

**SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 5364**

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending sections 11, 217, 235, 310, 312e, and 401 (MCL 257.11, 257.217, 257.235, 257.310, 257.312e, and 257.401), section 11 as amended by 1990 PA 154, section 217 as amended by 2002 PA 552, section 235 as amended by 1988 PA 470, section 310 as amended by 2002 PA 554, section 312e as amended by 2002 PA 534, and section 401 as amended by 1995 PA 98, and by adding sections 4c, 35c, and 248j.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

- 1           SEC. 4C. "BUY BACK VEHICLE" MEANS A MOTOR VEHICLE REAC-  
2   QUIRED BY A MANUFACTURER AS THE RESULT OF AN ARBITRATION PROCEED-  
3   ING, PURSUANT TO A CUSTOMER SATISFACTION POLICY ADOPTED BY THE  
4   MANUFACTURER, OR UNDER 1986 PA 87, MCL 257.1401 TO 257.1410, OR A  
5   SIMILAR LAW OF ANOTHER STATE.

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

2

1       Sec. 11. (1) ~~"Dealer"~~ EXCEPT AS PROVIDED IN THIS SECTION,  
2 "DEALER" means a person ~~engaged~~ WHO IS 1 OR MORE OF THE  
3 FOLLOWING:

4       (A) A PERSON WHO IN A 12-MONTH PERIOD DID 1 OR MORE OF THE  
5 FOLLOWING:

6       (i) ENGAGED in the business of purchasing, selling, exchang-  
7 ing, brokering, LEASING, or dealing in vehicles of a type  
8 required to be titled under this act. ~~or parts of those vehi-~~  
9 ~~cles, a person who negotiates the purchase, sale, deal, or~~  
10 ~~exchange of those vehicles and who has an established place of~~  
11 ~~business for those purposes in this state, a person is engaged in~~  
12 ~~the actual remanufacturing of engines or transmissions, or both,~~  
13 ~~or a person engaged~~

14       (ii) ENGAGED IN THE BUSINESS OF PURCHASING, SELLING,  
15 EXCHANGING, BROKERING, OR DEALING IN SALVAGEABLE PARTS OF 5 OR  
16 MORE VEHICLES.

17       (iii) ENGAGED in the business of buying 5 OR MORE vehicles  
18 to sell vehicle parts or ~~buying vehicles to~~ process into scrap  
19 metal.

20       (B) A PERSON ENGAGED IN THE ACTUAL REMANUFACTURING OF  
21 ENGINES OR TRANSMISSIONS.

22       (2) THERE IS A REBUTTABLE PRESUMPTION THAT A PERSON WHO IN A  
23 12-MONTH PERIOD BUYS AND SELLS, EXCHANGES, BROKERS, LEASES, OR  
24 DEALS IN 5 OR MORE VEHICLES, OR BUYS AND SELLS, EXCHANGES, BRO-  
25 KERS, OR DEALS IN SALVAGEABLE PARTS FOR 5 OR MORE VEHICLES, OR  
26 BUYS 5 OR MORE VEHICLES TO SELL VEHICLE PARTS OR TO PROCESS INTO

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

3

1 SCRAP METAL IS ENGAGED IN A BUSINESS DESCRIBED IN SUBSECTION  
2 (1).

3 (3) Dealer does not include ~~—a—~~ ANY OF THE FOLLOWING:

4 (A) A FINANCIAL INSTITUTION, AS DEFINED IN SECTION 10 OF  
5 1909 PA 99, MCL 129.40, OR AN ENTITY WHOLLY OWNED BY 1 OR MORE  
6 FINANCIAL INSTITUTIONS.

7 (B) A BANK HOLDING COMPANY.

8 (C) A person who buys or sells remanufactured vehicle engine  
9 and transmission salvageable vehicle parts or who receives in  
10 exchange used engines or transmissions if the primary business of  
11 the person is the selling of new vehicle parts and the person is  
12 not engaged in any other activity that requires a dealer license  
13 under this act.

14 (D) FOR PURPOSES OF DEALER LICENSING, A PERSON WHO NEGOTI-  
15 ATES THE LEASE OF A VEHICLE OF A TYPE REQUIRED TO BE TITLED UNDER  
16 THIS ACT FOR A LEASE TERM OF LESS THAN 120 DAYS.

17 (E) A PERSON WHOSE BUSINESS IS THE FINANCING OF THE PUR-  
18 CHASE, SALE, OR LEASE OF VEHICLES OF A TYPE REQUIRED TO BE TITLED  
19 UNDER THIS ACT AND THAT IS NOT OTHERWISE ENGAGED IN ACTIVITIES  
20 DESCRIBED IN SUBSECTION (1).

21 (F) AN EMPLOYEE OR AGENT OF A DEALER ACTING IN THE SCOPE OF  
22 HIS OR HER EMPLOYMENT OR AGENCY.

23 (G) AN INSURER, AS DEFINED IN SECTION 106 OF THE INSURANCE  
24 CODE OF 1956, 1956 PA 218, MCL 500.106.

25 (H) A PERSON ENGAGED IN LEASING VEHICLES SOLELY FOR COMMER-  
26 CIAL OR OTHER NONHOUSEHOLD USE.

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

4

1        SEC. 35C. "OFF LEASE VEHICLE" MEANS A MOTOR VEHICLE LEASED  
2 FOR A TERM OF MORE THAN 30 DAYS THAT THE LESSEE ELECTS TO  
3 PURCHASE.

4        Sec. 217. (1) An owner of a vehicle that is subject to reg-  
5 istration under this act shall apply to the secretary of state,  
6 upon an appropriate form furnished by the secretary of state, for  
7 the registration of the vehicle and issuance of a certificate of  
8 title for the vehicle. A vehicle brought into this state from  
9 another state or jurisdiction that has a rebuilt, salvage, scrap,  
10 flood, or comparable certificate of title issued by that other  
11 state or jurisdiction shall be issued a rebuilt, salvage, scrap,  
12 or flood certificate of title by the secretary of state. The  
13 application shall be accompanied by the required fee. An appli-  
14 cation for a certificate of title shall bear the signature of the  
15 owner. The application shall contain all of the following:

16        (a) The owner's name, the owner's bona fide residence, and  
17 either of the following:

18        (i) If the owner is an individual, the owner's mailing  
19 address.

20        (ii) If the owner is a firm, association, partnership,  
21 limited liability company, or corporation, the owner's business  
22 address.

23        (b) A description of the vehicle including the make or name,  
24 style of body, and model year; the number of miles, not including  
25 the tenths of a mile, registered on the vehicle's odometer at the  
26 time of transfer; whether the vehicle is a flood vehicle or  
27 another state previously issued the vehicle a flood certificate

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

5

1 of title; whether the vehicle is to be or has been used as a taxi  
2 or police vehicle, or by a political subdivision of this state,  
3 unless the vehicle is owned by a dealer and loaned or leased to a  
4 political subdivision of this state for use as a driver education  
5 vehicle; whether the vehicle has previously been issued a salvage  
6 or rebuilt certificate of title from this state or a comparable  
7 certificate of title from any other state or jurisdiction; vehi-  
8 cle identification number; and the vehicle's weight fully  
9 equipped, if a passenger vehicle registered in accordance with  
10 section 801(1)(a), and, if a trailer coach or pickup camper, in  
11 addition to the weight, the manufacturer's serial number, or in  
12 the absence of the serial number, a number assigned by the secre-  
13 tary of state. A number assigned by the secretary of state shall  
14 be permanently placed on the trailer coach or pickup camper in  
15 the manner and place designated by the secretary of state.

16 (c) A statement of the applicant's title and the names and  
17 addresses of the holders of security interests in the vehicle and  
18 in an accessory to the vehicle, in the order of their priority.

