

SENATE BILL No. 860

November 3, 2005, Introduced by Senators CLARK-COLEMAN, CLARKE, SWITALSKI, BERNERO, BASHAM, LELAND, OLSHOVE, EMERSON, SCHAUER, BRATER and PRUSI and referred to the Committee on Transportation.

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending section 217c (MCL 257.217c), as amended by 2002 PA 642.

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
6 provide copies of salvage title documents and claims reports
7 involving major component parts to assist the secretary of state
8 in monitoring compliance with this act.

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

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

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

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

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

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

9 (ii) Attach the owner's certificate of title to the
10 application for a salvage or scrap certificate of title or have
11 the owner 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
15 vehicle without first receiving a salvage or scrap certificate of
16 title, which shall be assigned to the buyer. An insurance company
17 may 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 (3) If an insurance company acquires ownership of a vehicle
21 other than a late model vehicle through payment of damages due to
22 an accident, the company shall surrender a properly assigned
23 title to the buyer upon delivery.

24 (4) If a dealer acquires ownership of a late model vehicle
25 that is a distressed vehicle from an owner, the dealer shall
26 receive an assigned certificate of title. If the assigned
27 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
3 secretary of state, and if the estimated cost of repair,
4 including parts and labor, is equal to or greater than 75% but
5 less than 91% of the predamaged actual cash value of the vehicle,
6 apply for a salvage certificate of title, or if the estimated
7 cost of repair, including parts and labor, is equal to or greater
8 than 91% of the predamaged actual cash value of the vehicle,
9 apply for a scrap certificate of title within 5 days after the
10 dealer receives the assigned certificate of title. The dealer may
11 sell a salvage vehicle to another automotive recycler, used or
12 secondhand vehicle parts dealer, foreign salvage vehicle dealer,
13 or vehicle scrap metal processor by assigning the salvage
14 certificate of title to the buyer. Unless the vehicle is rebuilt,
15 inspected, and recertified pursuant to this section, if the
16 vehicle is sold to a buyer other than a dealer, application shall
17 be made for a salvage certificate in the name of the buyer in the
18 manner provided in this act. The dealer may sell a scrap vehicle
19 only to a vehicle scrap metal processor. A vehicle scrap metal
20 processor shall surrender an assigned certificate of title to the
21 secretary of state within 30 days after acquiring a vehicle. ~~for~~
22 ~~which a certificate of title was received.~~ A vehicle scrap metal
23 processor shall surrender an assigned salvage or scrap
24 certificate of title to the secretary of state within 30 days
25 after acquiring a vehicle for which a salvage or scrap
26 certificate of title was received and report that the vehicle was
27 destroyed or scrapped.

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

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

6 (b) A description of the vehicle, including its make, style
7 of 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
10 each major component part that was not salvageable.

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

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

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

1 certificate of title, or if the estimated cost of repair,
2 including parts and labor, is equal to or greater than 91% of the
3 predamaged actual cash value of the vehicle, apply for a scrap
4 certificate of title before the vehicle may be transported.

5 (8) An owner of a vehicle may determine that a vehicle is a
6 scrap vehicle or a salvage vehicle without making any
7 determination as to the actual cash value of the vehicle.

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

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

23 (10) An application for a salvage certificate of title shall
24 be made on a form prescribed by the secretary of state
25 accompanied by a fee of \$10.00. The application shall contain all
26 of the following:

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

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

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

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

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

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

16 (12) A salvage certificate of title authorizes the holder of
17 the title to possess, transport, but not drive upon a highway,
18 and transfer ownership in, a vehicle. The secretary of state
19 shall not issue a certificate of title or registration plates for
20 a vehicle for which a salvage certificate of title was issued
21 unless a specially trained officer described in subsection (14)
22 certifies all of the following:

23 (a) That the vehicle identification numbers and parts
24 identification numbers are correct.

25 (b) That the applicant has proof of ownership of repair
26 parts used.

