

HOUSE BILL No. 4922

September 7, 2017, Introduced by Rep. Yaroch and referred to the Committee on Commerce and Trade.

A bill to amend 1949 PA 300, entitled
"Michigan vehicle code,"
by amending section 217c (MCL 257.217c), as amended by 2016 PA 369.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 217c. (1) The secretary of state may conduct periodic
2 reviews of the records of a dealer to determine whether adequate
3 notice is given to a transferee or lessee of a rebuilt salvage
4 vehicle of that vehicle's prior designation as a salvage vehicle.
5 The secretary of state may request an insurance company to provide
6 copies of salvage title documents and claims reports involving
7 major component parts to assist the secretary of state in
8 monitoring compliance with this act.

9 (2) Except for a late model vehicle that has been stolen and
10 recovered and that has no major component part removed, missing, or

1 destroyed, or damaged and not salvageable, an insurance company
2 licensed to conduct business in this state that acquires ownership
3 of a late model vehicle through the payment of a claim shall
4 proceed under either of the following:

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

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

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

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

26 (i) If the estimated cost of repair, including parts and
27 labor, is equal to or greater than 75% but less than 91% of the

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

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

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

18 (3) If an insurance company pays a claim for total loss to the
19 owner or lienholder of record as kept by the secretary of state, or
20 both, if applicable, of a vehicle but the owner or lienholder of
21 record as kept by the secretary of state fails to surrender the
22 certificate of title or other document necessary for the transfer
23 of ownership of the vehicle to the insurance company within the
24 expiration of 30 days after the claim payment, the insurance
25 company, without having obtained the surrender of the title or
26 other document otherwise necessary for the transfer of ownership
27 for the vehicle from the owner or lienholder of record as kept by

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

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

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

20 (ii) Evidence that the check has cleared the account of the
21 payer.

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

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

1 delivery.

2 (5) If a dealer acquires ownership of a late model vehicle
3 that is a distressed vehicle from an owner, the dealer shall
4 receive an assigned certificate of title. If the assigned
5 certificate of title is not a salvage or scrap certificate of
6 title, the dealer, other than a vehicle scrap metal processor,
7 shall surrender the assigned certificate of title to the secretary
8 of state, and if the estimated cost of repair, including parts and
9 labor, is equal to or greater than 75% but less than 91% of the
10 predamaged actual cash value of the vehicle, apply for a salvage
11 certificate of title, or if the estimated cost of repair, including
12 parts and labor, is equal to or greater than 91% of the predamaged
13 actual cash value of the vehicle, apply for a scrap certificate of
14 title within 5 days after the dealer receives the assigned
15 certificate of title. The dealer may sell a salvage vehicle to
16 another automotive recycler, used or secondhand vehicle parts
17 dealer, foreign salvage vehicle dealer, or vehicle scrap metal
18 processor by assigning the salvage certificate of title to the
19 buyer. Unless the vehicle is rebuilt, inspected, and recertified
20 under this section, if the vehicle is sold to a buyer other than a
21 dealer, application shall be made for a salvage certificate in the
22 name of the buyer in the manner provided in this act. The dealer
23 may sell a scrap vehicle only to a vehicle scrap metal processor. A
24 vehicle scrap metal processor shall surrender an assigned
25 certificate of title to the secretary of state within 30 days after
26 acquiring a vehicle for which a certificate of title was received.
27 A vehicle scrap metal processor shall surrender an assigned salvage

1 or scrap certificate of title to the secretary of state within 30
2 days after acquiring a vehicle for which a salvage or scrap
3 certificate of title was received and report that the vehicle was
4 destroyed or scrapped.

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

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

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

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

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

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

25 (8) If a person, other than a dealer or insurance company that
26 is subject to subsection (2) or (5), acquires ownership of a
27 distressed, late model vehicle, the person ~~shall~~**MUST** surrender the

1 title or assigned certificate of title to the secretary of state,
2 and if the estimated cost of repair, including parts and labor, is
3 equal to or greater than 75% but less than 91% of the predamaged
4 actual cash value of the vehicle, apply 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, apply for a scrap certificate of title
8 before the vehicle may be transported.

9 (9) An owner of a vehicle may determine that a vehicle is a
10 scrap vehicle or a salvage vehicle without making any determination
11 as to the actual cash value of the vehicle.

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

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

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

1 following:

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

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

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

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

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

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

17 (13) A salvage certificate of title authorizes the holder of
18 the title to possess, transport, but not drive upon a highway, and
19 transfer ownership in, a vehicle. The secretary of state shall not
20 issue a certificate of title or registration plates for a vehicle
21 for which a salvage certificate of title was issued unless a
22 specially trained officer described in subsection (15) certifies
23 all of the following:

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

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

1 (c) That the vehicle complies with the equipment standards of
2 this act.

3 (d) That any repairs performed on the vehicle were done in a
4 workmanlike manner, as certified on a form provided by the
5 department by a properly licensed mechanic in the appropriate
6 specialty.