19 (d) Further information that the secretary of state reason-  
20 ably requires to enable the secretary of state to determine  
21 whether the vehicle is lawfully entitled to registration and the  
22 owner entitled to a certificate of title. If the secretary of  
23 state is not satisfied as to the ownership of a late model vehi-  
24 cle or other vehicle having a value over \$2,500.00, before regis-  
25 tering the vehicle and issuing a certificate of title, the secre-  
26 tary of state may require the applicant to file a properly  
27 executed surety bond in a form prescribed by the secretary of

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

6

1 state and executed by the applicant and a company authorized to  
2 conduct a surety business in this state. The bond shall be in an  
3 amount equal to twice the value of the vehicle as determined by  
4 the secretary of state and shall be conditioned to indemnify or  
5 reimburse the secretary of state, any prior owner, and any subse-  
6 quent purchaser OR LESSEE of the vehicle and their successors in  
7 interest against any expense, loss, or damage, including reason-  
8 able attorney's fees, by reason of the issuance of a certificate  
9 of title for the vehicle or on account of any defect in the  
10 right, title, or interest of the applicant in the vehicle. An  
11 interested person has a right of action to recover on the bond  
12 for a breach of the conditions of the bond, but the aggregate  
13 liability of the surety to all persons shall not exceed the  
14 amount of the bond. The bond shall be returned at the end of 3  
15 years, or before 3 years if the vehicle is no longer registered  
16 in this state and the currently valid certificate of title is  
17 surrendered to the secretary of state, unless the secretary of  
18 state has received notification of the pendency of an action to  
19 recover on the bond. If the secretary of state is not satisfied  
20 as to the ownership of a vehicle that is valued at \$2,500.00 or  
21 less and that is not a late model vehicle, the secretary of state  
22 shall require the applicant to certify that the applicant is the  
23 owner of the vehicle and entitled to register and title the  
24 vehicle.

25 (e) Except as provided in subdivision (f), an application  
26 for a commercial vehicle shall also have attached a scale weight  
27 receipt of the motor vehicle fully equipped as of the time the

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

7

1 application is made. A scale weight receipt is not necessary if  
2 there is presented with the application a registration receipt of  
3 the previous year that shows on its face the empty weight of the  
4 motor vehicle as registered with the secretary of state that is  
5 accompanied by a statement of the applicant that there has not  
6 been structural change in the motor vehicle that has increased  
7 the empty weight and that the previous registered weight is the  
8 true weight.

9 (f) An application for registration of a vehicle on the  
10 basis of elected gross weight shall include a declaration by the  
11 applicant specifying the elected gross weight for which applica-  
12 tion is being made.

13 (g) If the application is for a certificate of title of a  
14 motor vehicle registered in accordance with section 801(1)(p),  
15 the application shall include the manufacturer's suggested base  
16 list price for the model year of the vehicle. Annually, the sec-  
17 retary of state shall publish a list of the manufacturer's sug-  
18 gested base list price for each vehicle being manufactured. Once  
19 a base list price is published by the secretary of state for a  
20 model year for a vehicle, the base list price shall not be  
21 affected by subsequent increases in the manufacturer's suggested  
22 base list price but shall remain the same throughout the model  
23 year unless changed in the annual list published by the secretary  
24 of state. If the secretary of state's list has not been pub-  
25 lished for that vehicle by the time of the application for regis-  
26 tration, the base list price shall be the manufacturer's  
27 suggested retail price as shown on the label required to be

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

8

1 affixed to the vehicle under section 3 of the automobile  
2 information disclosure act, Public Law 85-506, 15 U.S.C. 1232.  
3 If the manufacturer's suggested retail price is unavailable, the  
4 application shall list the purchase price of the vehicle as  
5 defined in section 801(4).

6 (2) An applicant for registration of a leased pickup truck  
7 or passenger vehicle that is subject to registration under this  
8 act, except a vehicle that is subject to registration tax under  
9 section 801g, shall disclose in writing to the secretary of state  
10 the lessee's name, the lessee's bona fide residence, and either  
11 of the following:

12 (a) If the lessee is an individual, the lessee's Michigan  
13 driver license number or Michigan personal identification number  
14 or, if the lessee does not have a Michigan driver license or  
15 Michigan personal identification number, the lessee's mailing  
16 address.

17 (b) If the lessee is a firm, association, partnership,  
18 limited liability company, or corporation, the lessee's business  
19 address.

20 (3) The secretary of state shall maintain the information  
21 described in subsection (2) on the secretary of state's computer  
22 records.

23 (4) ~~—A—~~ EXCEPT AS PROVIDED IN SUBSECTION (5), A dealer  
24 selling, LEASING, or exchanging vehicles required to be titled,  
25 within 15 days after delivering a vehicle to the purchaser OR  
26 LESSEE, and a person engaged in the sale of vessels required to  
27 be numbered by part 801 of the natural resources and



**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

9

1 environmental protection act, 1994 PA 451, MCL 324.80101 to  
2 324.80199, within 15 days after delivering a boat trailer weigh-  
3 ing less than 2,500 pounds to the purchaser OR LESSEE, shall  
4 apply to the secretary of state for a new title, if required, and  
5 transfer or secure registration plates and secure a certificate  
6 of registration for the vehicle or boat trailer, in the name of  
7 the purchaser OR LESSEE. The dealer's license may be suspended  
8 or revoked in accordance with section 249 for failure to apply  
9 for a title when required or for failure to transfer or secure  
10 registration plates and certificate of registration within the 15  
11 days required by this section. If the dealer or person fails to  
12 apply for a title when required, and to transfer or secure regis-  
13 tration plates and secure a certificate of registration and pay  
14 the required fees within 15 days of delivery of the vehicle or  
15 boat trailer, a title and registration for the vehicle or boat  
16 trailer may subsequently be acquired only upon the payment of a  
17 transfer fee of \$15.00 in addition to the fees specified in sec-  
18 tion 806. The purchaser OR LESSEE of the vehicle or THE PUR-  
19 CHASER OF THE boat trailer shall sign the application, including,  
20 when applicable, the declaration specifying the maximum elected  
21 gross weight, as required by subsection (1)(f), and other neces-  
22 sary papers to enable the dealer or person to secure the title,  
23 registration plates, and transfers from the secretary of state.  
24 If the secretary of state mails or delivers a purchaser's certif-  
25 icate of title to a dealer, the dealer shall mail or deliver the  
26 certificate of title to the purchaser not more than 5 days after  
27 receiving the certificate of title from the secretary of state.

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364 as amended December 11, 2002

