

**SUBSTITUTE FOR
HOUSE BILL NO. 5665**

A bill to amend 1949 PA 300, entitled
"Michigan vehicle code,"
by amending section 217c (MCL 257.217c), as amended by 2018 PA 108.

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 must 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,
28 is equal to or greater than 75% but less than 91% of the predamaged
29 actual cash value of the vehicle, require each owner of the vehicle



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

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

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

17 (3) If an insurance company pays a claim for total loss to the
18 owner or lienholder of record as kept by the secretary of state, or
19 both, if applicable, of a vehicle but the owner or lienholder of
20 record as kept by the secretary of state fails to surrender the
21 certificate of title or other document necessary for the transfer
22 of ownership of the vehicle to the insurance company within the
23 expiration of 30 days after the claim payment, the insurance
24 company, without having obtained the surrender of the title or
25 other document otherwise necessary for the transfer of ownership
26 for the vehicle from the owner or lienholder of record as kept by
27 the secretary of state, or both, if applicable, may apply to the
28 secretary of state for a title as provided under this section. The
29 insurance company shall, at the time of application, provide proof



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

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

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

17 (ii) Evidence that the check has cleared the account of the
18 payer.

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

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

26 (5) If a dealer acquires ownership of a late model vehicle
27 that is a distressed vehicle from an owner, the dealer shall
28 receive an assigned certificate of title. If the assigned
29 certificate of title is not a salvage or scrap certificate of



1 title, the dealer, other than a vehicle scrap metal processor,
2 shall surrender the assigned certificate of title to the secretary
3 of state, and if the estimated cost of repair, including parts and
4 labor, is equal to or greater than 75% but less than 91% of the
5 predamaged actual cash value of the vehicle, apply for a salvage
6 certificate of title, or if the estimated cost of repair, including
7 parts and labor, is equal to or greater than 91% of the predamaged
8 actual cash value of the vehicle, apply for a scrap certificate of
9 title within 5 days after the dealer receives the assigned
10 certificate of title. The dealer may sell a salvage vehicle to
11 another automotive recycler, used or secondhand vehicle parts
12 dealer, foreign salvage vehicle dealer, or vehicle scrap metal
13 processor by assigning the salvage certificate of title to the
14 buyer. Unless the vehicle is rebuilt, inspected, and recertified
15 under this section, if the vehicle is sold to a buyer other than a
16 dealer, application ~~shall~~**must** be made for a salvage certificate in
17 the name of the buyer in the manner provided in this act. The
18 dealer may sell a scrap vehicle only to a vehicle scrap metal
19 processor. A vehicle scrap metal processor shall surrender an
20 assigned certificate of title to the secretary of state within 30
21 days after acquiring a vehicle for which a certificate of title was
22 received. A vehicle scrap metal processor shall surrender an
23 assigned salvage or scrap certificate of title to the secretary of
24 state within 30 days after acquiring a vehicle for which a salvage
25 or scrap certificate of title was received and report that the
26 vehicle was destroyed or scrapped.

27 (6) An application for a scrap certificate of title ~~shall~~**must**
28 be made on a form prescribed by the secretary of state accompanied
29 by a fee of \$15.00. The application ~~shall~~**must** contain all of the



1 following:

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

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

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

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

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

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

29 (9) An owner of a vehicle may determine that a vehicle is a



1 scrap vehicle or a salvage vehicle without making any determination
2 as to the actual cash value of the vehicle.

3 (10) If a leasing company, vehicle manufacturer, insurance
4 company not licensed to do business in this state, association,
5 repossession company, self-insured owner, financial institution,
6 governmental entity, or other company, institution, or entity, owns
7 a distressed, late model vehicle, the titleholder shall surrender
8 the title or assigned certificate of title to the secretary of
9 state and apply for a salvage certificate of title if the retail
10 cost of repair, including parts and labor, is equal to or greater
11 than 75% but less than 91% of the predamaged actual cash value of
12 the vehicle, or if the retail cost of repair, including parts and
13 labor, is equal to or greater than 91% of the predamaged actual
14 cash value of the vehicle, apply for a scrap certificate of title,
15 before the vehicle may be transported or sold. If ownership is
16 transferred, the owner must sell the vehicle only to a dealer who
17 is eligible to buy a salvage or scrap vehicle in this state unless
18 the owner complies with subsection (13). When a leasing company,
19 vehicle manufacturer, insurance company not licensed to do business
20 in this state, association, repossession company, self-insured
21 owner, financial institution, governmental entity, or other
22 company, institution, or entity, estimates the repair of a
23 distressed, late model vehicle for the purpose of determining
24 whether to apply for a salvage or scrap certificate of title, a
25 complete record of the estimate and, if the vehicle is repaired
26 before a transfer of ownership, a complete record of the actual
27 cost of the repairs performed and ~~by whom shall~~ **who performed the**
28 **repairs must** be maintained for a minimum of 5 years by the leasing
29 company, vehicle manufacturer, insurance company not licensed to do



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

15 (11) An application for a salvage certificate of title ~~shall~~
16 **must** be made on a form prescribed by the secretary of state
17 accompanied by a fee of \$10.00. The application ~~shall~~**must** contain
18 all of the following:

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

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

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

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

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

29 (12) The secretary of state shall issue and mail the salvage



1 certificate within 5 business days after the time the application
2 is received at the secretary of state's office in Lansing. Each
3 salvage certificate of title ~~shall~~**must** include a listing of each
4 major component part that was not salvageable.

