

HOUSE BILL NO. 4716

June 08, 2023, Introduced by Reps. BeGole, DeBoyer, Aragona, Phil Green, Roth, Bierlein, Bezotte, Schmaltz, Prestin, Rigas, Mueller, Harris, Neyer, Beson, St. Germaine, Zorn, Paquette, Schuette, Filler, Tyrone Carter, Breen and VanderWall and referred to the Committee on Transportation, Mobility and Infrastructure.

A bill to amend 1949 PA 300, entitled
"Michigan vehicle code,"
by amending section 217c (MCL 257.217c), as amended by 2022 PA 224.

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~~

1 ~~major component parts to assist the secretary of state in~~
2 ~~monitoring compliance with this act.~~

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

9 (a) If the insurance company acquires ownership of the vehicle
10 through payment of a claim, the owner of the vehicle ~~must~~ **shall**
11 assign the certificate of title to the insurance company, which
12 shall do all of the following:

13 (i) Surrender a properly assigned certificate of title to the
14 secretary of state.

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

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

1 (i) If the estimated cost of repair, including parts and labor,
2 is equal to or greater than 75% but less than 91% of the predamaged
3 actual cash value of the vehicle, require each owner of the vehicle
4 to sign an application for a salvage certificate of title, or if
5 the estimated cost of repair, including parts and labor, is equal
6 to or greater than 91% of the predamaged actual cash value of the
7 vehicle, require each owner of the vehicle to sign an application
8 for a scrap vehicle certificate of title.

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

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

20 (2) ~~(3)~~—If an insurance company pays a claim for total loss to
21 the owner or lienholder of record as kept by the secretary of
22 state, or both, if applicable, of a vehicle but the owner or
23 lienholder of record as kept by the secretary of state fails to
24 surrender the certificate of title or other document necessary for
25 the transfer of ownership of the vehicle to the insurance company
26 within the expiration of 30 days after the claim payment, the
27 insurance company, without having obtained the surrender of the
28 title or other document otherwise necessary for the transfer of
29 ownership for the vehicle from the owner or lienholder of record as

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

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

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

19 (ii) Evidence that the check has cleared the account of the
20 payer.

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

23 **(3)** ~~(4)~~ Except as provided in subsection ~~(3)~~, **(2)**, if an
24 insurance company acquires ownership of a vehicle other than a late
25 model vehicle through payment of damages due to an accident, the
26 company shall surrender a properly assigned title to the buyer upon
27 delivery.

28 **(4)** ~~(5)~~ If a dealer acquires ownership of a late model vehicle
29 that is a distressed vehicle from an owner, the dealer shall

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

1 (5) ~~(6)~~—An application for a scrap certificate of title must
2 be made on a form prescribed by the secretary of state **and**
3 accompanied by a fee of \$15.00. The application must contain all of
4 the following:

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

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

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

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

13 (6) ~~(7)~~—The scrap certificate of title must authorize the
14 holder of the document to transport but not drive on a highway the
15 vehicle or parts of a vehicle, and assign ownership to a vehicle
16 scrap metal processor, automotive recycler, used or secondhand
17 vehicle parts dealer, or foreign salvage vehicle dealer. A
18 certificate of title must not again be issued for this vehicle. A
19 person shall not rebuild or repair a scrap vehicle and allow it to
20 retain the original vehicle identification number.

21 (7) ~~(8)~~—If a person, other than a dealer or insurance company
22 that is subject to subsection ~~(2)~~—(1) or ~~(5)~~,—(4), acquires
23 ownership of a distressed, late model vehicle, the person must
24 surrender the title or assigned certificate of title to the
25 secretary of state, and if the estimated cost of repair, including
26 parts and labor, is equal to or greater than 75% but less than 91%
27 of the predamaged actual cash value of the vehicle, apply for a
28 salvage certificate of title, or if the estimated cost of repair,
29 including parts and labor, is equal to or greater than 91% of the

1 predamaged actual cash value of the vehicle, apply for a scrap
2 certificate of title before the vehicle may be transported.

3 (8) ~~(9)~~—An owner of a vehicle may determine that a vehicle is
4 a scrap vehicle or a salvage vehicle without making any
5 determination as to the actual cash value of the vehicle.

