

**SUBSTITUTE FOR
HOUSE BILL NO. 4185**

A bill to amend 1949 PA 300, entitled
"Michigan vehicle code,"
by amending section 217c (MCL 257.217c), as amended by 2002 PA 642.

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 assign
7 the certificate of title to the insurance company which shall do
8 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 acquires ownership of a vehicle
19 other than a late model vehicle through payment of damages due to
20 an accident, the company shall surrender a properly assigned title
21 to the buyer upon delivery.

22 (4) If a dealer acquires ownership of a late model vehicle
23 that is a distressed vehicle from an owner, the dealer shall
24 receive an assigned certificate of title. If the assigned
25 certificate of title is not a salvage or scrap certificate of
26 title, the dealer, other than a vehicle scrap metal processor,
27 shall surrender the assigned certificate of title to the secretary

1 of state, and if the estimated cost of repair, including parts and
2 labor, is equal to or greater than 75% but less than 91% of the
3 predamaged actual cash value of the vehicle, apply for a salvage
4 certificate of title, or if the estimated cost of repair, including
5 parts and labor, is equal to or greater than 91% of the predamaged
6 actual cash value of the vehicle, apply for a scrap certificate of
7 title within 5 days after the dealer receives the assigned
8 certificate of title. The dealer may sell a salvage vehicle to
9 another automotive recycler, used or secondhand vehicle parts
10 dealer, foreign salvage vehicle dealer, or vehicle scrap metal
11 processor by assigning the salvage certificate of title to the
12 buyer. Unless the vehicle is rebuilt, inspected, and recertified
13 ~~pursuant to~~ **UNDER** this section, if the vehicle is sold to a buyer
14 other than a dealer, application shall be made for a salvage
15 certificate in the name of the buyer in the manner provided in this
16 act. The dealer may sell a scrap vehicle only to a vehicle scrap
17 metal processor. A vehicle scrap metal processor shall surrender an
18 assigned certificate of title to the secretary of state within 30
19 days after acquiring a vehicle for which a certificate of title was
20 received. A vehicle scrap metal processor shall surrender an
21 assigned salvage or scrap certificate of title to the secretary of
22 state within 30 days after acquiring a vehicle for which a salvage
23 or scrap certificate of title was received and report that the
24 vehicle was destroyed or scrapped.

25 (5) An application for a scrap certificate of title shall be
26 made on a form prescribed by the secretary of state accompanied by
27 a fee of \$15.00. 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) If the vehicle is a late model vehicle, a listing of each
7 major component part that was not salvageable.

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

10 (6) The scrap certificate of title shall authorize the holder
11 of the document to transport but not drive upon a highway the
12 vehicle or parts of a vehicle, and assign ownership to a vehicle
13 scrap metal processor, automotive recycler, used or secondhand
14 vehicle parts dealer, or foreign salvage vehicle dealer. A
15 certificate of title shall not again be issued for this vehicle. A
16 person shall not rebuild or repair a scrap vehicle and allow it to
17 retain the original vehicle identification number.

18 (7) If a person, other than a dealer or insurance company that
19 is subject to subsection (2) or (4), acquires ownership of a
20 distressed, late model vehicle, the person shall surrender the
21 title or assigned certificate of title to the secretary of state,
22 and if the estimated cost of repair, including parts and labor, is
23 equal to or greater than 75% but less than 91% of the predamaged
24 actual cash value of the vehicle, apply for a salvage certificate
25 of title, or if the estimated cost of repair, including parts and
26 labor, is equal to or greater than 91% of the predamaged actual
27 cash value of the vehicle, apply for a scrap certificate of title

1 before the vehicle may be transported.

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

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

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

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

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

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

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

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

17 (a) That the vehicle identification numbers and parts
18 identification numbers are correct.

19 (b) That the applicant has proof of ownership of repair parts
20 used.

21 (c) That the vehicle complies with the equipment standards of
22 this act.

23 (13) The certification required by subsection (12) shall be
24 made on a form prescribed and furnished by the secretary of state
25 in conjunction with the department of state police and shall
26 accompany the application that is submitted to the secretary of
27 state for a certificate of title. An application for a certificate

1 of title shall contain a description of each salvageable part used
2 to repair the vehicle and any identification number affixed to or
3 inscribed upon the part as required by state or federal law. Upon
4 satisfactory completion of the inspection as required by the
5 secretary of state and other requirements for application, the
6 secretary of state shall issue a certificate of title for the
7 vehicle bearing the legend "rebuilt salvage".

8 (14) An officer specially trained as provided by the secretary
9 of state and authorized by the secretary of state to conduct a
10 salvage vehicle inspection is either of the following:

11 (a) An on-duty or off-duty police officer.