27 (c) That the vehicle complies with the equipment standards

1 of this act.

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

15 (14) An officer specially trained as provided by the
16 secretary of state and authorized by the secretary of state to
17 conduct a salvage vehicle inspection is either of the following:

18 (a) An on-duty or off-duty police officer.

19 (b) A previously certified police officer who is appointed
20 by the local police agency as a limited enforcement officer to
21 conduct salvage vehicle inspections. The local police agency
22 shall give this officer access to the agency's law enforcement
23 information network system and the authority to confiscate any
24 stolen vehicle or vehicle parts discovered during an inspection.
25 The local police agency may give the officer the authority to
26 arrest a person suspected of having unlawful possession of a
27 stolen vehicle or vehicle parts.

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

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

15 (b) Was found guilty of a fraudulent act in connection with
16 the inspection, purchase, sale, lease, or transfer of a salvage
17 vehicle.

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

20 (d) Performed improper, careless, or negligent salvage
21 vehicle inspections.

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

25 (f) Was convicted of a violation or attempted violation of
26 1986 PA 119, MCL 257.1351 to 257.1355.

27 (g) Made a false statement of a material fact in his or her

1 certification of a salvage vehicle inspection or any record
2 concerning a salvage vehicle inspection.

3 (16) Upon receipt of the appropriate abstract of conviction
4 from a court and without any investigation, the secretary of
5 state shall immediately revoke the certificate of an officer who
6 has been convicted of a violation or attempted violation of
7 section 413, 414, 415, 535, 535a, or 536a of the Michigan penal
8 code, 1931 PA 328, MCL 750.413, 750.414, 750.415, 750.535,
9 750.535a, and 750.536a, or has been convicted in federal court or
10 in another state of a violation or attempted violation of a law
11 substantially corresponding to 1 of those sections.

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

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

22 Scrap Vehicle Inventory:

23 SELLER: Dealer name _____

24 Dealer address _____

25 Dealer license number _____

26 PURCHASER: Conveyed to: _____ Date _____

27 (Vehicle scrap metal processor)

1 Dealer address _____

2 Dealer license number _____

3 Vehicles

4	5	6	6	6	6	6	6
Model	Year	Vehicle Make	VIN	Title Number	Dealer's Stock Number	Color	
7 1.	_____	_____	_____	_____	_____	_____	_____
8 2.	_____	_____	_____	_____	_____	_____	_____
9 3.	_____	_____	_____	_____	_____	_____	_____
10 etc.							

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

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

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

25 (20) A person receiving a scrap certificate of title shall
26 not sell the vehicle to anyone other than 1 of the following:

- 27 (a) An automotive recycler.
- 28 (b) A vehicle scrap metal processor.

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

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

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

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

24 (23) For the purpose of this section, the estimated costs of
25 the repair parts shall be determined by using the current
26 published retail cost of original manufacturer equipment parts or
27 an estimate of the actual cost of the repair parts. The estimated

1 labor costs shall be computed by using the hourly rate and time
2 allocations which are reasonable and commonly assessed in the
3 repair industry in the community where the repairs are performed.

4 (24) A police agency shall charge a fee for an inspection of
5 a vehicle pursuant to subsection (12). Each local authority with
6 a police agency shall determine the amount of the fee for
7 inspections by that police agency, which shall not exceed
8 \$100.00. The police agency shall credit the fee to the budget of
9 that police agency and use the fee for law enforcement purposes
10 that affect stolen vehicles, stolen vehicle parts, and salvage
11 vehicle inspections. A local police agency shall compensate an
12 off-duty and limited enforcement police officer for a salvage
13 vehicle inspection.

14 (25) For the purpose of this section, "actual cash value"
15 means the retail dollar value of a vehicle as determined by an
16 objective vehicle evaluation using local market resources such as
17 dealers or want ads or by an independent vehicle evaluation or
18 vehicle appraisal service or by a current issue of a nationally
19 recognized used vehicle guide for financial institution appraisal
20 purposes in this state.