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

12 (a) That the vehicle identification numbers and parts
13 identification numbers are correct.

14 (b) That the applicant has proof of ownership of repair parts
15 used.

16 (c) That the vehicle complies with the equipment standards of
17 this act.

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

25 (14) The certification required by subsection (13) ~~shall~~**must**
26 be made on a form prescribed and furnished by the secretary of
27 state in conjunction with the department of state police and ~~shall~~
28 **must** accompany the application that is submitted to the secretary
29 of state for a certificate of title. An application for a



1 certificate of title ~~shall~~**must** contain a description of each
2 salvageable part used to repair the vehicle and any identification
3 number affixed to or inscribed ~~upon~~**on** the part as required by
4 state or federal law. Upon satisfactory completion of the
5 inspection as required by the secretary of state and other
6 requirements for application, the secretary of state shall issue a
7 certificate of title for the vehicle bearing the legend "rebuilt
8 salvage".

9 (15) An officer specially trained as provided by the secretary
10 of state and authorized by the secretary of state to conduct a
11 salvage vehicle inspection is any of the following:

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

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

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

25 (16) The secretary of state shall issue a certificate to an
26 officer who is specially trained as provided by the secretary of
27 state to conduct salvage vehicle inspections. Only a person who has
28 a valid certification from the secretary of state may perform
29 salvage inspections. The secretary of state on ~~his or her~~**the**



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

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

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

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

16 (d) Performed improper, careless, or negligent salvage vehicle
17 inspections.

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

21 (f) Was convicted of a violation or attempted violation of
22 1986 PA 119, MCL 257.1351 to 257.1355.

23 (g) Made a false statement of a material fact in ~~his or her~~
24 **the officer's** certification of a salvage vehicle inspection or any
25 record concerning a salvage vehicle inspection.

26 (h) Charged a fee in excess of the fee described in subsection
27 (26).

28 (17) If the secretary of state revokes, suspends, or denies a
29 certificate under subsection (16)(a), (d), (g), or (h), the



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

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

27 (19) If a dealer acquires ownership of an older model vehicle
 28 from an owner, the dealer shall receive an assigned certificate of
 29 title and shall retain it as long as ~~he or she~~**the dealer** 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) 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 _____
 (Vehicle scrap metal processor)
 Dealer address _____
 Dealer license number _____

Vehicles

Dealer's
 Stock

Model Year	Vehicle Make	VIN	Title Number	Number	Color
1. _____	_____	_____	_____	_____	_____
2. _____	_____	_____	_____	_____	_____
3. _____	_____	_____	_____	_____	_____
etc.					

One copy ~~shall~~**must** be retained as a permanent record by the dealer, 1 copy ~~shall~~**must** be forwarded with the vehicle to be retained by the vehicle scrap metal processor, and 1 copy ~~shall~~**must** be forwarded to the secretary of state.

(21) A person, other than an automotive recycler, used or secondhand vehicle parts dealer, or a foreign salvage dealer,



1 receiving a salvage certificate of title shall not sell the vehicle
2 to anyone other than 1 of the following:

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

8 (22) A person receiving a scrap certificate of title shall not
9 sell the vehicle to anyone other than 1 of the following:

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

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

22 (24) A licensed automotive recycler, used or secondhand
23 vehicle parts dealer, vehicle scrap metal processor, vehicle
24 salvage pool operator, distressed vehicle transporter, foreign
25 salvage vehicle dealer, or broker ~~who~~**that** has removed a scrap
26 vehicle from this state for the purpose of rebuilding the vehicle
27 or selling or leasing the vehicle to a person other than a vehicle
28 scrap metal processor, shall receive an automatic suspension of its
29 dealer license and of any salvage vehicle agent's license assigned



1 to that dealer for a period of 30 days. Upon receipt by the
2 secretary of state of a written request from the dealer, the dealer
3 shall have the right to an immediate hearing on the matter within
4 that 30-day period.

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

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



1 **health or safety.** A fee collected by the department of state ~~shall~~
2 **must** be used by the department for the administration of the
3 salvage vehicle inspection program and ~~shall~~**must** not lapse to the
4 general fund. A local police agency may compensate an off-duty and
5 limited enforcement police officer for a salvage vehicle
6 inspection.

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