complete record of the actual
10 cost of the repairs performed and by whom shall be maintained for a
11 minimum of 5 years by the leasing company, vehicle manufacturer,
12 insurance company not licensed to do business in this state,
13 association, repossession company, self-insured owner, financial
14 institution, governmental entity, or other company, institution, or
15 entity. The estimates and repair records required by this
16 subsection shall be available for unannounced inspections by a law
17 enforcement agency or a representative of the secretary of state.
18 The secretary of state may request a leasing company, vehicle
19 manufacturer, insurance company not licensed to do business in this
20 state, association, repossession company, self-insured owner,
21 financial institution, governmental entity, or other company,
22 institution, or entity to provide copies of title documents, repair
23 estimates, claims reports involving major component parts, and
24 actual cash value determination documents to assist the secretary
25 of state in monitoring compliance with this act.

26 (11) An application for a salvage certificate of title shall
27 be made on a form prescribed by the secretary of state accompanied

1 by a fee of \$10.00. The application shall contain all of the
2 following:

3 (a) The complete name and current address of the owner.

4 (b) A description of the vehicle, including its make, style of
5 body, model year, fee category or weight, color, and vehicle
6 identification number.

7 (c) An estimate of the cost repair, including parts and labor,
8 and an estimate of the predamaged actual cash value of the vehicle.

9 (d) If the vehicle is a late model vehicle, a listing of each
10 major component part that was not salvageable.

11 (e) Further information as may reasonably be required by the
12 secretary of state.

13 (12) The secretary of state shall issue and mail the salvage
14 certificate within 5 business days after the time the application
15 is received at the secretary of state's office in Lansing. Each
16 salvage certificate of title shall include a listing of each major
17 component part that was not salvageable.

18 (13) A salvage certificate of title authorizes the holder of
19 the title to possess, transport, but not drive upon a highway, and
20 transfer ownership in, a vehicle. The secretary of state shall not
21 issue a certificate of title or registration plates for a vehicle
22 for which a salvage certificate of title was issued unless a
23 specially trained officer described in subsection (15) certifies
24 all of the following:

25 (a) That the vehicle identification numbers and parts
26 identification numbers are correct.

27 (b) That the applicant has proof of ownership of repair parts

1 used.

2 (c) That the vehicle complies with the equipment standards of
3 this act.

4 (D) THAT ANY REPAIRS PERFORMED ON THE VEHICLE WERE DONE IN A
5 WORKMANLIKE MANNER, AS CERTIFIED ON A FORM PROVIDED BY THE
6 DEPARTMENT BY A PROPERLY LICENSED MECHANIC IN THE APPROPRIATE
7 SPECIALTY.

8 (14) The certification required by subsection (13) shall be
9 made on a form prescribed and furnished by the secretary of state
10 in conjunction with the department of state police and shall
11 accompany the application that is submitted to the secretary of
12 state for a certificate of title. An application for a certificate
13 of title shall contain a description of each salvageable part used
14 to repair the vehicle and any identification number affixed to or
15 inscribed upon the part as required by state or federal law. Upon
16 satisfactory completion of the inspection as required by the
17 secretary of state and other requirements for application, the
18 secretary of state shall issue a certificate of title for the
19 vehicle bearing the legend "rebuilt salvage".

20 (15) An officer specially trained as provided by the secretary
21 of state and authorized by the secretary of state to conduct a
22 salvage vehicle inspection is ~~either~~ **ANY** of the following:

23 (A) **AN EMPLOYEE OF THE DEPARTMENT OF STATE.**

24 (B) ~~(a)~~ An on-duty or off-duty police officer.

25 (C) ~~(b)~~ A previously certified police officer who is appointed
26 by the local police agency as a limited enforcement officer to
27 conduct salvage vehicle inspections. The local police agency shall

1 give this officer access to the agency's law enforcement
2 information network system and the authority to confiscate any
3 stolen vehicle or vehicle parts discovered during an inspection.
4 The local police agency may give the officer the authority to
5 arrest a person suspected of having unlawful possession of a stolen
6 vehicle or vehicle parts. **THE LOCAL POLICE AGENCY SHALL NOT APPOINT**
7 **A PREVIOUSLY CERTIFIED POLICE OFFICER WHOSE CERTIFICATE HAS BEEN**
8 **SUSPENDED, REVOKED, OR DENIED UNDER SUBSECTION (16).**

9 (16) The secretary of state shall issue a certificate to an
10 officer who is specially trained as provided by the secretary of
11 state to conduct salvage vehicle inspections. Only a person who has
12 a valid certification from the secretary of state may perform
13 salvage inspections. The secretary of state on his or her own
14 initiative or in response to complaints shall make reasonable and
15 necessary public or private investigations within or outside of
16 this state and gather evidence against an officer who was issued a
17 certificate and who violated or is about to violate this act or a
18 rule promulgated under this act. ~~The~~ **SUBJECT TO SUBSECTION (17),**
19 **THE** secretary of state may suspend, revoke, or deny a certificate
20 after an investigation if the secretary of state determines that
21 the officer committed 1 or more of the following:

22 (a) Violated this act or a rule promulgated under this act.