6 (9) ~~(10)~~—If a leasing company, vehicle manufacturer, insurance
7 company not licensed to do business in this state, association,
8 repossession company, self-insured owner, financial institution,
9 governmental entity, or other company, institution, or entity, owns
10 a distressed, late model vehicle, the titleholder shall surrender
11 the title or assigned certificate of title to the secretary of
12 state and apply for a salvage certificate of title if the retail
13 cost of repair, including parts and labor, is equal to or greater
14 than 75% but less than 91% of the predamaged actual cash value of
15 the vehicle, or if the retail cost of repair, including parts and
16 labor, is equal to or greater than 91% of the predamaged actual
17 cash value of the vehicle, apply for a scrap certificate of title,
18 before the vehicle may be transported or sold. If ownership is
19 transferred, the owner must sell the vehicle only to a dealer that
20 is eligible to buy a salvage or scrap vehicle in this state unless
21 the owner complies with subsection ~~(13)~~. **(12)**. When a leasing
22 company, vehicle manufacturer, insurance company not licensed to do
23 business in this state, association, repossession company, self-
24 insured owner, financial institution, governmental entity, or other
25 company, institution, or entity, —estimates the repair of a
26 distressed, late model vehicle for the purpose of determining
27 whether to apply for a salvage or scrap certificate of title, a
28 complete record of the estimate and, if the vehicle is repaired
29 before a transfer of ownership, a complete record of the actual

1 cost of the repairs performed and who performed the repairs must be
2 maintained for a minimum of 5 years by the leasing company, vehicle
3 manufacturer, insurance company not licensed to do business in this
4 state, association, repossession company, self-insured owner,
5 financial institution, governmental entity, or other company,
6 institution, or entity. The estimates and repair records required
7 by this subsection must be available for unannounced inspections by
8 a law enforcement agency or a representative of the secretary of
9 state. The secretary of state may request a leasing company,
10 vehicle manufacturer, insurance company not licensed to do business
11 in this state, association, repossession company, self-insured
12 owner, financial institution, governmental entity, or other
13 company, institution, or entity to provide copies of title
14 documents, repair estimates, claims reports involving major
15 component parts, and actual cash value determination documents to
16 assist the secretary of state in monitoring compliance with this
17 act.

18 (10) ~~(11)~~—An application for a salvage certificate of title
19 must be made on a form prescribed by the secretary of state **and**
20 accompanied by a fee of \$10.00. The application must contain all of
21 the following:

- 22 (a) The complete name and current address of the owner.
- 23 (b) A description of the vehicle, including its make, style of
24 body, model year, fee category or weight, color, and vehicle
25 identification number.
- 26 (c) An estimate of the cost repair, including parts and labor,
27 and an estimate of the predamaged actual cash value of the vehicle.
- 28 (d) If the vehicle is a late model vehicle, a listing of each
29 major component part that was not salvageable.

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

3 (11) ~~(12)~~The secretary of state shall issue and mail the
4 salvage certificate ~~within~~**not later than** 5 business days after the
5 time the application is received at the secretary of state's office
6 in Lansing. Each salvage certificate of title must include a
7 listing of each major component part that was not salvageable.

8 (12) ~~(13)~~A salvage certificate of title authorizes the holder
9 of the title to possess, transport, but not drive on a highway, and
10 transfer ownership in, a vehicle. The secretary of state shall not
11 issue a certificate of title or registration plates for a vehicle
12 for which a salvage certificate of title was issued unless a
13 specially trained officer described in subsection ~~(15)~~**(14)**
14 certifies all of the following:

15 (a) That the vehicle identification numbers and parts
16 identification numbers are correct.

17 (b) That the applicant has proof of ownership of repair parts
18 used.

19 (c) That the vehicle complies with the equipment standards of
20 this act.

21 (d) That any repairs performed on the vehicle were done in a
22 workmanlike manner, as certified on a form provided by the
23 department by a properly licensed mechanic in the appropriate
24 specialty. A properly licensed mechanic described in this
25 subdivision must not be the same individual as the specially
26 trained officer making the certification of the vehicle as required
27 under this subsection.

28 (13) ~~(14)~~The certification required by subsection ~~(13)~~**(12)**
29 must be made on a form prescribed and furnished by the secretary of

1 state in conjunction with the department of state police and must
2 accompany the application that is submitted to the secretary of
3 state for a certificate of title. An application for a certificate
4 of title must contain a description of each salvageable part used
5 to repair the vehicle and any identification number affixed to or
6 inscribed on the part as required by state or federal law. Upon
7 satisfactory completion of the inspection as required by the
8 secretary of state and other requirements for application, the
9 secretary of state shall issue a certificate of title for the
10 vehicle bearing the legend "rebuilt salvage".

11 **(14)** ~~(15)~~—An officer specially trained as provided by the
12 secretary of state and authorized by the secretary of state to
13 conduct a salvage vehicle inspection is any of the following:

14 (a) An employee of the department of state.

15 (b) An on-duty or off-duty police officer.