10

1           (5) A DEALER SELLING OR EXCHANGING AN OFF LEASE OR BUY BACK  
2 VEHICLE SHALL APPLY TO THE SECRETARY OF STATE FOR A NEW TITLE FOR  
3 THE VEHICLE WITHIN 15 DAYS AFTER IT RECEIVES THE CERTIFICATE OF  
4 TITLE FROM THE LESSOR OR MANUFACTURER UNDER SECTION 235 AND  
5 TRANSFER OR SECURE REGISTRATION PLATES AND SECURE A CERTIFICATE  
6 OF REGISTRATION FOR THE VEHICLE IN THE NAME OF THE PURCHASER.  
7 THE DEALER'S LICENSE MAY BE SUSPENDED OR REVOKED IN ACCORDANCE  
8 WITH SECTION 249 FOR FAILURE TO APPLY FOR A TITLE WHEN REQUIRED  
9 OR FOR FAILURE TO TRANSFER OR SECURE REGISTRATION PLATES AND CER-  
10 TIFICATE OF REGISTRATION WITHIN THE 15-DAY PERIOD. IF THE DEALER  
11 OR PERSON FAILS TO APPLY FOR A TITLE WHEN REQUIRED, AND TO TRANS-  
12 FER OR SECURE REGISTRATION PLATES AND SECURE A CERTIFICATE OF  
13 REGISTRATION AND PAY THE REQUIRED FEES WITHIN THE 15-DAY TIME  
14 PERIOD, A TITLE AND REGISTRATION FOR THE VEHICLE [REDACTED]  
15 MAY SUBSEQUENTLY BE ACQUIRED ONLY UPON THE PAYMENT OF A TRANSFER  
16 FEE OF \$15.00 IN ADDITION TO THE FEES SPECIFIED IN SECTION 806.  
17 THE PURCHASER OF THE VEHICLE SHALL SIGN THE APPLICATION, INCLUD-  
18 ING, WHEN APPLICABLE, THE DECLARATION SPECIFYING THE MAXIMUM  
19 ELECTED GROSS WEIGHT, AS REQUIRED BY SUBSECTION (1)(F), AND OTHER  
20 NECESSARY PAPERS TO ENABLE THE DEALER OR PERSON TO SECURE THE  
21 TITLE, REGISTRATION PLATES, AND TRANSFERS FROM THE SECRETARY OF  
22 STATE. IF THE SECRETARY OF STATE MAILES OR DELIVERS A PURCHASER'S  
23 CERTIFICATE OF TITLE TO A DEALER, THE DEALER SHALL MAIL OR  
24 DELIVER THE CERTIFICATE OF TITLE TO THE PURCHASER NOT MORE THAN 5  
25 DAYS AFTER RECEIVING THE CERTIFICATE OF TITLE FROM THE SECRETARY  
26 OF STATE.

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

11

1       (6) ~~—(5)—~~ If a vehicle is delivered to a purchaser OR LESSEE  
2 who has valid Michigan registration plates that are to be  
3 transferred to the vehicle, and an application for title, if  
4 required, and registration for the vehicle is not made before  
5 delivery of the vehicle to the purchaser OR LESSEE, the registra-  
6 tion plates shall be affixed to the vehicle immediately, and the  
7 dealer shall provide the purchaser OR LESSEE with an instrument  
8 in writing, on a form prescribed by the secretary of state, which  
9 shall serve as a temporary registration for the vehicle for a  
10 period of 15 days from the date the vehicle is delivered.

11       (7) ~~—(6)—~~ An application for a certificate of title that  
12 indicates the existence of a security interest in the vehicle or  
13 in an accessory to the vehicle, if requested by the security  
14 interest holder, shall be accompanied by a copy of the security  
15 agreement which need not be signed. The request may be made of  
16 the seller on an annual basis. The secretary of state shall  
17 indicate on the copy the date and place of filing of the applica-  
18 tion and return the copy to the person submitting the application  
19 who shall forward it to the holder of the security interest named  
20 in the application.

21       (8) ~~—(7)—~~ If the seller does not prepare the credit informa-  
22 tion, contract note, and mortgage, and the holder, finance com-  
23 pany, credit union, or banking institution requires the install-  
24 ment seller to record the lien on the title, the holder, finance  
25 company, credit union, or banking institution shall pay the  
26 seller a service fee of not more than \$10.00. The service fee  
27 shall be paid from the finance charges and shall not be charged

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

12

1 to the buyer in addition to the finance charges. The holder,  
2 finance company, credit union, or banking institution shall issue  
3 its check or bank draft for the principal amount financed, pay-  
4 able jointly to the buyer and seller, and there shall be  
5 imprinted on the back side of the check or bank draft the  
6 following:

7 "Under Michigan law, the seller must record a first lien in  
8 favor of (name of lender) \_\_\_\_\_ on the vehicle with  
9 vehicle identification number \_\_\_\_\_ and title the vehi-  
10 cle only in the name(s) shown on the reverse side." On the front  
11 of the sales check or draft, the holder, finance company, credit  
12 union, or banking institution shall note the name(s) of the pro-  
13 spective owner(s). Failure of the holder, finance company,  
14 credit union, or banking institution to comply with these  
15 requirements frees the seller from any obligation to record the  
16 lien or from any liability that may arise as a result of the  
17 failure to record the lien. A service fee shall not be charged  
18 to the buyer.

19 (9) ~~-(8)-~~ In the absence of actual malice proved indepen-  
20 dently and not inferred from lack of probable cause, a person who  
21 in any manner causes a prosecution for larceny of a motor vehi-  
22 cle; for embezzlement of a motor vehicle; for any crime an ele-  
23 ment of which is the taking of a motor vehicle without authority;  
24 or for buying, receiving, possessing, LEASING, or aiding in the  
25 concealment of a stolen, embezzled, or converted motor vehicle  
26 knowing that the motor vehicle has been stolen, embezzled, or  
27 converted, is not liable for damages in a civil action for

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

13

1 causing the prosecution. This subsection does not relieve a  
2 person from proving any other element necessary to sustain his or  
3 her cause of action.

4 Sec. 235. (1) If the transferee of a vehicle is a new motor  
5 vehicle dealer or a used vehicle dealer ~~who~~ THAT acquires the  
6 vehicle for resale, the dealer ~~shall not be~~ IS NOT required to  
7 obtain a new registration of the vehicle or forward the certifi-  
8 cate of title to the secretary of state, but shall retain and  
9 have in the dealer's immediate possession the assigned certifi-  
10 cate of title with the odometer information properly completed.  
11 A dealer shall obtain a certificate of title for a vehicle having  
12 a salvage certificate of title before the dealer may operate the  
13 vehicle under dealer's license plates. Upon transferring title  
14 or interest to another person ~~who~~ THAT is not a dealer, the  
15 dealer shall complete an assignment and warranty of title upon  
16 the certificate of title, salvage certificate of title, or dealer  
17 reassignment of title form and make an application for registra-  
18 tion and a new title as provided in section ~~217(2)~~ 217(4).

19 (2) The dealer or transferee ~~shall be~~ IS liable for all  
20 damages arising from the operation of the vehicle while the vehi-  
21 cle is in the dealer's or transferee's possession.

22 (3) Upon transferring title or interest to another dealer,  
23 the dealer shall complete an assignment and warranty of title  
24 upon the certificate of title, salvage certificate of title, or  
25 dealer reassignment of title form and deliver it to the licensed  
26 dealer to ~~whom~~ WHICH the transfer is made.

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

14

1       (4) The SECRETARY OF STATE SHALL PRESCRIBE THE dealer  
2 reassignment of title form. ~~shall be prescribed by the secretary~~  
3 ~~of state and~~ THE FORM shall contain the title number of the  
4 accompanying title; the name, address, and, if applicable, dealer  
5 license number of the transferee; the year, make, model, body  
6 type, and vehicle identification number of the vehicle; the name,  
7 address, dealer number, and signature of the transferor; an odom-  
8 eter mileage statement pursuant to section 233a; and any other  
9 information the secretary of state ~~may require~~ REQUIRES.

10       (5) THIS SECTION DOES NOT PROHIBIT A DEALER FROM SELLING A  
11 BUY BACK VEHICLE WHILE THE CERTIFICATE OF TITLE IS IN THE POSSES-  
12 SION OF A MANUFACTURER THAT OBTAINED THE CERTIFICATE OF TITLE  
13 UNDER THE MANUFACTURER'S BUY BACK VEHICLE PROGRAM. THE MANUFAC-  
14 Turer SHALL MAIL THE CERTIFICATE OF TITLE TO THE DEALER WITHIN 5  
15 BUSINESS DAYS AFTER THE MANUFACTURER'S RECEIPT OF A SIGNED STATE-  
16 MENT FROM THE PURCHASER OF THE VEHICLE ACKNOWLEDGING HE OR SHE  
17 WAS INFORMED BY THE DEALER THAT THE MANUFACTURER ACQUIRED TITLE  
18 TO THE VEHICLE AS THE RESULT OF AN ARBITRATION PROCEEDING, PURSU-  
19 ANT TO A CUSTOMER SATISFACTION POLICY ADOPTED BY THE MANUFACTUR-  
20 ER, OR UNDER 1986 PA 87, MCL 257.1401 TO 257.1410, OR A SIMILAR  
21 LAW OF ANOTHER STATE.

