

HOUSE BILL NO. 5665

January 12, 2022, Introduced by Rep. Albert and referred to the Committee on Judiciary.

A bill to amend 1949 PA 300, entitled
"Michigan vehicle code,"
by amending section 217c (MCL 257.217c), as amended by 2018 PA 108.

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

1 major component parts to assist the secretary of state in
2 monitoring compliance with this act.

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

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

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

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

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

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

9 (ii) Attach the owner's certificate of title to the application
10 for a salvage or scrap certificate of title or have the owner
11 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 vehicle
15 without first receiving a salvage or scrap certificate of title,
16 which ~~shall~~ **must** be assigned to the buyer. An insurance company may
17 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 pays a claim for total loss to the
21 owner or lienholder of record as kept by the secretary of state, or
22 both, if applicable, of a vehicle but the owner or lienholder of
23 record as kept by the secretary of state fails to surrender the
24 certificate of title or other document necessary for the transfer
25 of ownership of the vehicle to the insurance company within the
26 expiration of 30 days after the claim payment, the insurance
27 company, without having obtained the surrender of the title or
28 other document otherwise necessary for the transfer of ownership
29 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~~**must**
11 be 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
28 delivery.

29 (5) If a dealer acquires ownership of a late model vehicle

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

1 (6) An application for a scrap certificate of title ~~shall~~**must**
2 be made on a form prescribed by the secretary of state accompanied
3 by a fee of \$15.00. The application ~~shall~~**must** 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 of
7 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 each
10 major component part that was not salvageable.

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

13 (7) The scrap certificate of title ~~shall~~**must** authorize the
14 holder of the document to transport but not drive ~~upon~~**on** 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 dealer.
18 A certificate of title ~~shall~~**must** 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 (8) If a person, other than a dealer or insurance company that
22 is subject to subsection (2) or (5), acquires ownership of a
23 distressed, late model vehicle, the person must surrender the title
24 or assigned certificate of title to the secretary of state, and if
25 the estimated cost of repair, including parts and labor, is equal
26 to or greater than 75% but less than 91% of the predamaged actual
27 cash value of the vehicle, apply for a salvage certificate of
28 title, or if the estimated cost of repair, including parts and
29 labor, is equal to or greater than 91% of the predamaged actual

1 cash value of the vehicle, apply for a scrap certificate of title
2 before the vehicle may be transported.

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

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

1 cost of the repairs performed and ~~by whom shall~~ **who performed the**
2 **repairs must** be maintained for a minimum of 5 years by the leasing
3 company, vehicle manufacturer, insurance company not licensed to do
4 business in this state, association, repossession company, self-
5 insured owner, financial institution, governmental entity, or other
6 company, institution, or entity. The estimates and repair records
7 required by this subsection ~~shall~~ **must** be available for unannounced
8 inspections by a law enforcement agency or a representative of the
9 secretary of state. The secretary of state may request a leasing
10 company, vehicle manufacturer, insurance company not licensed to do
11 business in this state, association, repossession company, self-
12 insured owner, financial institution, governmental entity, or other
13 company, institution, or entity to provide copies of title
14 documents, repair estimates, claims reports involving major
15 component parts, and actual cash value determination documents to
16 assist the secretary of state in monitoring compliance with this
17 act.

18 (11) An application for a salvage certificate of title ~~shall~~
19 **must** be made on a form prescribed by the secretary of state
20 accompanied by a fee of \$10.00. The application ~~shall~~ **must** contain
21 all of the following:

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

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

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

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

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

3 (12) The secretary of state shall issue and mail the salvage
4 certificate within 5 business days after the time the application
5 is received at the secretary of state's office in Lansing. Each
6 salvage certificate of title ~~shall~~**must** include a listing of each
7 major component part that was not salvageable.

8 (13) A salvage certificate of title authorizes the holder of
9 the title to possess, transport, but not drive ~~upon~~**on** a highway,
10 and transfer ownership in, a vehicle. The secretary of state shall
11 not issue a certificate of title or registration plates for a
12 vehicle for which a salvage certificate of title was issued unless
13 a specially trained officer described in subsection (15) certifies
14 all of the following:

15 (a) That the vehicle identification numbers and parts
16 identification numbers are correct.

17 (b) That the applicant has proof of ownership of repair parts
18 used.

19 (c) That the vehicle complies with the equipment standards of
20 this act.