16 (c) A previously certified police officer who is appointed by
17 the local police agency as a limited enforcement officer to conduct
18 salvage vehicle inspections. The local police agency shall give
19 this officer access to the agency's law enforcement information
20 network system and the authority to confiscate any stolen vehicle
21 or vehicle parts discovered during an inspection. The local police
22 agency may give the officer the authority to arrest a person
23 suspected of having unlawful possession of a stolen vehicle or
24 vehicle parts. The local police agency shall not appoint a
25 previously certified police officer whose certificate has been
26 suspended, revoked, or denied under subsection ~~(16)~~ **(15)**.

27 **(15)** ~~(16)~~—The secretary of state shall issue a certificate to
28 an officer who is specially trained as provided by the secretary of
29 state to conduct salvage vehicle inspections. Only a person who has

1 a valid certification from the secretary of state may perform
2 salvage inspections. The secretary of state on the secretary of
3 state's own initiative or in response to complaints shall make
4 reasonable and necessary public or private investigations within or
5 outside of this state and gather evidence against an officer who
6 was issued a certificate and who violated or is about to violate
7 this act or a rule promulgated under this act. Subject to
8 subsection ~~(17)~~, **(16)**, the secretary of state may suspend, revoke,
9 or deny a certificate after an investigation if the secretary of
10 state determines that the officer committed 1 or more of the
11 following:

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

13 (b) Was, after an investigation, found responsible for a
14 fraudulent act in connection with the inspection, purchase, sale,
15 lease, or transfer of a salvage vehicle.

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

18 (d) Performed improper, careless, or negligent salvage vehicle
19 inspections.

20 (e) Ceased to function as a police officer because of
21 suspension, retirement, dismissal, disability, or termination of
22 employment.

23 (f) Was convicted of a violation or attempted violation of
24 1986 PA 119, MCL 257.1351 to 257.1355.

25 (g) Made a false statement of a material fact in the officer's
26 certification of a salvage vehicle inspection or any record
27 concerning a salvage vehicle inspection.

28 (h) Charged a fee in excess of the fee described in subsection
29 ~~(26)~~. **(25)** .

1 **(16)** ~~(17)~~—If the secretary of state revokes, suspends, or
 2 denies a certificate under subsection ~~(16) (a)~~, **(15) (a)**, (d), (g),
 3 or (h), the secretary of state shall, at the time of revocation,
 4 suspension, or denial, notify the officer and the law enforcement
 5 agency on behalf of which the officer is performing inspections of
 6 the law enforcement agency's right to appeal the revocation,
 7 suspension, or denial. The notification must include a statement
 8 that a request for an appeal under this subsection must be made no
 9 later than 30 days after the revocation, suspension, or denial. An
 10 agency making an appeal under this subsection may request a hearing
 11 at the time the appeal is made. The secretary of state or any
 12 person designated by the secretary of state to act in the secretary
 13 of state's place shall deny or grant an appeal made under this
 14 subsection within a reasonable period, in writing or stated in the
 15 record if a hearing is held. If the secretary of state revokes a
 16 certificate under subsection ~~(16) (a)~~, **(15) (a)**, (d), (g), or (h) and
 17 denies an appeal of the revocation under this subsection, the
 18 officer may apply for a new certificate no earlier than 5 years
 19 after the revocation.

20 **(17)** ~~(18)~~—Upon receipt of the appropriate abstract of
 21 conviction from a court and without any investigation, the
 22 secretary of state shall immediately revoke the certificate of an
 23 officer who has been convicted of a violation or attempted
 24 violation of section 413, 414, 415, 535, 535a, or 536a of the
 25 Michigan penal code, 1931 PA 328, MCL 750.413, 750.414, 750.415,
 26 750.535, 750.535a, and 750.536a, or has been convicted in federal
 27 court or in another state of a violation or attempted violation of
 28 a law substantially corresponding to 1 of those sections.

29 **(18)** ~~(19)~~—If a dealer acquires ownership of an older model

1 vehicle from an owner, the dealer shall receive an assigned
2 certificate of title and shall retain it as long as the dealer
3 retains the vehicle. A vehicle scrap metal processor shall
4 surrender an assigned certificate of title to the secretary of
5 state ~~within~~ **not later than** 30 days after the vehicle is destroyed
6 or scrapped.

7 **(19)** ~~(20)~~—A dealer selling or assigning a vehicle to a vehicle
8 scrap metal processor shall make a record in triplicate on a form
9 to be provided by the secretary of state in substantially the
10 following form:

11 Scrap Vehicle Inventory:

12 SELLER: Dealer name _____
13 Dealer address _____
14 Dealer license number _____

15 PURCHASER: Conveyed to: _____ Date _____
16 (Vehicle scrap metal processor)
17 Dealer address _____
18 Dealer license number _____

19 Vehicles

					Dealer's	
					Stock	
Model Year	Vehicle Make	VIN	Title Number	Number	Color	
23 1.	_____	_____	_____	_____	_____	_____
24 2.	_____	_____	_____	_____	_____	_____
25 3.	_____	_____	_____	_____	_____	_____
26 etc.						