22       (6) THIS SECTION DOES NOT PROHIBIT A DEALER FROM SELLING AN  
23 OFF LEASE VEHICLE WHILE THE CERTIFICATE OF TITLE IS IN THE POS-  
24 SESSION OF A LESSOR. THE LESSOR SHALL MAIL THE CERTIFICATE OF  
25 TITLE TO THE DEALER WITHIN 21 DAYS AFTER THE LESSOR RECEIVES THE  
26 PURCHASE PRICE OF THE VEHICLE AND ANY OTHER FEES AND CHARGES DUE  
27 UNDER THE LEASE.

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

15

1        SEC. 248J. (1) IN ADDITION TO ANY OTHER REMEDIES PROVIDED  
2 BY LAW, IF THE SECRETARY OF STATE DETERMINES THAT A PERSON HAS  
3 ACTED AS A DEALER WITHOUT A DEALER LICENSE, HE OR SHE MAY ISSUE  
4 THE PERSON A VERBAL OR WRITTEN WARNING OR ASSESS AN ADMINISTRA-  
5 TIVE FINE OF NOT MORE THAN \$5,000.00 FOR A FIRST VIOLATION, AND  
6 NOT MORE THAN \$7,500.00 FOR EACH SUBSEQUENT VIOLATION OCCURRING  
7 WITHIN 7 YEARS OF A PRIOR VIOLATION.

8        (2) IF THE SECRETARY OF STATE ASSESSES AN ADMINISTRATIVE  
9 FINE UNDER SUBSECTION (1), THE SECRETARY OF STATE SHALL PROVIDE  
10 NOTICE OF THE ASSESSMENT IN WRITING PURSUANT TO SECTION 212. AT  
11 A MINIMUM, THE NOTICE OF ASSESSMENT SHALL CONTAIN ALL OF THE  
12 FOLLOWING:

13        (A) A UNIQUE IDENTIFICATION NUMBER.

14        (B) A DESCRIPTION OF THE ALLEGED VIOLATION THAT IS THE BASIS  
15 FOR THE ASSESSMENT, INCLUDING THE DATE THE ALLEGED VIOLATION  
16 OCCURRED AND A REFERENCE TO THE SPECIFIC SECTION OR RULE ALLEGED  
17 TO HAVE BEEN VIOLATED.

18        (C) THE ADMINISTRATIVE FINE ESTABLISHED FOR THE VIOLATION.

19        (D) A STATEMENT INDICATING THAT IF THE FINE IS NOT PAID, THE  
20 SECRETARY OF STATE MAY REFER THE FINE TO THE DEPARTMENT OF TREA-  
21 SURY FOR COLLECTION.

22        (E) A STATEMENT INDICATING THAT IF THE ALLEGED VIOLATION IS  
23 CONTESTED, THE PERSON HAS A RIGHT TO REQUEST AN INFORMAL CONFER-  
24 ENCE BEFORE AN ADMINISTRATIVE HEARING, ACCOMPANIED BY SIMPLE  
25 INSTRUCTIONS INFORMING THE PERSON HOW TO REQUEST OR WAIVE THE  
26 INFORMAL CONFERENCE.

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

16

1           (3) NOT LATER THAN 20 DAYS AFTER RECEIVING THE WRITTEN  
2 NOTICE OF ASSESSMENT, THE ALLEGED VIOLATOR SHALL DO 1 OF THE  
3 FOLLOWING:

4           (A) PAY THE ADMINISTRATIVE FINE TO THE SECRETARY OF STATE.  
5 A PAYMENT WAIVES THE PERSON'S RIGHT TO AN INFORMAL CONFERENCE AND  
6 AN ADMINISTRATIVE HEARING.

7           (B) REQUEST THE SECRETARY OF STATE TO CONDUCT AN INFORMAL  
8 CONFERENCE.

9           (C) WAIVE THE RIGHT TO AN INFORMAL CONFERENCE AND REQUEST  
10 THE SECRETARY OF STATE TO CONDUCT AN ADMINISTRATIVE HEARING.

11           (D) IF THE PERSON IS NOT A LICENSED DEALER, PAY THE ADMINIS-  
12 TRATIVE FINE TO THE SECRETARY OF STATE AND SUBMIT A PROPERLY COM-  
13 PLETED DEALER LICENSE APPLICATION TO THE SECRETARY OF STATE.

14           (4) A PERSON'S REQUEST FOR AN INFORMAL CONFERENCE OR AN  
15 ADMINISTRATIVE HEARING SHALL COMPLY WITH ALL OF THE FOLLOWING:

16           (A) BE IN WRITING.

17           (B) BE POSTMARKED OR RECEIVED BY THE DEPARTMENT WITHIN  
18 20 DAYS AFTER THE DATE THE PERSON RECEIVED THE WRITTEN NOTICE OF  
19 ASSESSMENT.

20           (C) STATE THE NAME, ADDRESS, AND TELEPHONE NUMBER OF THE  
21 PERSON REQUESTING THE INFORMAL CONFERENCE OR ADMINISTRATIVE  
22 HEARING.

23           (D) STATE THE WRITTEN NOTICE OF ASSESSMENT'S UNIQUE IDENTI-  
24 FICATION NUMBER.

25           (E) STATE THE REASON FOR THE REQUEST.



**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

17

1 (F) IF THE REQUEST IS FOR AN ADMINISTRATIVE HEARING WITHOUT  
2 AN INFORMAL CONFERENCE, STATE THE PERSON IS WAIVING HIS OR HER  
3 RIGHT TO AN INFORMAL CONFERENCE.

4 (5) IF THE SECRETARY OF STATE RECEIVES A REQUEST FOR AN  
5 INFORMAL CONFERENCE OR AN ADMINISTRATIVE HEARING THAT MEETS ALL  
6 OF THE CONDITIONS PRESCRIBED IN SUBSECTION (4), THE SECRETARY OF  
7 STATE SHALL SCHEDULE AN INFORMAL CONFERENCE OR AN ADMINISTRATIVE  
8 HEARING, AS APPLICABLE. IF THE REQUEST FAILS TO MEET ALL OF THE  
9 CONDITIONS PRESCRIBED IN SUBSECTION (4), THE SECRETARY OF STATE  
10 MAY IN WRITING DENY THE REQUEST. A DENIAL SHALL BE SERVED ON THE  
11 PERSON BY FIRST-CLASS MAIL AND SHALL DO BOTH OF THE FOLLOWING:

12 (A) STATE THE REASON FOR THE DENIAL.

13 (B) GRANT THE PERSON 14 DAYS TO SUBMIT A VALID REQUEST TO  
14 THE SECRETARY OF STATE.

15 (6) THE SECRETARY OF STATE SHALL CONDUCT AN INFORMAL CONFER-  
16 ENCE UNDER THIS SECTION WITHIN 45 DAYS AFTER RECEIVING A VALID  
17 REQUEST FOR THE CONFERENCE. THE SECRETARY OF STATE SHALL SERVE  
18 UPON THE ALLEGED VIOLATOR, BY FIRST-CLASS MAIL NOT LESS THAN  
19 5 DAYS BEFORE THE CONFERENCE, A WRITTEN NOTICE THAT INCLUDES  
20 TIME, PLACE, AND DATE OF THE INFORMAL CONFERENCE. THE NOTICE  
21 SHALL STATE THAT THE ALLEGED VIOLATOR MAY BE REPRESENTED BY AN  
22 ATTORNEY AT THE INFORMAL CONFERENCE.

