

Legislative Analysis



USE OF SALVAGE VEHICLE FEE REVENUE

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House Bill 5665 (H-1) as reported from committee

Sponsor: Rep. Thomas A. Albert

Committee: Judiciary

Complete to 12-20-22

Analysis available at
<http://www.legislature.mi.gov>

BRIEF SUMMARY: House Bill 5665 would amend the Michigan Vehicle Code to allow salvage vehicle inspection fees for inspections conducted by law enforcement agencies to be used for law enforcement purposes that would include a broader range of services necessary to protect the public health and safety than what is currently authorized.

FISCAL IMPACT: House Bill 5665 would not have an impact on the level of fee revenue collected by local law enforcement agencies, but it would alter how those funds could be expended, allowing expenditures for law enforcement equipment necessary to protect public health or safety.

THE APPARENT PROBLEM:

Generally speaking, a salvage vehicle, for which a salvage certificate of title has been issued, cannot be issued a certificate of title or registration plates by the secretary of state unless it has been properly repaired and inspected under the Michigan Vehicle Code. Inspections are conducted by employees of the Department of State and by police officers who have been specially trained to conduct salvage vehicle inspections.

If an officer from a law enforcement agency conducts the inspection, an inspection fee of up to \$100 may be charged. However, the code currently limits the use of these fees only for conducting salvage vehicle inspections and for investigations involving stolen vehicles and stolen vehicle parts. Reportedly, the fees received by some law enforcement agencies for conducting salvage vehicle inspections exceed what is needed to cover expenses related to the inspections and for road patrol and investigations related to recovering stolen vehicles and stolen parts or preventing such thefts. Some feel that public safety could be better served if law enforcement agencies had greater flexibility in how salvage inspection fees can be used.

THE CONTENT OF THE BILL:

Under the Michigan Vehicle Code, the secretary of state may issue a certificate of title or registration plates for a vehicle with a salvage certificate only after the vehicle has been inspected and met certain criteria. An employee of the Department of State, an on- or off-duty police officer, or a previously certified police officer may be authorized to conduct a salvage vehicle inspection. Each police agency is required to charge a fee for the inspections, and each local authority with a policy agency determines the amount of the fee, with a maximum of \$100. The fees are deposited with the local authority for the police agency, or with the Department of State if the inspection is completed by a department employee.

Currently, fee revenue collected by local law enforcement agencies must be used solely for salvage vehicle inspections and law enforcement purposes related to stolen vehicles, including

equipment and road patrol services that increase the likelihood of recovering stolen vehicles or stolen vehicle parts.

The bill would amend the above provision to instead require that a local authority use the fees for law enforcement purposes, such as equipment, training, and road patrol services that are necessary to protect public health or safety.

MCL 257.217c

ARGUMENTS:

For:

Many law enforcement agencies work under budget constraints that make it difficult to obtain needed equipment, equipment updates, or an additional patrol car or to add staff. Some believe that changing how salvage inspection fees can be used by those law enforcement agencies who conduct such inspections could provide some needed relief. Currently, if an agency receives more revenue in salvage vehicle inspection fees than needed to investigate stolen vehicle claims or cover the expenses related to conducting the inspections, the money sits unused. For example, the fees may be used to cover the expenses of a patrol car when used to transport an officer to an inspection, or in relation to an investigation of a stolen car, but cannot be used to cover the expenses of an additional patrol car that could be used for road patrol for any purpose when not in service related to a salvage vehicle inspection or stolen vehicle investigation. Greater flexibility in how these fees could be used would enable law enforcement agencies to better serve the needs of their communities.

Against:

The fee for a law enforcement agency to inspect a salvage vehicle is not mandated in statute. The Vehicle Code merely caps the amount that can be charged at \$100 per inspection. A local law enforcement agency that finds it is collecting more revenue from these fees than can be used for the currently allowed purposes could always adjust its fee downward.

POSITIONS:

A representative of the City of Lowell Police Department testified in support of the bill. (2-15-22)

The Michigan Association of Chiefs of Police indicated support for the bill. (9-28-22)

The Department of State indicated a neutral position on the bill. (9-28-22)

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