

# HOUSE BILL No. 4185

February 11, 2015, Introduced by Reps. Plawecki, Schor, Zemke, Brinks, Smiley, Derek Miller and Lucido and referred to the Committee on Regulatory Reform.

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.

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

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

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

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

(b) If after payment of a total loss claim the insurance company permits the owner of the vehicle to retain ownership, the 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~~ **UNDER** 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~~ **SUBJECT TO SUBSECTION**

11 (16), **THE** secretary of state may suspend, revoke, or deny a  
12 certificate after an investigation if the secretary of state  
13 determines that the officer committed 1 or 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) IF THE SECRETARY OF STATE REVOKES, SUSPENDS, OR DENIES  
4 A CERTIFICATE UNDER SUBSECTION (15), THE SECRETARY OF STATE  
5 SHALL, AT THE TIME OF REVOCATION, SUSPENSION, OR DENIAL, NOTIFY  
6 THE OFFICER IN WRITING OF HIS OR HER RIGHT TO APPEAL THE  
7 REVOCATION, SUSPENSION, OR DENIAL. THE NOTIFICATION SHALL INCLUDE  
8 A STATEMENT THAT A REQUEST FOR AN APPEAL UNDER THIS SUBSECTION  
9 SHALL BE MADE NO LATER THAN 30 DAYS AFTER THE REVOCATION,  
10 SUSPENSION, OR DENIAL. AN OFFICER MAKING AN APPEAL UNDER THIS  
11 SUBSECTION MAY REQUEST A HEARING AT THE TIME THE APPEAL IS MADE.  
12 THE SECRETARY OF STATE OR ANY PERSON DESIGNATED BY THE SECRETARY  
13 OF STATE TO ACT IN HIS OR HER PLACE SHALL DENY OR GRANT AN APPEAL  
14 MADE UNDER THIS SUBSECTION WITHIN A REASONABLE PERIOD, IN WRITING  
15 OR STATED IN THE RECORD IF A HEARING IS HELD, AND SHALL INCLUDE  
16 FINDINGS OF FACT AND CONCLUSIONS OF LAW. IF THE SECRETARY OF  
17 STATE REVOKES A CERTIFICATE UNDER SUBSECTION (15) AND DENIES AN  
18 APPEAL OF THE REVOCATION UNDER THIS SUBSECTION, THE OFFICER MAY  
19 APPLY FOR A NEW CERTIFICATE NO EARLIER THAN 3 YEARS AFTER THE  
20 REVOCATION.

21       (17) ~~(16)~~—Upon receipt of the appropriate abstract of  
22 conviction from a court and without any investigation, the  
23 secretary of state shall immediately revoke the certificate of an  
24 officer who has been convicted of a violation or attempted  
25 violation of section 413, 414, 415, 535, 535a, or 536a of the  
26 Michigan penal code, 1931 PA 328, MCL 750.413, 750.414, 750.415,  
27 750.535, 750.535a, and 750.536a, or has been convicted in federal

1 court or in another state of a violation or attempted violation  
 2 of a law substantially corresponding to 1 of those sections.

3 (18) ~~(17)~~—If a dealer acquires ownership of an older model  
 4 vehicle from an owner, the dealer shall receive an assigned  
 5 certificate of title and shall retain it as long as he or she  
 6 retains the vehicle. A vehicle scrap metal processor shall  
 7 surrender an assigned certificate of title to the secretary of  
 8 state within 30 days after the vehicle is destroyed or scrapped.

9 (19) ~~(18)~~—A dealer selling or assigning a vehicle to a  
 10 vehicle scrap metal processor shall make a record in triplicate  
 11 on a form to be provided by the secretary of state in  
 12 substantially the following form:

13 Scrap Vehicle Inventory:

14 SELLER: Dealer name \_\_\_\_\_  
 15 Dealer address \_\_\_\_\_  
 16 Dealer license number \_\_\_\_\_  
 17 PURCHASER: Conveyed to: \_\_\_\_\_ Date \_\_\_\_\_  
 18 (Vehicle scrap metal processor)  
 19 Dealer address \_\_\_\_\_  
 20 Dealer license number \_\_\_\_\_

21  
 22 Vehicles

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

1 2. \_\_\_\_\_  
 2 3. \_\_\_\_\_  
 3 etc.