23 (7) AFTER THE INFORMAL CONFERENCE, THE SECRETARY OF STATE  
24 SHALL EVALUATE THE VALIDITY OF THE ASSESSMENT OF THE ADMINISTRA-  
25 TIVE FINE AND AFFIRM, MODIFY, OR DISMISS THE ASSESSMENT. IN  
26 MAKING THE EVALUATION, THE SECRETARY OF STATE MAY CONSIDER 1 OR  
27 MORE OF THE FOLLOWING:

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

18

1 (A) WHETHER THERE IS REASON TO BELIEVE THE ALLEGED VIOLATION  
2 DID IN FACT OCCUR.

3 (B) THE SEVERITY OF THE ALLEGED VIOLATION AND ITS IMPACT ON  
4 THE PUBLIC.

5 (C) THE NUMBER OF PRIOR OR RELATED VIOLATIONS BY THE  
6 PERSON.

7 (D) THE LIKELIHOOD OF FUTURE COMPLIANCE BY THE PERSON.

8 (E) ANY OTHER CONSIDERATIONS THE SECRETARY OF STATE CONSID-  
9 ERS APPROPRIATE.

10 (8) WITHIN 20 DAYS AFTER CONDUCTING THE INFORMAL CONFERENCE,  
11 THE SECRETARY OF STATE SHALL SERVE UPON THE PERSON BY FIRST-CLASS  
12 MAIL A WRITTEN STATEMENT DESCRIBING WHETHER THE ASSESSMENT OF THE  
13 ADMINISTRATIVE FINE IS AFFIRMED, MODIFIED, OR DISMISSED AND THE  
14 BASIS OF THE ACTION. IF THE ASSESSMENT IS AFFIRMED OR MODIFIED,  
15 THIS STATEMENT SHALL ALSO ADVISE THE PERSON THAT HE OR SHE WILL  
16 RECEIVE A NOTICE OF HEARING WHERE THE VALIDITY OF THE ASSESSMENT  
17 MAY BE CONTESTED OR HE OR SHE MAY IMMEDIATELY PAY THE FINE TO THE  
18 SECRETARY OF STATE AND THAT PAYMENT OF THE FINE WILL PREVENT  
19 SCHEDULING OF AN ADMINISTRATIVE HEARING.

20 (9) A NOTICE OF HEARING UNDER THIS SECTION SHALL BE SERVED  
21 ON THE PERSON BY FIRST-CLASS MAIL NOT LESS THAN 5 DAYS BEFORE THE  
22 DATE SCHEDULED FOR THE ADMINISTRATIVE HEARING AND, AT A MINIMUM,  
23 ADVISE THE PERSON OF ALL OF THE FOLLOWING:

24 (A) THE TIME, PLACE, AND DATE OF HEARING.

25 (B) THAT AN IMPARTIAL HEARING OFFICER WILL CONDUCT THE HEAR-  
26 ING AND ALLOW THE PERSON AN OPPORTUNITY TO EXAMINE THE SECRETARY

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

19

1 OF STATE'S EVIDENCE AND PRESENT EVIDENCE IN PERSON OR IN  
2 WRITING.

3 (C) THAT THE PERSON HAS A RIGHT TO BE REPRESENTED BY AN  
4 ATTORNEY AT THE ADMINISTRATIVE HEARING.

5 (D) THE COMMON REASONS WHY THE SECRETARY OF STATE COULD DIS-  
6 MISS AN ASSESSMENT OF AN ADMINISTRATIVE FINE.

7 (E) THAT THE HEARING OFFICER CONDUCTING THE ADMINISTRATIVE  
8 HEARING WILL BE AUTHORIZED TO DO ALL OF THE FOLLOWING:

9 (i) AFFIRM, MODIFY, OR DISMISS THE ASSESSMENT OF AN ADMINIS-  
10 TRATIVE FINE.

11 (ii) CORRECT ANY ERRORS IN THE DEPARTMENT'S RECORDS THAT  
12 RELATE DIRECTLY TO THE ASSESSMENT.

13 (iii) REFER OR NOT REFER THE FINE TO THE DEPARTMENT OF TREA-  
14 SURY FOR COLLECTION.

15 (iv) TAKE OR ORDER ANY OTHER ACTION OR RESOLUTION CONSIDERED  
16 APPROPRIATE BY THE HEARING OFFICER.

17 (F) THAT IF THE DEPARTMENT OF TREASURY TAKES ENFORCEMENT  
18 ACTION AGAINST THE PERSON, HE OR SHE MAY SEEK A REVIEW IN THE  
19 COURT OF CLAIMS.

20 (10) THE SECRETARY OF STATE SHALL CONDUCT AN ADMINISTRATIVE  
21 HEARING UNDER THIS SECTION PURSUANT TO THE CONTESTED CASE PROVI-  
22 SIONS OF THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306,  
23 MCL 24.201 TO 24.328. IF AN ADMINISTRATIVE FINE ASSESSED UNDER  
24 THIS SECTION IS AFFIRMED BY THE DECISION OF THE HEARING OFFICER,  
25 THE HEARING OFFICER MAY ASSESS THE PERSON COSTS OF NOT MORE THAN  
26 \$500.00, TO REIMBURSE THE SECRETARY OF STATE FOR PROVING THE

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

20

1 VALIDITY OF THE ALLEGED VIOLATION, IN ADDITION TO ANY OTHER  
2 PENALTIES, SANCTIONS, OR COSTS IMPOSED AS PROVIDED BY LAW.

3 (11) AN ADMINISTRATIVE FINE ASSESSED UNDER THIS SECTION  
4 BECOMES FINAL UPON THE FIRST TO OCCUR OF THE FOLLOWING:

5 (A) THE SECRETARY OF STATE DOES NOT RECEIVE A VALID REQUEST  
6 FOR AN INFORMAL CONFERENCE OR AN ADMINISTRATIVE HEARING WITHIN  
7 THE TIME PERIOD DESCRIBED IN SUBSECTION (4).

8 (B) TWENTY DAYS AFTER A PERSON WAIVES HIS OR HER RIGHT TO AN  
9 ADMINISTRATIVE HEARING.

10 (C) AN ADMINISTRATIVE HEARING DECISION IS SERVED UPON THE  
11 PERSON.

12 (12) AFTER A PERSON PAYS THE SECRETARY OF STATE THE FINE  
13 IMPOSED, THE SECRETARY OF STATE SHALL FORWARD THE MONEY TO THE  
14 DEPARTMENT OF TREASURY FOR DEPOSIT IN A SEPARATE FUND WITHIN THE  
15 GENERAL FUND. UPON APPROPRIATION, THIS MONEY SHALL BE USED FIRST  
16 TO DEFRAY THE EXPENSE OF THE SECRETARY OF STATE IN ADMINISTERING  
17 THIS CHAPTER.

18 (13) IF AN ADMINISTRATIVE FINE ASSESSED UNDER THIS SECTION  
19 IS NOT PAID WITHIN 60 DAYS AFTER IT BECOMES FINAL, THE SECRETARY  
20 OF STATE MAY REFER THE MATTER TO THE DEPARTMENT OF TREASURY FOR  
21 COLLECTION AS A STATE DEBT THROUGH THE OFFSET OF STATE TAX  
22 REFUNDS AND MAY USE THE SERVICES OF THE DEPARTMENT OF TREASURY TO  
23 LEVY THE SALARY, WAGES, OR OTHER INCOME OR ASSETS OF THE PERSON  
24 AS PROVIDED BY LAW.