21 (d) That any repairs performed on the vehicle were done in a
22 workmanlike manner, as certified on a form provided by the
23 department by a properly licensed mechanic in the appropriate
24 specialty. A properly licensed mechanic described in this
25 subdivision ~~shall~~**must** not be the same individual as the specially
26 trained officer making the certification of the vehicle as required
27 under this subsection.

28 (14) The certification required by subsection (13) ~~shall~~**must**
29 be made on a form prescribed and furnished by the secretary of

1 state in conjunction with the department of state police and ~~shall~~
2 **must** accompany the application that is submitted to the secretary
3 of state for a certificate of title. An application for a
4 certificate of title ~~shall~~**must** contain a description of each
5 salvageable part used to repair the vehicle and any identification
6 number affixed to or inscribed ~~upon~~**on** the part as required by
7 state or federal law. Upon satisfactory completion of the
8 inspection as required by the secretary of state and other
9 requirements for application, the secretary of state shall issue a
10 certificate of title for the vehicle bearing the legend "rebuilt
11 salvage".

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

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

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

17 (c) A previously certified police officer who is appointed by
18 the local police agency as a limited enforcement officer to conduct
19 salvage vehicle inspections. The local police agency shall give
20 this officer access to the agency's law enforcement information
21 network system and the authority to confiscate any stolen vehicle
22 or vehicle parts discovered during an inspection. The local police
23 agency may give the officer the authority to arrest a person
24 suspected of having unlawful possession of a stolen vehicle or
25 vehicle parts. The local police agency shall not appoint a
26 previously certified police officer whose certificate has been
27 suspended, revoked, or denied under subsection (16).

28 (16) The secretary of state shall issue a certificate to an
29 officer who is specially trained as provided by the secretary of

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

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

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

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

18 (d) Performed improper, careless, or negligent salvage vehicle
19 inspections.

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

23 (f) Was convicted of a violation or attempted violation of
24 1986 PA 119, MCL 257.1351 to 257.1355.

25 (g) Made a false statement of a material fact in his or her
26 certification of a salvage vehicle inspection or any record
27 concerning a salvage vehicle inspection.

28 (h) Charged a fee in excess of the fee described in subsection
29 (26).

1 (17) If the secretary of state revokes, suspends, or denies a
2 certificate under subsection (16)(a), (d), (g), or (h), the
3 secretary of state shall, at the time of revocation, suspension, or
4 denial, notify the officer and the law enforcement agency on behalf
5 of which the officer is performing inspections of the law
6 enforcement agency's right to appeal the revocation, suspension, or
7 denial. The notification ~~shall~~**must** include a statement that a
8 request for an appeal under this subsection ~~shall~~**must** be made no
9 later than 30 days after the revocation, suspension, or denial. An
10 agency making an appeal under this subsection may request a hearing
11 at the time the appeal is made. The secretary of state or any
12 person designated by the secretary of state to act in his or her
13 place shall deny or grant an appeal made under this subsection
14 within a reasonable period, in writing or stated in the record if a
15 hearing is held. If the secretary of state revokes a certificate
16 under subsection (16)(a), (d), (g), or (h) and denies an appeal of
17 the revocation under this subsection, the officer may apply for a
18 new certificate no earlier than 5 years after the revocation.

19 (18) Upon receipt of the appropriate abstract of conviction
20 from a court and without any investigation, the secretary of state
21 shall immediately revoke the certificate of an officer who has been
22 convicted of a violation or attempted violation of section 413,
23 414, 415, 535, 535a, or 536a of the Michigan penal code, 1931 PA
24 328, MCL 750.413, 750.414, 750.415, 750.535, 750.535a, and
25 750.536a, or has been convicted in federal court or in another
26 state of a violation or attempted violation of a law substantially
27 corresponding to 1 of those sections.

28 (19) If a dealer acquires ownership of an older model vehicle
29 from an owner, the dealer shall receive an assigned certificate of

title and shall retain it as long as he or she retains the vehicle.
A vehicle scrap metal processor shall surrender an assigned
certificate of title to the secretary of state within 30 days after
the vehicle is destroyed or scrapped.

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

Scrap Vehicle Inventory:

SELLER: Dealer name _____

Dealer address _____

Dealer license number _____

PURCHASER: Conveyed to: _____ Date _____

(Vehicle scrap metal processor)

Dealer address _____

Dealer license number _____

Vehicles

Dealer's

Stock

Model	Year	Vehicle Make	VIN	Title Number	Number	Color
1.	_____	_____	_____	_____	_____	_____
2.	_____	_____	_____	_____	_____	_____
3.	_____	_____	_____	_____	_____	_____
etc.						