23 (b) Was, **AFTER AN INVESTIGATION,** found ~~guilty of~~ **RESPONSIBLE**
24 **FOR** a fraudulent act in connection with the inspection, purchase,
25 sale, lease, or transfer of a salvage vehicle.

26 (c) Was found guilty of the theft, embezzlement, or
27 misappropriation of salvage vehicle inspection fees.

1 (d) Performed improper, careless, or negligent salvage vehicle
2 inspections.

3 (e) Ceased to function as a police officer because of
4 suspension, retirement, dismissal, disability, or termination of
5 employment.

6 (f) Was convicted of a violation or attempted violation of
7 1986 PA 119, MCL 257.1351 to 257.1355.

8 (g) Made a false statement of a material fact in his or her
9 certification of a salvage vehicle inspection or any record
10 concerning a salvage vehicle inspection.

11 (H) CHARGED A FEE IN EXCESS OF THE FEE DESCRIBED IN SUBSECTION
12 (26).

13 (17) IF THE SECRETARY OF STATE REVOKES, SUSPENDS, OR DENIES A
14 CERTIFICATE UNDER SUBSECTION (16) (A), (D), (G), OR (H), THE
15 SECRETARY OF STATE SHALL, AT THE TIME OF REVOCATION, SUSPENSION, OR
16 DENIAL, NOTIFY THE OFFICER AND THE LAW ENFORCEMENT AGENCY ON BEHALF
17 OF WHICH THE OFFICER IS PERFORMING INSPECTIONS OF THE LAW
18 ENFORCEMENT AGENCY'S RIGHT TO APPEAL THE REVOCATION, SUSPENSION, OR
19 DENIAL. THE NOTIFICATION SHALL INCLUDE A STATEMENT THAT A REQUEST
20 FOR AN APPEAL UNDER THIS SUBSECTION SHALL BE MADE NO LATER THAN 30
21 DAYS AFTER THE REVOCATION, SUSPENSION, OR DENIAL. AN AGENCY MAKING
22 AN APPEAL UNDER THIS SUBSECTION MAY REQUEST A HEARING AT THE TIME
23 THE APPEAL IS MADE. THE SECRETARY OF STATE OR ANY PERSON DESIGNATED
24 BY THE SECRETARY OF STATE TO ACT IN HIS OR HER PLACE SHALL DENY OR
25 GRANT AN APPEAL MADE UNDER THIS SUBSECTION WITHIN A REASONABLE
26 PERIOD, IN WRITING OR STATED IN THE RECORD IF A HEARING IS HELD. IF
27 THE SECRETARY OF STATE REVOKES A CERTIFICATE UNDER SUBSECTION

(16) (A), (D), (G), OR (H) AND DENIES AN APPEAL OF THE REVOCATION
 UNDER THIS SUBSECTION, THE OFFICER MAY APPLY FOR A NEW CERTIFICATE
 NO EARLIER THAN 5 YEARS AFTER THE REVOCATION.

(18) ~~(17)~~ Upon receipt of the appropriate abstract of
 conviction from a court and without any investigation, the
 secretary of state shall immediately revoke the certificate of an
 officer who has been convicted of a violation or attempted
 violation of section 413, 414, 415, 535, 535a, or 536a of the
 Michigan penal code, 1931 PA 328, MCL 750.413, 750.414, 750.415,
 750.535, 750.535a, and 750.536a, or has been convicted in federal
 court or in another state of a violation or attempted violation of
 a law substantially corresponding to 1 of those sections.

(19) ~~(18)~~ If a dealer acquires ownership of an older model
 vehicle from an owner, the dealer shall receive an assigned
 certificate of title and shall retain it as long as he or she
 retains the vehicle. A vehicle scrap metal processor shall
 surrender an assigned certificate of title to the secretary of
 state within 30 days after the vehicle is destroyed or scrapped.

(20) ~~(19)~~ A dealer selling or assigning a vehicle to a vehicle
 scrap metal processor shall make a record in triplicate on a form
 to be provided by the secretary of state in substantially the
 following form:

Scrap Vehicle Inventory:

SELLER: Dealer name

Dealer address

Dealer license number

PURCHASER: Conveyed to:

Date

1 (Vehicle scrap metal processor)
 2 Dealer address
 3 Dealer license number
 4

5 Vehicles

6						Dealer's	
7						Stock	
8	Model	Year	Vehicle	Make	VIN	Title	Number
9	1.						Color
10	2.						
11	3.						
12	etc.						