25 (14) PAYMENT OF AN ADMINISTRATIVE FINE ASSESSED UNDER THIS  
26 SECTION DOES NOT CONSTITUTE AN ADMISSION OF RESPONSIBILITY OR  
27 GUILT BY THE PERSON. PAYMENT OF AN ADMINISTRATIVE FINE ASSESSED

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

21

1 UNDER THIS SECTION DOES NOT PREVENT THE SECRETARY OF STATE FROM  
2 CHARGING A VIOLATION DESCRIBED IN THE ASSESSMENT OF THE ADMINIS-  
3 TRATIVE FINE IN A SUBSEQUENT OR CONCURRENT CONTESTED CASE PRO-  
4 CEEDING CONDUCTED BY THE SECRETARY OF STATE PURSUANT TO THE  
5 ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO  
6 24.328.

7 (15) IF THE PERSON SUBMITS A PROPERLY COMPLETED APPLICATION  
8 AND APPROPRIATE FEE FOR A DEALER LICENSE WITHIN 20 DAYS AFTER AN  
9 ADMINISTRATIVE FINE UNDER SUBSECTION (1) IS ASSESSED, AND IF THE  
10 SECRETARY OF STATE ISSUES THE PERSON A DEALER LICENSE WITHIN 45  
11 DAYS OF RECEIVING THE PROPERLY COMPLETED APPLICATION AND FEE, THE  
12 SECRETARY OF STATE SHALL REDUCE THE AMOUNT OF THE ADMINISTRATIVE  
13 FINE BY 50%.

14 (16) THE SECRETARY OF STATE SHALL SERVE A NOTICE, DENIAL,  
15 DECISION, OR STATEMENT UNDER THIS SECTION IN COMPLIANCE WITH  
16 SECTION 212.

17 (17) AN INFORMAL CONFERENCE UNDER THIS SECTION IS NOT A COM-  
18 PLIANCE CONFERENCE UNDER SECTION 92 OF THE ADMINISTRATIVE PROCE-  
19 DURES ACT OF 1969, 1969 PA 306, MCL 24.292.

20 Sec. 310. (1) The secretary of state shall issue an  
21 operator's license to each person licensed as an operator and a  
22 chauffeur's license to each person licensed as a chauffeur. An  
23 applicant for a motorcycle indorsement under section 312a or a  
24 vehicle group designation or indorsement shall first qualify for  
25 an operator's or chauffeur's license before the indorsement or  
26 vehicle group designation application is accepted and processed.  
27 Beginning on and after July 1, 2003, an original license or the

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

22

1 first renewal of an existing license issued to a person less than  
2 21 years of age shall be portrait or vertical in form and an  
3 original license or the first renewal of an existing license  
4 issued to a person 21 years of age or over shall be landscape or  
5 horizontal in form.

6 (2) The license issued under subsection (1) shall contain  
7 all of the following information:

8 (a) The distinguishing number permanently assigned to the  
9 licensee.

10 (b) The full name, date of birth, address of residence,  
11 height, eye color, sex, an image, and the signature of the  
12 licensee.

13 (c) An indication that the license contains 1 or more of the  
14 following:

15 (i) The blood type of the licensee.

16 (ii) Immunization data of the licensee.

17 (iii) Medication data of the licensee.

18 (iv) A statement that the licensee is deaf.

19 (v) A statement that the licensee is an organ and tissue  
20 donor pursuant to part 101 of the public health code, 1978  
21 PA 368, MCL 333.10101 to 333.10109.

22 (vi) Emergency contact information of the licensee.

23 (vii) A sticker or decal as specified by the secretary of  
24 state to indicate that the licensee has designated 1 or more  
25 patient advocates in accordance with section 5506 of the estates  
26 and protected individuals code, 1998 PA 386, MCL 700.5506, or a

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

23

1 statement that the licensee carries an emergency medical  
2 information card.

3 (d) If the licensee has made a statement described in  
4 subdivision (c)(v), the signature of the licensee following the  
5 indication of his or her organ and tissue donor intent identified  
6 in subdivision (c)(v), along with the signature of at least 1  
7 witness.

8 (e) The sticker or decal described in subdivision (c)(vii)  
9 may be provided by any person, hospital, school, medical group,  
10 or association interested in assisting in implementing the emer-  
11 gency medical information card, but shall meet the specifications  
12 of the secretary of state. The emergency medical information  
13 card may contain the information described in subdivision  
14 (c)(vi), information concerning the licensee's patient advocate  
15 designation, other emergency medical information, or an indica-  
16 tion as to where the licensee has stored or registered emergency  
17 medical information.

18 (f) Beginning July 1, 2003, in the case of a licensee who is  
19 less than 18 years of age at the time of issuance of the license,  
20 the date on which the licensee will become 18 years of age and 21  
21 years of age.

22 (g) Beginning July 1, 2003, in the case of a licensee who is  
23 at least 18 years of age but less than 21 years of age at the  
24 time of issuance of the license, the date on which the licensee  
25 will become 21 years of age.

26 (3) Except as otherwise required in this chapter, other  
27 information required on the license pursuant to this chapter may

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

24

1 appear on the license in a form prescribed by the secretary of  
2 state.

3 (4) The license shall not contain a fingerprint or finger  
4 image of the licensee.

5 (5) A digitized license may contain an identifier for voter  
6 registration purposes. The digitized license may contain infor-  
7 mation appearing in electronic or machine readable codes needed  
8 to conduct a transaction with the secretary of state. The infor-  
9 mation shall be limited to the person's driver license number,  
10 birth date, license expiration date, and other information neces-  
11 sary for use with electronic devices, machine readers, or auto-  
12 matic teller machines and shall not contain the person's name,  
13 address, driving record, or other personal identifier. The  
14 license shall identify the encoded information.

15 (6) The license shall be manufactured in a manner to pro-  
16 hibit as nearly as possible the ability to reproduce, alter,  
17 counterfeit, forge, or duplicate the license without ready  
18 detection. In addition, a license with a vehicle group designa-  
19 tion shall contain the information required pursuant to  
20 49 C.F.R. part 383.

21 (7) A person who intentionally reproduces, alters, counter-  
22 feits, forges, or duplicates a license photograph, the negative  
23 of the photograph, an image, a license, or the electronic data  
24 contained on a license or a part of a license or who uses a  
25 license, an image, or photograph that has been reproduced,  
26 altered, counterfeited, forged, or duplicated is subject to 1 of  
27 the following:



**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

25

1       (a) If the intent of the reproduction, alteration,  
2     counterfeiting, forging, duplication, or use was to commit or aid  
3     in the commission of an offense that is a felony punishable by  
4     imprisonment for 10 or more years, the person committing the  
5     reproduction, alteration, counterfeiting, forging, duplication,  
6     or use is guilty of a felony, punishable by imprisonment for not  
7     more than 10 years or a fine of not more than \$20,000.00, or  
8     both.

9       (b) If the intent of the reproduction, alteration, counter-  
10    feiting, forging, duplication, or use was to commit or aid in the  
11    commission of an offense that is a felony punishable by imprison-  
12    ment for less than 10 years or a misdemeanor punishable by  
13    imprisonment for 6 months or more, the person committing the  
14    reproduction, alteration, counterfeiting, forging, duplication,  
15    or use is guilty of a felony, punishable by imprisonment for not  
16    more than 5 years, or a fine of not more than \$10,000.00, or  
17    both.

18       (c) If the intent of the reproduction, alteration, counter-  
19    feiting, forging, duplication, or use was to commit or aid in the  
20    commission of an offense that is a misdemeanor punishable by  
21    imprisonment for less than 6 months, the person committing the  
22    reproduction, alteration, counterfeiting, forging, duplication,  
23    or use is guilty of a misdemeanor punishable by imprisonment for  
24    not more than 1 year or a fine of not more than \$2,000.00, or  
25    both.