One copy ~~shall~~ **must** be retained as a permanent record by the
dealer, 1 copy ~~shall~~ **must** be forwarded with the vehicle to be
retained by the vehicle scrap metal processor, and 1 copy ~~shall~~
must be forwarded to the secretary of state.

(21) A person, other than an automotive recycler, used or

1 secondhand vehicle parts dealer, or a foreign salvage dealer,
2 receiving a salvage certificate of title shall not sell the vehicle
3 to anyone other than 1 of the following:

- 4 (a) The vehicle's former owner.
- 5 (b) A used or secondhand vehicle parts dealer.
- 6 (c) A vehicle scrap metal processor.
- 7 (d) A foreign salvage vehicle dealer licensed under this act.
- 8 (e) An automotive recycler.

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

- 11 (a) An automotive recycler.
- 12 (b) A vehicle scrap metal processor.
- 13 (c) A foreign salvage vehicle dealer licensed under this act.
- 14 (d) A used or secondhand vehicle parts dealer.

15 (23) The secretary of state may conduct periodic reviews of
16 the records of a dealer to determine whether adequate notice is
17 given to a transferee or lessee of a rebuilt salvage vehicle of
18 that vehicle's prior designation as a salvage vehicle. The
19 secretary of state may request an insurance company to provide
20 copies of salvage title documents and claims reports involving
21 major component parts to assist the secretary of state in
22 monitoring compliance with this act.

23 (24) A licensed automotive recycler, used or secondhand
24 vehicle parts dealer, vehicle scrap metal processor, vehicle
25 salvage pool operator, distressed vehicle transporter, foreign
26 salvage vehicle dealer, or broker ~~who~~**that** has removed a scrap
27 vehicle from this state for the purpose of rebuilding the vehicle
28 or selling or leasing the vehicle to a person other than a vehicle
29 scrap metal processor, shall receive an automatic suspension of its

1 dealer license and of any salvage vehicle agent's license assigned
2 to that dealer for a period of 30 days. Upon receipt by the
3 secretary of state of a written request from the dealer, the dealer
4 shall have the right to an immediate hearing on the matter within
5 that 30-day period.

6 (25) For the purpose of this section, the estimated costs of
7 the repair parts ~~shall be~~ **are** determined by using the current
8 published retail cost of original manufacturer equipment parts or
9 an estimate of the actual cost of the repair parts. The estimated
10 labor costs ~~shall~~ **must** be computed by using the hourly rate and
11 time allocations ~~which~~ **that** are reasonable and commonly assessed in
12 the repair industry in the community where the repairs are
13 performed.

14 (26) A police agency shall charge a fee for an inspection of a
15 vehicle under subsection (13). Each local authority with a police
16 agency shall determine the amount of the fee for inspections by
17 that police agency, which ~~shall~~ **must** not exceed \$100.00. Except as
18 otherwise provided in this subsection, a fee collected under this
19 subsection ~~shall~~ **must** be deposited with the local authority for
20 that police agency. The records of the local authority regarding
21 the collection and disposition of inspection fees is subject to
22 review or audit by the local unit of government and ~~shall~~ **must** be
23 made available upon request to the department. If an inspection was
24 conducted by an employee of the department of state, the fee ~~shall~~
25 **must** be deposited with the department of state. A fee collected by
26 a local authority ~~shall~~ **must** be used ~~solely for law enforcement~~
27 ~~purposes related to stolen vehicles, including, but not limited to,~~
28 ~~equipment and road patrol services that increase the likelihood of~~
29 ~~recovering stolen vehicles or stolen vehicle parts, and salvage~~

1 ~~vehicle inspections.~~ **equipment necessary to protect public health**
2 **or safety.** A fee collected by the department of state ~~shall~~**must** be
3 used by the department for the administration of the salvage
4 vehicle inspection program and ~~shall~~**must** not lapse to the general
5 fund. A local police agency may compensate an off-duty and limited
6 enforcement police officer for a salvage vehicle inspection.

7 (27) For the purpose of this section, "actual cash value"
8 means the retail dollar value of a vehicle as determined by an
9 objective vehicle evaluation using local market resources such as
10 dealers or want ads or by an independent vehicle evaluation or
11 vehicle appraisal service or by a current issue of a nationally
12 recognized used vehicle guide for financial institution appraisal
13 purposes in this state.