13 One copy shall be retained as a permanent record by the
 14 dealer, 1 copy shall be forwarded with the vehicle to be retained
 15 by the vehicle scrap metal processor, and 1 copy shall be forwarded
 16 to the secretary of state.

17 (21) ~~(20)~~—A person, other than an automotive recycler, used or
 18 secondhand vehicle parts dealer, or a foreign salvage dealer,
 19 receiving a salvage certificate of title shall not sell the vehicle
 20 to anyone other than 1 of the following:

- 21 (a) The vehicle's former owner.
- 22 (b) A used or secondhand vehicle parts dealer.
- 23 (c) A vehicle scrap metal processor.
- 24 (d) A foreign salvage vehicle dealer licensed under this act.
- 25 (e) An automotive recycler.

26 (22) ~~(21)~~—A person receiving a scrap certificate of title

1 shall not sell the vehicle to anyone other than 1 of the following:

2 (a) An automotive recycler.

3 (b) A vehicle scrap metal processor.

4 (c) A foreign salvage vehicle dealer licensed under this act.

5 (d) A used or secondhand vehicle parts dealer.

6 (23) ~~(22)~~—The secretary of state may conduct periodic reviews
7 of the records of a dealer to determine whether adequate notice is
8 given to a transferee or lessee of a rebuilt salvage vehicle of
9 that vehicle's prior designation as a salvage vehicle. The
10 secretary of state may request an insurance company to provide
11 copies of salvage title documents and claims reports involving
12 major component parts to assist the secretary of state in
13 monitoring compliance with this act.

14 (24) ~~(23)~~—A licensed automotive recycler, used or secondhand
15 vehicle parts dealer, vehicle scrap metal processor, vehicle
16 salvage pool operator, distressed vehicle transporter, foreign
17 salvage vehicle dealer, or broker who has removed a scrap vehicle
18 from this state for the purpose of rebuilding the vehicle or
19 selling or leasing the vehicle to a person other than a vehicle
20 scrap metal processor, shall receive an automatic suspension of its
21 dealer license and of any salvage vehicle agent's license assigned
22 to that dealer for a period of 30 days. Upon receipt by the
23 secretary of state of a written request from the dealer, the dealer
24 shall have the right to an immediate hearing on the matter within
25 that 30-day period.

26 (25) ~~(24)~~—For the purpose of this section, the estimated costs
27 of the repair parts shall be determined by using the current

published retail cost of original manufacturer equipment parts or an estimate of the actual cost of the repair parts. The estimated labor costs shall be computed by using the hourly rate and time allocations which are reasonable and commonly assessed in the repair industry in the community where the repairs are performed.

(26) ~~(25)~~ A police agency shall charge a fee for an inspection of a vehicle under subsection (13). Each local authority with a police agency shall determine the amount of the fee for inspections by that police agency, which shall not exceed \$100.00. ~~The police agency shall credit the fee to the budget of that police agency and use the fee for law enforcement purposes that affect stolen vehicles, stolen vehicle parts, and salvage vehicle inspections.~~

EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, A FEE COLLECTED UNDER THIS SUBSECTION SHALL BE DEPOSITED WITH THE LOCAL AUTHORITY FOR THAT POLICE AGENCY. IF AN INSPECTION WAS CONDUCTED BY AN EMPLOYEE OF THE DEPARTMENT OF STATE, THE FEE SHALL BE DEPOSITED WITH THE DEPARTMENT OF STATE. A FEE COLLECTED BY A LOCAL AUTHORITY SHALL BE USED SOLELY FOR LAW ENFORCEMENT PURPOSES RELATED TO STOLEN VEHICLES, STOLEN VEHICLE PARTS, AND SALVAGE VEHICLE INSPECTIONS. A FEE COLLECTED BY THE DEPARTMENT OF STATE SHALL BE USED BY THE DEPARTMENT FOR THE ADMINISTRATION OF THE SALVAGE VEHICLE INSPECTION PROGRAM AND SHALL NOT LAPSE TO THE GENERAL FUND. A local police agency ~~shall~~ **MAY** compensate an off-duty and limited enforcement police officer for a salvage vehicle inspection.

(27) ~~(26)~~ For the purpose of this section, "actual cash value" means the retail dollar value of a vehicle as determined by an objective vehicle evaluation using local market resources such as

1 dealers or want ads or by an independent vehicle evaluation or
2 vehicle appraisal service or by a current issue of a nationally
3 recognized used vehicle guide for financial institution appraisal
4 purposes in this state.

5 Enacting section 1. This amendatory act takes effect 90 days
6 after the date it is enacted into law.