4 One copy shall be retained as a permanent record by the dealer,  
 5 1 copy shall be forwarded with the vehicle to be retained by the  
 6 vehicle scrap metal processor, and 1 copy shall be forwarded to  
 7 the secretary of state.

8 (20) ~~(19)~~—A person, other than an automotive recycler, used  
 9 or secondhand vehicle parts dealer, or a foreign salvage dealer,  
 10 receiving a salvage certificate of title shall not sell the  
 11 vehicle to anyone other than 1 of the following:

- 12 (a) The vehicle's former owner.
- 13 (b) A used or secondhand vehicle parts dealer.
- 14 (c) A vehicle scrap metal processor.
- 15 (d) A foreign salvage vehicle dealer licensed under this
- 16 act.
- 17 (e) An automotive recycler.

18 (21) ~~(20)~~—A person receiving a scrap certificate of title  
 19 shall not sell the vehicle to anyone other than 1 of the  
 20 following:

- 21 (a) An automotive recycler.
- 22 (b) A vehicle scrap metal processor.
- 23 (c) A foreign salvage vehicle dealer licensed under this
- 24 act.
- 25 (d) A used or secondhand vehicle parts dealer.

1           (22) ~~(21)~~—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.

9           (23) ~~(22)~~—A licensed automotive recycler, used or secondhand  
10 vehicle parts dealer, vehicle scrap metal processor, vehicle  
11 salvage pool operator, distressed vehicle transporter, foreign  
12 salvage vehicle dealer, or broker who has removed a scrap vehicle  
13 from this state for the purpose of rebuilding the vehicle or  
14 selling or leasing the vehicle to a person other than a vehicle  
15 scrap metal processor, shall receive an automatic suspension of  
16 its dealer license and of any salvage vehicle agent's license  
17 assigned to that dealer for a period of 30 days. Upon receipt by  
18 the secretary of state of a written request from the dealer, the  
19 dealer shall have the right to an immediate hearing on the matter  
20 within that 30-day period.

21           (24) ~~(23)~~—For the purpose of this section, the estimated  
22 costs of the repair parts shall be determined by using the  
23 current published retail cost of original manufacturer equipment  
24 parts or an estimate of the actual cost of the repair parts. The  
25 estimated labor costs shall be computed by using the hourly rate  
26 and time allocations which are reasonable and commonly assessed  
27 in the repair industry in the community where the repairs are

1 performed.

2       (25) ~~(24)~~ A police agency shall charge a fee for an  
3 inspection of a vehicle ~~pursuant to~~ **UNDER** subsection (12). Each  
4 local authority with a police agency shall determine the amount  
5 of the fee for inspections by that police agency, which shall not  
6 exceed \$100.00. The police agency shall credit the fee to the  
7 budget of that police agency and use the fee for law enforcement  
8 purposes that affect stolen vehicles, stolen vehicle parts, and  
9 salvage vehicle inspections. A local police agency shall  
10 compensate an off-duty and limited enforcement police officer for  
11 a salvage vehicle inspection.

12       (26) ~~(25)~~ For the purpose of this section, "actual cash  
13 value" means the retail dollar value of a vehicle as determined  
14 by an objective vehicle evaluation using local market resources  
15 such as dealers or want ads or by an independent vehicle  
16 evaluation or vehicle appraisal service or by a current issue of  
17 a nationally recognized used vehicle guide for financial  
18 institution appraisal purposes in this state.

19       Enacting section 1. This amendatory act takes effect 90 days  
20 after the date it is enacted into law.