26       (8) ~~—A—~~ EXCEPT AS PROVIDED IN SUBSECTION (16), A person who  
27    sells, or who possesses with the intent to deliver to another, a

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

26

1 reproduced, altered, counterfeited, forged, or duplicated license  
2 photograph, negative of the photograph, image, license, or elec-  
3 tronic data contained on a license or part of a license is guilty  
4 of a felony punishable by imprisonment for not more than 5 years  
5 or a fine of not more than \$10,000.00, or both.

6 (9) ~~—A—~~ EXCEPT AS PROVIDED IN SUBSECTION (16), A person who  
7 is in possession of 2 or more reproduced, altered, counterfeited,  
8 forged, or duplicated license photographs, negatives of the pho-  
9 tograph, images, licenses, or electronic data contained on a  
10 license or part of a license is guilty of a felony punishable by  
11 imprisonment for not more than 5 years or a fine of not more than  
12 \$10,000.00, or both.

13 (10) ~~—A—~~ EXCEPT AS PROVIDED IN SUBSECTION (16), A person who  
14 is in possession of a reproduced, altered, counterfeited, forged,  
15 or duplicated license photograph, negative of the photograph,  
16 image, license, or electronic data contained on a license or part  
17 of a license is guilty of a misdemeanor punishable by imprison-  
18 ment for not more than 1 year or a fine of not more than  
19 \$2,000.00, or both.

20 (11) Subsections (7)(a) and (b), (8), and (9) do not apply  
21 to a minor whose intent is to violate section 703 of the Michigan  
22 liquor control code of 1998, 1998 PA 58, MCL 436.1703.

23 (12) The secretary of state, upon determining after an exam-  
24 ination that an applicant is mentally and physically qualified to  
25 receive a license, may issue to that person a temporary driver's  
26 permit entitling the person while having the permit in his or her  
27 immediate possession to drive a motor vehicle upon the highway

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

27

1 for a period not exceeding 60 days before issuance to the person  
2 of an operator's or chauffeur's license by the secretary of  
3 state.

4 (13) An operator or chauffeur may indicate on the license in  
5 a place designated by the secretary of state his or her blood  
6 type, emergency contact information, immunization data, medica-  
7 tion data, or a statement that the licensee is deaf, or a state-  
8 ment that the licensee is an organ and tissue donor and has made  
9 an anatomical gift pursuant to part 101 of the public health  
10 code, 1978 PA 368, MCL 333.10101 to 333.10109.

11 (14) An operator or chauffeur may indicate on the license in  
12 a place designated by the secretary of state that he or she has  
13 designated a patient advocate in accordance with sections 5506 to  
14 5513 of the estates and protected individuals code, 1998 PA 386,  
15 MCL 700.5506 to 700.5513.

16 (15) If the applicant provides proof to the secretary of  
17 state that he or she is a minor who has been emancipated pursuant  
18 to 1968 PA 293, MCL 722.1 to 722.6, the license shall bear the  
19 designation of the individual's emancipated status in a manner  
20 prescribed by the secretary of state.

21 (16) SUBSECTIONS (8), (9), AND (10) DO NOT APPLY TO A PERSON  
22 WHO IS IN POSSESSION OF 1 OR MORE PHOTOCOPIES, REPRODUCTIONS, OR  
23 DUPLICATIONS OF A LICENSE TO DOCUMENT THE IDENTITY OF THE  
24 LICENSEE FOR A LEGITIMATE BUSINESS PURPOSE.

25 Sec. 312e. (1) Except as otherwise provided in this sec-  
26 tion, a person, before operating a commercial motor vehicle,  
27 shall obtain the required vehicle group designation as follows:

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

28

1       (a) A person, before operating a combination of vehicles  
2 with a gross combination weight rating of 26,001 pounds or more  
3 including a towed vehicle with a gross vehicle weight rating of  
4 more than 10,000 pounds, shall procure a group A vehicle designa-  
5 tion on his or her operator's or chauffeur's license. Unless an  
6 indorsement or the removal of restrictions is required, a person  
7 licensed to operate a group A vehicle may operate a group B or C  
8 vehicle without taking another test.

9       (b) A person, before operating a ~~single~~ vehicle having a  
10 gross vehicle weight rating of 26,001 pounds or more, shall pro-  
11 cure a group B vehicle designation on his or her operator's or  
12 chauffeur's license. Unless an indorsement or the removal of  
13 restrictions is required, a person licensed to operate a group B  
14 vehicle may operate a group C vehicle without taking another  
15 test.

16       (c) A person, before operating a single vehicle having a  
17 gross vehicle weight rating under 26,001 pounds or a ~~combination~~  
18 ~~of vehicles~~ VEHICLE having a gross ~~combination~~ VEHICLE weight  
19 rating under 26,001 pounds ~~if the vehicle being towed does not~~  
20 ~~have a gross vehicle weight rating over 10,000 pounds~~ TOWING A  
21 TRAILER OR OTHER VEHICLE and carrying hazardous materials on  
22 which a placard is required under 49 C.F.R. parts 100 to 199, or  
23 designed to transport 16 or more passengers including the driver,  
24 shall procure a group C vehicle designation and a hazardous mate-  
25 rial or passenger vehicle indorsement on his or her operator's or  
26 chauffeur's license.

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

29

1       (2) An applicant for a vehicle group designation shall take  
2 knowledge and driving skills tests that comply with minimum  
3 federal standards prescribed in 49 C.F.R. part 383 as required  
4 under this act.

5       (3) The license shall be issued, suspended, revoked,  
6 canceled, or renewed in accordance with this act.

7       (4) Except as provided in this subsection, all of the fol-  
8 lowing apply:

9       (a) If a person operates a group B passenger vehicle while  
10 taking his or her driving skills test for a P indorsement, he or  
11 she is restricted to operating only group B or C passenger vehi-  
12 cles under that P indorsement.

13       (b) If a person operates a group C passenger vehicle while  
14 taking his or her driving skills test for a P indorsement, he or  
15 she is restricted to operating only group C passenger vehicles  
16 under that P indorsement.

17       (c) A person who fails the air brake portion of the written  
18 or driving skills test provided under section 312f or who takes  
19 the driving skills test provided under that section in a commer-  
20 cial motor vehicle that is not equipped with air brakes shall not  
21 operate a commercial motor vehicle equipped with air brakes.

22       (5) A person, before operating a commercial motor vehicle,  
23 shall obtain required vehicle indorsements as follows:

24       (a) A person, before operating a commercial motor vehicle  
25 pulling double trailers, shall procure the appropriate vehicle  
26 group designation and a T vehicle indorsement under this act.

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

30

1           (b) A person, before operating a commercial motor vehicle  
2 that is a tank vehicle, shall procure the appropriate vehicle  
3 group designation and an N vehicle indorsement under this act.

4           (c) A person, before operating a commercial motor vehicle  
5 carrying hazardous materials on which a placard is required under  
6 49 C.F.R. parts 100 to 199, shall procure the appropriate vehicle  
7 group designation and an H vehicle indorsement under this act.

8           (d) A person, before operating a commercial motor vehicle  
9 that is a tank vehicle carrying hazardous material, shall procure  
10 the appropriate vehicle group designation and both an N and H  
11 vehicle indorsement, which shall be designated by the code letter  
12 X on the person's operator's or chauffeur's license.

13           (e) A person, before operating a vehicle designed to trans-  
14 port 16 or more passengers including the driver, shall procure  
15 the appropriate vehicle group designation and a P vehicle  
16 indorsement under this act. An applicant for a P vehicle  
17 indorsement shall take the driving skills test in a vehicle  
18 designed to transport 16 or more passengers including the  
19 driver.

20           (6) An applicant for an indorsement shall take the knowledge  
21 and driving skills tests described and required pursuant to  
22 49 C.F.R. part 383.

