

DISCLOSURE OF SECURITY INTERESTS ON SNOWMOBILE REGISTRATION DOCUMENTS

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5085

Sponsor: Rep. Jeff Mayes

Committee: Tourism, Outdoor Recreation and Natural Resources

Complete to 9-20-07

A SUMMARY OF HOUSE BILL 5085 AS INTRODUCED 8-1-07

The bill would amend Part 821 (Snowmobiles) of the Natural Resources and Environmental Protection Act, effective July 9, 2009, to do the following:

- Require security interests to be disclosed on applications for snowmobile registrations and placed on the registration certificates issued by the Secretary of State. If the snowmobile were sold or transferred, the new owner could not register it without proof that any security interests or liens shown on the snowmobile's previous registration had been paid.
- Require the Secretary of State to keep records of expired and surrendered snowmobile registrations for longer period of times: *expired* registrations, seven years instead of five; *surrendered* registrations, ten years instead of one year.
- Allow the Secretary of State to charge a \$25 penalty and suspend the operator or chauffeur's license of a person who presents a bad check or bad electronic payment for a snowmobile registration fee and who does not pay the fee after reasonable notice and demand for payment.
- Add a new provision concerning how snowmobile license fees and penalties are deposited and used.
- Specify the grounds on which the Secretary of State could refuse to issue a snowmobile registration or revoke one previously issued.
- Establish procedures for persons who own snowmobiles without vehicle identification numbers to obtain new special identification numbers showing that it was issued by the State of Michigan rather than a manufacturer and to obtain replacement numbers.

More details are provided below.

Disclosure of security interests on registration applications and certificates. An applicant for a snowmobile certificate of registration would have to include the names and addresses of holders of any security interest in the snowmobile and its accessories, in the order of priority, along with the applicant's name, signature, and "bona fide" residence address. (A typical holder of a security interest in a snowmobile would be a dealer or financial institution that has provided the financing used to purchase the snowmobile and who has received a security interest in the snowmobile as collateral or security for the debt.) In addition, the names and addresses of any secured parties would have to be listed

on the pocket-sized certificate of registration issued to a snowmobile owner by the Department of State.

Retention of expired and surrendered snowmobile registration records. The bill would allow the department to destroy records of *expired* certificates of registration after seven years instead of five years as is currently the case. The department could destroy records of *surrendered* certificates of registration after ten years instead of one year.

Bad checks, drafts, and electronic payments. If a check, draft, or electronic payment of a required fee were not paid on its first presentation, the fee would be considered delinquent from the date it was tendered, and the person submitting it would remain liable for the fee and, in some cases, a penalty. If the fee remained unpaid after reasonable notice or demand for payment, the department could suspend the operator's or chauffeur's license of the person who submitted the bad payment. If a fee were not paid 15 days after the department gives notice to the person who tendered the bad payment, a \$25 penalty would be added to the fee.

Deposit of fees and penalties. Under Section 82105a(4) to be created by the bill, snowmobile registration fees and penalties would be deposited into the General Fund and used to cover the department's costs of administering the snowmobile registration provisions of the law, except as otherwise required by Part 821. Any money not required for this purpose would be credited each year to the Recreational Snowmobile Trail Improvement Fund. (It is not clear how this provision would be coordinated with existing Section 82106, left intact by the bill, which sets forth a different disposition of the revenue.)

Grounds for revocation or refusal to issue a snowmobile registration. The department could cancel, suspend, revoke, or refuse to issue a snowmobile registration for any of the following reasons:

- The applicant failed to furnish all required information or reasonable additional information requested by the department.
- The required fees were not paid.
- The applicant is not entitled to a snowmobile registration under Part 821.
- The department issued the registration in error.
- The application contained a false or fraudulent statement.
- The department had reasonable grounds to believe that the snowmobile was stolen or embezzled.

Transfers of registered snowmobiles. Under Part 821, when a snowmobile has been transferred to a new owner, the new owner must apply for a new certificate of registration within 15 days. Currently, an application must only list the name and address of the new owner and the previous registration number of the snowmobile. Under the bill, the new owner would have to provide all of the following in connection with a transfer:

- The snowmobile's previous registration number.
- Proof of payment or satisfaction of any security interest shown on the previous owner's certificate of registration or department of state records.

- The new owner's name, signature, and "bona fide" residence address.
- The names and addresses of the holders of the secured parties in the snowmobile and its accessories in the order of their priority.

Special identification numbers for snowmobiles without vehicle numbers. An owner of a snowmobile whose vehicle number has been altered, removed, or defaced, or an owner or a person who intends to register the snowmobile as an assembled snowmobile, would have to apply for a special identifying number in a form prescribed by the department, accompanied by a registration application and the "required fees." If satisfied that the applicant owned the snowmobile, the department would assign a special identification number, preceded by a symbol indicating that the vehicle number had been issued by the State of Michigan (rather than a manufacturer). The department would maintain a record of assigned special identifying numbers. A special identifying number would be applied to the snowmobile as directed by the department of state, and would be regarded as the identifying number of the snowmobile.

The owner of a snowmobile whose vehicle number is missing would apply in a form prescribed by the department for a replacement vehicle number accompanied by a \$10 fee. Upon receipt of information from the applicant satisfying the department that the applicant owns the snowmobile, the department would assign a replacement vehicle number to be applied to the snowmobile as directed. The department would note on the snowmobile's registration record that a replacement vehicle number had been issued.

Effective date. The bill would become effective July 1, 2009.

FISCAL IMPACT:

A fiscal analysis is in process.

Legislative Analyst: Shannan Kane
Fiscal Analyst: Mark Wolf

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.