27 One copy must be retained as a permanent record by the dealer,
28 1 copy must be forwarded with the vehicle to be retained by the
29 vehicle scrap metal processor, and 1 copy must be forwarded to the

1 secretary of state.

2 (20) ~~(21)~~—A person, other than an automotive recycler, used or
 3 secondhand vehicle parts dealer, or a foreign salvage **vehicle**
 4 dealer, receiving a salvage certificate of title shall not sell the
 5 vehicle to anyone other than 1 of the following:

- 6 (a) The vehicle's former owner.
- 7 (b) A used or secondhand vehicle parts dealer.
- 8 (c) A vehicle scrap metal processor.
- 9 (d) A foreign salvage vehicle dealer licensed under this act.
- 10 (e) An automotive recycler.

11 (21) ~~(22)~~—A person receiving a scrap certificate of title
 12 shall not sell the vehicle to anyone other than 1 of the following:

- 13 (a) An automotive recycler.
- 14 (b) A vehicle scrap metal processor.
- 15 (c) A foreign salvage vehicle dealer licensed under this act.
- 16 (d) A used or secondhand vehicle parts dealer.

17 (22) ~~(23)~~—The secretary of state may conduct periodic reviews
 18 of the records of a dealer to determine whether adequate notice is
 19 given to a transferee or lessee of a rebuilt salvage vehicle of
 20 that vehicle's prior designation as a salvage vehicle. The
 21 secretary of state may request an insurance company to provide
 22 copies of salvage title documents and claims reports involving
 23 major component parts to assist the secretary of state in
 24 monitoring compliance with this act.

25 (23) ~~(24)~~—A licensed automotive recycler, used or secondhand
 26 vehicle parts dealer, vehicle scrap metal processor, vehicle
 27 salvage pool operator, distressed vehicle transporter, foreign
 28 salvage vehicle dealer, or broker that has removed a scrap vehicle
 29 from this state for the purpose of rebuilding the vehicle or

1 selling or leasing the vehicle to a person other than a vehicle
 2 scrap metal processor, shall receive an automatic suspension of its
 3 dealer license and of any salvage vehicle agent's license assigned
 4 to that dealer for a period of 30 days. Upon receipt by the
 5 secretary of state of a written request from the dealer, the dealer
 6 shall have the right to an immediate hearing on the matter within
 7 that 30-day period.

8 (24) ~~(25)~~ For the purpose of this section, the estimated costs
 9 of the repair parts must be determined by using the current
 10 published retail cost of original manufacturer equipment parts or
 11 an estimate of the actual cost of the repair parts. The estimated
 12 labor costs must be computed by using the hourly rate and time
 13 allocations that are reasonable and commonly assessed in the repair
 14 industry in the community where the repairs are performed.

15 (25) ~~(26)~~ A police agency shall charge a fee for an inspection
 16 of a vehicle under subsection ~~(13)~~. **(12)**. Each local authority with
 17 a police agency shall determine the amount of the fee for
 18 inspections by that police agency, ~~that~~ **but the fee** must not exceed
 19 \$100.00. Except as otherwise provided in this subsection, a fee
 20 collected under this subsection must be deposited with the local
 21 authority for that police agency. The records of the local
 22 authority regarding the collection and disposition of inspection
 23 fees is subject to review or audit by the local unit of government
 24 and must be made available upon request to the department. If an
 25 inspection was conducted by an employee of the department of state,
 26 the fee must be deposited with the department of state. A fee
 27 collected by a local authority must be used for law enforcement
 28 purposes, ~~related to stolen vehicles,~~ including, but not limited
 29 to, equipment, **training**, and road patrol services that ~~increase the~~

1 ~~likelihood of recovering stolen vehicles or stolen vehicle parts,~~
2 ~~and salvage vehicle inspections. **are necessary to protect public**~~
3 ~~**health or safety.**~~ A fee collected by the department of state must
4 be used by the department for the administration of the salvage
5 vehicle inspection program and must not lapse to the general fund.
6 A local police agency may compensate an off-duty and limited
7 enforcement police officer for a salvage vehicle inspection.

8 **(26)** ~~(27)~~—For the purpose of this section, "actual cash value"
9 means the retail dollar value of a vehicle as determined by an
10 objective vehicle evaluation using local market resources such as
11 dealers or want ads or by an independent vehicle evaluation or
12 vehicle appraisal service or by a current issue of a nationally
13 recognized used vehicle guide for financial institution appraisal
14 purposes in this state.