23           (7) The holder of an unexpired operator's or chauffeur's  
24 license may be issued a vehicle group designation and indorsement  
25 valid for the remainder of the license upon meeting the qualifi-  
26 cations of section 312f and payment of the original vehicle group  
27 designation fee of \$20.00 and an indorsement fee of \$5.00 per

1 indorsement, and a corrected license fee of \$6.00. A person  
2 required to procure an F vehicle indorsement pursuant to subsec-  
3 tion (9) shall pay an indorsement fee of \$5.00.

4 (8) Except as otherwise provided in subsections (9) and  
5 (10), this section does not apply to a driver or operator of a  
6 vehicle under all of the following conditions:

7 (a) The vehicle is controlled and operated by a farmer or an  
8 employee or family member of the farmer.

9 (b) The vehicle is used to transport agricultural products,  
10 farm machinery, farm supplies, or a combination of these items,  
11 to or from a farm.

12 (c) The vehicle is not used in the operation of a common or  
13 contract motor carrier.

14 (d) The vehicle is operated within 150 miles of the farm.

15 (9) A person, before driving or operating a combination of  
16 vehicles having a gross vehicle weight rating of 26,001 pounds or  
17 more on the power unit that is used as described in subsection  
18 (8)(a) to (d), shall obtain an F vehicle indorsement. The F  
19 vehicle indorsement shall be issued upon successful completion of  
20 a knowledge test only.

21 (10) A person, before driving or operating a single vehicle  
22 truck having a gross vehicle weight rating of 26,001 pounds or  
23 more or a combination of vehicles having a gross vehicle weight  
24 rating of 26,001 pounds or more on the power unit that is used as  
25 described in subsection (8)(a) to (d) for carrying hazardous  
26 materials on which a placard is required under 49 C.F.R. parts  
27 100 to 199, shall successfully complete both a knowledge test and

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

32

1 a driving skills test. Upon successful completion of the  
2 knowledge test and driving skills test, the person shall be  
3 issued the appropriate vehicle group designation and any vehicle  
4 indorsement necessary under this act.

5 (11) This section does not apply to a police officer operat-  
6 ing an authorized emergency vehicle or to a firefighter operating  
7 an authorized emergency vehicle who has met the driver training  
8 standards of the Michigan fire fighters' training council.

9 (12) This section does not apply to a person operating a  
10 motor home or a vehicle used exclusively to transport personal  
11 possessions or family members for nonbusiness purposes.

12 (13) The money received and collected under subsection (7)  
13 for a vehicle group designation or indorsement shall be deposited  
14 in the state treasury to the credit of the general fund. The  
15 secretary of state shall refund out of the fees collected to each  
16 county or municipality acting as an examining officer or examin-  
17 ing bureau \$3.00 for each applicant examined for a first designa-  
18 tion or indorsement to an operator's or chauffeur's license and  
19 \$1.50 for each renewal designation or indorsement to an  
20 operator's or chauffeur's license, whose application is not  
21 denied, on the condition that the money refunded shall be paid to  
22 the county or local treasurer and is appropriated to the county,  
23 municipality, or officer or bureau receiving that money for the  
24 purpose of carrying out this act.

25 (14) Notwithstanding any other provision of this section, a  
26 person operating a vehicle described in subsections (8) and (9)  
27 is subject to the provisions of sections 303 and 319b.



**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

33

1       Sec. 401. (1) This section shall not be construed to limit  
2 the right of a person to bring a civil action for damages for  
3 injuries to either person or property resulting from a violation  
4 of this act by the owner or operator of a motor vehicle or his or  
5 her agent or servant. The owner of a motor vehicle is liable for  
6 an injury caused by the negligent operation of the motor vehicle  
7 whether the negligence consists of a violation of a statute of  
8 this state or the ordinary care standard required by common law.  
9 The owner is not liable unless the motor vehicle is being driven  
10 with his or her express or implied consent or knowledge. It is  
11 presumed that the motor vehicle is being driven with the knowl-  
12 edge and consent of the owner if it is driven at the time of the  
13 injury by his or her spouse, father, mother, brother, sister,  
14 son, daughter, or other immediate member of the family.

15       (2) A person engaged in the business of leasing motor vehi-  
16 cles who is the lessor of a motor vehicle under a lease providing  
17 for the use of the motor vehicle by the lessee for a period that  
18 is greater than 30 days, OR A DEALER ACTING AS AGENT FOR THAT  
19 LESSOR, is not liable at common law for damages for injuries to  
20 either person or property resulting from the operation of the  
21 leased motor vehicle, INCLUDING DAMAGES OCCURRING AFTER THE EXPI-  
22 RATION OF THE LEASE IF THE VEHICLE IS IN THE POSSESSION OF THE  
23 LESSEE.

24       (3) Notwithstanding subsection (1), a person engaged in the  
25 business of leasing motor vehicles who is the lessor of a motor  
26 vehicle under a lease providing for the use of the motor vehicle  
27 by the lessee for a period of 30 days or less is liable for an

1 injury caused by the negligent operation of the leased motor  
2 vehicle only if the injury occurred while the leased motor vehi-  
3 cle was being operated by an authorized driver under the lease  
4 agreement or by the lessee's spouse, father, mother, brother,  
5 sister, son, daughter, or other immediate family member. Unless  
6 the lessor, or his or her agent, was negligent in the leasing of  
7 the motor vehicle, the lessor's liability under this subsection  
8 is limited to \$20,000.00 because of bodily injury to or death of  
9 1 person in any 1 accident and \$40,000.00 because of bodily  
10 injury to or death of 2 or more persons in any 1 accident.

11 (4) A person engaged in the business of leasing motor vehi-  
12 cles as provided under subsection (3) shall notify a lessee that  
13 the lessor is liable only up to the maximum amounts provided for  
14 in subsection (3), and only if the leased motor vehicle was being  
15 operated by the lessee or other authorized driver or by the  
16 lessee's spouse, father, mother, brother, sister, son, daughter,  
17 or other immediate family member, and that the lessee may be  
18 liable to the lessor up to amounts provided for in subsection  
19 (3), and to an injured person for amounts awarded in excess of  
20 the maximum amounts provided for in subsection (3).

21 (5) Subsections (3) and (4) shall not be construed to expand  
22 or reduce, except as otherwise provided by this act, the liabil-  
23 ity of a person engaged in the business of leasing motor vehicles  
24 or to impair that person's right to indemnity or contribution, or  
25 both.

26 (6) As used in subsections (3), (4), and (5), "motor  
27 vehicle" means a self-propelled device by which a person or

**HB 5364, As Passed Senate, December 11, 2002**

House Bill No. 5364

35

1 property may be transported upon a public highway. Motor vehicle  
2 does not include a bus, power shovel, road machinery, agricul-  
3 tural machinery, or other machinery or vehicle not designed pri-  
4 marily for highway transportation. Motor vehicle also does not  
5 include a device that moves upon or is guided by a track.

6 (7) A LESSEE IN POSSESSION OF AN OFF LEASE VEHICLE, AND NOT  
7 THE DEALER OF THE VEHICLE, IS LIABLE AS THE OWNER OF THE VEHICLE  
8 FOR ANY DAMAGES AWARDED FOR AN INJURY TO A PERSON OR PROPERTY  
9 RESULTING FROM THE OPERATION OF THE VEHICLE. THE DEALER OF AN  
10 OFF LEASE VEHICLE MAY BE LIABLE AT COMMON LAW FOR DAMAGES AWARDED  
11 FOR AN INJURY TO A PERSON OR PROPERTY RESULTING FROM THE OPERA-  
12 TION OF THE VEHICLE ONLY IF THE DEALER IS IN POSSESSION OF THE  
13 VEHICLE AND THE CERTIFICATE OF TITLE AND HAS ACKNOWLEDGED POSSES-  
14 SION OF THE CERTIFICATE OF TITLE TO THE LESSOR.

15 Enacting section 1. This amendatory act takes effect  
16 January 1, 2003.