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

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

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

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

24 (c) A previously certified police officer who is appointed by
25 the local police agency as a limited enforcement officer to conduct
26 salvage vehicle inspections. The local police agency shall give
27 this officer access to the agency's law enforcement information

1 network system and the authority to confiscate any stolen vehicle
2 or vehicle parts discovered during an inspection. The local police
3 agency may give the officer the authority to arrest a person
4 suspected of having unlawful possession of a stolen vehicle or
5 vehicle parts. The local police agency shall not appoint a
6 previously certified police officer whose certificate has been
7 suspended, revoked, or denied under subsection (16).

8 (16) The secretary of state shall issue a certificate to an
9 officer who is specially trained as provided by the secretary of
10 state to conduct salvage vehicle inspections. Only a person who has
11 a valid certification from the secretary of state may perform
12 salvage inspections. The secretary of state on his or her own
13 initiative or in response to complaints shall make reasonable and
14 necessary public or private investigations within or outside of
15 this state and gather evidence against an officer who was issued a
16 certificate and who violated or is about to violate this act or a
17 rule promulgated under this act. Subject to subsection (17), the
18 secretary of state may suspend, revoke, or deny a certificate after
19 an investigation if the secretary of state determines that the
20 officer committed 1 or more of the following:

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

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

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

27 (d) Performed improper, careless, or negligent salvage vehicle

1 inspections.

2 (e) Ceased to function as a police officer because of
3 suspension, retirement, dismissal, disability, or termination of
4 employment.

5 (f) Was convicted of a violation or attempted violation of
6 1986 PA 119, MCL 257.1351 to 257.1355.

7 (g) Made a false statement of a material fact in his or her
8 certification of a salvage vehicle inspection or any record
9 concerning a salvage vehicle inspection.

10 (h) Charged a fee in excess of the fee described in subsection
11 (26).

12 (17) If the secretary of state revokes, suspends, or denies a
13 certificate under subsection (16)(a), (d), (g), or (h), the
14 secretary of state shall, at the time of revocation, suspension, or
15 denial, notify the officer and the law enforcement agency on behalf
16 of which the officer is performing inspections of the law
17 enforcement agency's right to appeal the revocation, suspension, or
18 denial. The notification shall include a statement that a request
19 for an appeal under this subsection shall be made no later than 30
20 days after the revocation, suspension, or denial. An agency making
21 an appeal under this subsection may request a hearing at the time
22 the appeal is made. The secretary of state or any person designated
23 by the secretary of state to act in his or her place shall deny or
24 grant an appeal made under this subsection within a reasonable
25 period, in writing or stated in the record if a hearing is held. If
26 the secretary of state revokes a certificate under subsection
27 (16)(a), (d), (g), or (h) and denies an appeal of the revocation

1 under this subsection, the officer may apply for a new certificate
2 no earlier than 5 years after the revocation.

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

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

18 (20) 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

4 Vehicles

5 Dealer's

6 Stock

7 Model Year Vehicle Make VIN Title Number Number Color

8 1.

9 2.

10 3.

11 etc.

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

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

20 (a) The vehicle's former owner.

21 (b) A used or secondhand vehicle parts dealer.

22 (c) A vehicle scrap metal processor.

23 (d) A foreign salvage vehicle dealer licensed under this act.

24 (e) An automotive recycler.

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

27 (a) An automotive recycler.

1 (b) A vehicle scrap metal processor.

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

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

4 (23) 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 (24) 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 its
19 dealer license and of any salvage vehicle agent's license assigned
20 to that dealer for a period of 30 days. Upon receipt by the
21 secretary of state of a written request from the dealer, the dealer
22 shall have the right to an immediate hearing on the matter within
23 that 30-day period.

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

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

4 (26) A police agency shall charge a fee for an inspection of a
5 vehicle under subsection (13). Each local authority with a police
6 agency shall determine the amount of the fee for inspections by
7 that police agency, which shall not exceed \$100.00. Except as
8 otherwise provided in this subsection, a fee collected under this
9 subsection shall be deposited with the local authority for that

10 police agency. **THE RECORDS OF THE LOCAL AUTHORITY REGARDING THE**
11 **COLLECTION AND DISPOSITION OF INSPECTION FEES IS SUBJECT TO REVIEW**
12 **OR AUDIT BY THE LOCAL UNIT OF GOVERNMENT AND SHALL BE MADE**

13 **AVAILABLE UPON REQUEST TO THE DEPARTMENT.** If an inspection was
14 conducted by an employee of the department of state, the fee shall
15 be deposited with the department of state. A fee collected by a
16 local authority shall be used solely for law enforcement purposes
17 related to stolen vehicles, **INCLUDING, BUT NOT LIMITED TO,**

18 **EQUIPMENT AND ROAD PATROL SERVICES THAT INCREASE THE LIKELIHOOD OF**
19 **RECOVERING stolen VEHICLES OR STOLEN** vehicle parts, and salvage
20 vehicle inspections. A fee collected by the department of state
21 shall be used by the department for the administration of the
22 salvage vehicle inspection program and shall not lapse to the
23 general fund. A local police agency may compensate an off-duty and
24 limited enforcement police officer for a salvage vehicle
25 inspection.

26 (27) For the purpose of this section, "actual cash value"
27 means the retail dollar value of a vehicle as determined by an

1 objective vehicle evaluation using local market resources such as
2 dealers or want ads or by an independent vehicle evaluation or
3 vehicle appraisal service or by a current issue of a nationally
4 recognized used vehicle guide for financial institution appraisal
5 purposes in this state.

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