



Senate Fiscal Agency
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Senate Bills 137 through 139 (as passed by the Senate)

Sponsor: Senator Erika Geiss (S.B. 137)

Senator Jeremy Moss (S.B. 138)

Senator Veronica Klinefelt (S.B. 139)

Committee: Transportation and Infrastructure

Date Completed: 5-22-25

RATIONALE

Reportedly, recent legislation has challenged the Secretary of State's (SOS) efficiency. Firstly, Public Act 240 of 2023 allowed the SOS to establish an electronic system to facilitate electronic transfers of vehicle ownership between private parties and to issue a vehicle title electronically; however, vehicle owners issued electronic title transfers have been unable to fulfill certain legal requirements. For example, the Code requires a purchaser to endorse the back of a title, and digital titles do not have backs. Additionally, the use of electronic titles has proven popular, but the SOS may only issue electronic titles for motor vehicles. Secondly, in 2023 the Legislature approved several new types of vehicle license plates; however, testimony before the Senate Committee on Transportation and Infrastructure indicates that SOS branch offices may not have the stock to fulfill specialized plate requests. Accordingly, the bills would address some of the SOS's difficulties in implementing this recent legislation.

CONTENT

Senate Bill 137 would amend the Michigan Vehicle Code to specify that buyers and purchasers of vehicles would not have to provide certain physical copies of certificates or records of title for a title transferred electronically.

Senate Bill 138 would amend the Code to allow the SOS to issue a temporary registration permit to an applicant who had a current vehicle registration that would expire before that individual received the individual's license plate.

Senate Bill 139 would amend Part 803 (Watercraft Transfer and Certificate of Title) of the Natural Resources and Environmental Protection Act (NREPA) to allow the Department of State (DOS) to operate an electronic system to process watercraft and off-road vehicle (ORV) title transfers between private parties.¹

Senate Bill 137

Among other things, the Michigan Vehicle Code prescribes the requirements and process for obtaining a certificate of title and registration of a vehicle. The SOS may issue vehicle titles electronically and it may operate an electronic system to facilitate electronic transfers of vehicle ownership between private parties. Under the bill, the provisions requiring the delivery or mailing of documents described below would not apply to a title that was issued electronically.

Currently, in a transfer of ownership between private parties the owner of a vehicle must sign over the title with an endorsement on a printed certificate. The endorsement must include a

¹ "Private parties" means that both a vehicle's buyer and seller are not a dealer.

statement of any security interests in the vehicle or in accessories and must be delivered or mailed to the purchaser upon possession of the vehicle. A purchaser or transferee must present the certificate of title and registration to the SOS for the SOS to issue a new certificate and title. The certificate of title must be mailed or delivered to the owner in a form prescribed by the SOS.

In protection of the process, a person must properly endorse and deliver a certificate of title to a transferee or owner. A person that fails to do so is responsible for a civil infraction and may be ordered to pay a maximum fine of \$100. Additionally, the owner of a vehicle who made a bona fide sale by transfer of the owner's title or interest and who delivered possession of the vehicle and the certificate of title is no longer responsible for any damages or violations that result in the subsequent ownership of that vehicle so long as the owner accompanies the purchaser to the SOS branch to make sure the title is transferred or keeps a record of the sale for at least 18 months.

Senate Bill 138

To renew a vehicle registration under the Code an individual must submit to the SOS an application and pay the registration fee. The application must include a certificate of title and proof of insurance. The bill would allow the SOS to issue a temporary registration permit to an applicant who had a current vehicle registration that was going to expire before the applicant's receipt of a registration plate upon submission of an application that included proper fees and any required donation for a registration plate. The temporary registration plate would expire on the date the applicant received the registration plate or 60 days after the date the temporary registration permit was issued, whichever was first. The temporary registration permit would have to be issued without charge.

Senate Bill 139

Under Part 803 of NREPA, a person may not sell or otherwise dispose of a watercraft or an ORV without delivering to the purchaser or transferee of the watercraft or ORV a certificate of title. A person also may not purchase or acquire a watercraft or ORV without obtaining a certificate of title.

The bill would allow the SOS to establish, implement, and operate an electronic system to process the transfer of ownership interests in watercraft and ORVs between parties, if neither party were a dealer, through electronic transfer. If the systems were established, a private party that used the system would have to comply with any requirement determined necessary by the DOS, including providing any information the DOS required.

The DOS could enter at least one contract to establish, implement, and operate the electronic system. The contract would have to require the protection of proprietary information contained in the system and any information protected under NREPA.

MCL 257.233 et al. (S.B. 137)
257.227 (S.B. 138)
324.80304 & 324.81105 (S.B. 139)

PREVIOUS LEGISLATION

(This section does not provide a comprehensive account of previous legislative efforts on this subject matter.)

The bills are reintroductions of Senate Bills 1008 through 1010 of the 2023-24 Legislative Session. Senate Bills 1008 through 1010 passed the Senate but received no further action.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The bills would future-proof certain SOS systems, ensuring that the DOS can continue to provide quality service. Testimony before the Senate Committee on Transportation and Infrastructure during the 2023-2024 Legislative Session indicated that the problems these bills seek to address are unintended consequences from previous legislation. The bills would not only fix these problems but prevent similar ones in the future.

Legislative Analyst: Abby Schneider

FISCAL IMPACT

Senate Bill 137 and Senate Bill 138 would have no fiscal impact on State or local government. Senate Bill 139 likely would not result in any additional costs for the DOS. The Department has indicated that it already has established an online title transfer program and thus the addition of processing watercraft and ORVs should not bear any additional costs and should be absorbable within current annual appropriations.

Fiscal Analyst: Joe Carrasco, Jr.

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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.