



Senate Fiscal Agency  
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## BILL ANALYSIS



Telephone: (517) 373-5383  
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Senate Bill 916 (Substitute S-1 as reported)  
Senate Bills 917 and 918 (as reported without amendment)  
Sponsor: Senator Mike Nofs (S.B. 916)  
          Senator Steven Bieda (S.B. 917)  
          Senator Jack Brandenburg (S.B. 918)  
Committee: Transportation

**CONTENT**

Senate Bill 916 (S-1) would amend the Michigan Vehicle Code to do the following:

- Provide that the Secretary of State (SOS) would not have to issue a title to the owner of a vehicle or lienholder if the title were subject to a security interest.
- Require a certificate of title to include information about the electronic lien title system (which Senate Bill 918 would authorize) in its description of the procedure for transferring the title.
- Extend penalties that apply to offenses involving the intentional reproduction, alteration, counterfeiting, forging, or duplication of a certificate of title to the same activities involving a document releasing a security interest.
- Eliminate a requirement that an application for a certificate of title requested by a security interest holder include a copy of the security agreement.
- Provide that a secured receipt could be submitted to the Department of State in lieu of the title for purposes of transferring ownership in a vehicle.
- Eliminate a requirement that the SOS publish an annual list of vehicle manufacturers' suggested base list prices.

Senate Bill 917 would amend the Vehicle Code to do the following:

- Provide that the SOS would not have to issue a title to the owner of a vehicle if the title were subject to a security interest.
- Revise the time frame for a secured party to execute a termination statement.
- Allow the Department of State to require that all transactions concerning vehicle title liens and security interests be conducted by electronic means.
- Allow a secured receipt to be submitted to the Department in lieu of the title for purposes of transferring ownership in a vehicle.

Senate Bill 918 would amend the Vehicle Code to do the following:

- Authorize the SOS to enter into contracts to establish, implement, and operate an electronic lien title system to process the notification and release of security interests through electronic file transfers, in lieu of the issuance and maintenance of paper documents.
- Require any contracts entered into for the creation and operation of an electronic lien title system to contain language that required the protection of proprietary information contained in the system.
- Require the electronic system to be established, implemented, and operational by July 1, 2015.

- Allow the Department of State to require a person to enter evidence of security interests and any related information into the electronic system in lieu of paper documents beginning October 1, 2015.
- Require all secured parties that normally engage in the business or practice of financing vehicles to participate in the electronic system.
- Provide that any requirement of the Code that a security interest or other information appear on a certificate of title would be satisfied by the inclusion of that information in an electronic file maintained in the electronic system.
- Require the electronic lien title system to include a mechanism by which a vehicle dealer could assign ownership of a vehicle without proof that a prior security interest was satisfied.
- Require a secured party to execute a release of its security interest in a vehicle in a manner prescribed by the Department within 14 days after receiving the payment in satisfaction of the security interest.
- Provide that a secured party would be liable to a vehicle owner for all damages the owner sustained as a result of the secured party's failure to release a security interest as the bill would require.
- Provide that a certified copy of the SOS's electronic record of a security interest or certificate of title would be admissible in any civil, criminal, or administrative proceeding in Michigan.

MCL 257.217 (S.B. 916)  
257.238 (S.B. 917)  
Proposed MCL 257.241 (S.B. 918)

Legislative Analyst: Jeff Mann

### **FISCAL IMPACT**

The Department of State reports that the bills would have a minimal implementation cost to the Department. The Department expects long-term savings related to the elimination of paper titles where liens are involved. Cost savings would result from human resources efficiencies, reduction in postage costs, and improved fraud control.

Date Completed: 5-22-14

Fiscal Analyst: Bill Bowerman

#### Floor\sb916

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.