12 (b) A previously certified police officer who is appointed by
13 the local police agency as a limited enforcement officer to conduct
14 salvage vehicle inspections. The local police agency shall give
15 this officer access to the agency's law enforcement information
16 network system and the authority to confiscate any stolen vehicle
17 or vehicle parts discovered during an inspection. The local police
18 agency may give the officer the authority to arrest a person
19 suspected of having unlawful possession of a stolen vehicle or
20 vehicle parts. **THE LOCAL POLICE AGENCY SHALL NOT APPOINT A**
21 **PREVIOUSLY CERTIFIED POLICE OFFICER WHOSE CERTIFICATE HAS BEEN**
22 **SUSPENDED, REVOKED, OR DENIED UNDER SUBSECTION (15).**

23 (15) The secretary of state shall issue a certificate to an
24 officer who is specially trained as provided by the secretary of
25 state to conduct salvage vehicle inspections. Only a person who has
26 a valid certification from the secretary of state may perform
27 salvage inspections. The secretary of state on his or her own

1 initiative or in response to complaints shall make reasonable and
2 necessary public or private investigations within or outside of
3 this state and gather evidence against an officer who was issued a
4 certificate and who violated or is about to violate this act or a
5 rule promulgated under this act. ~~The~~ **SUBJECT TO SUBSECTION (16),**
6 **THE** secretary of state may suspend, revoke, or deny a certificate
7 after an investigation if the secretary of state determines that
8 the officer committed 1 or more of the following:

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

10 (b) Was found guilty of a fraudulent act in connection with
11 the inspection, purchase, sale, lease, or transfer of a salvage
12 vehicle.

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

15 (d) Performed improper, careless, or negligent salvage vehicle
16 inspections.

17 (e) Ceased to function as a police officer because of
18 suspension, retirement, dismissal, disability, or termination of
19 employment.

20 (f) Was convicted of a violation or attempted violation of
21 1986 PA 119, MCL 257.1351 to 257.1355.

22 (g) Made a false statement of a material fact in his or her
23 certification of a salvage vehicle inspection or any record
24 concerning a salvage vehicle inspection.

25 **(16) IF THE SECRETARY OF STATE REVOKES, SUSPENDS, OR DENIES A**
26 **CERTIFICATE UNDER SUBSECTION (15) (A), (D), OR (G), THE SECRETARY OF**
27 **STATE SHALL, AT THE TIME OF REVOCATION, SUSPENSION, OR DENIAL,**

1 NOTIFY THE OFFICER IN WRITING OF HIS OR HER RIGHT TO APPEAL THE
2 REVOCATION, SUSPENSION, OR DENIAL. THE NOTIFICATION SHALL INCLUDE A
3 STATEMENT THAT A REQUEST FOR AN APPEAL UNDER THIS SUBSECTION SHALL
4 BE MADE NO LATER THAN 30 DAYS AFTER THE REVOCATION, SUSPENSION, OR
5 DENIAL. AN OFFICER MAKING AN APPEAL UNDER THIS SUBSECTION MAY
6 REQUEST A HEARING AT THE TIME THE APPEAL IS MADE. THE SECRETARY OF
7 STATE OR ANY PERSON DESIGNATED BY THE SECRETARY OF STATE TO ACT IN
8 HIS OR HER PLACE SHALL DENY OR GRANT AN APPEAL MADE UNDER THIS
9 SUBSECTION WITHIN A REASONABLE PERIOD, IN WRITING OR STATED IN THE
10 RECORD IF A HEARING IS HELD, AND SHALL INCLUDE FINDINGS OF FACT AND
11 CONCLUSIONS OF LAW. IF THE SECRETARY OF STATE REVOKES A CERTIFICATE
12 UNDER SUBSECTION (15) (A), (D), OR (G) AND DENIES AN APPEAL OF THE
13 REVOCATION UNDER THIS SUBSECTION, THE OFFICER MAY APPLY FOR A NEW
14 CERTIFICATE NO EARLIER THAN 5 YEARS AFTER THE REVOCATION.

15 (17) ~~(16)~~—Upon receipt of the appropriate abstract of
16 conviction from a court and without any investigation, the
17 secretary of state shall immediately revoke the certificate of an
18 officer who has been convicted of a violation or attempted
19 violation of section 413, 414, 415, 535, 535a, or 536a of the
20 Michigan penal code, 1931 PA 328, MCL 750.413, 750.414, 750.415,
21 750.535, 750.535a, and 750.536a, or has been convicted in federal
22 court or in another state of a violation or attempted violation of
23 a law substantially corresponding to 1 of those sections.

24 (18) ~~(17)~~—If a dealer acquires ownership of an older model
25 vehicle from an owner, the dealer shall receive an assigned
26 certificate of title and shall retain it as long as he or she
27 retains the vehicle. A vehicle scrap metal processor shall

1 surrender an assigned certificate of title to the secretary of
2 state within 30 days after the vehicle is destroyed or scrapped.

3 (19) ~~(18)~~—A dealer selling or assigning a vehicle to a vehicle
4 scrap metal processor shall make a record in triplicate on a form
5 to be provided by the secretary of state in substantially the
6 following form:

7 Scrap Vehicle Inventory:

8 SELLER: Dealer name _____

9 Dealer address _____

10 Dealer license number _____

11 PURCHASER: Conveyed to: _____ Date _____

12 (Vehicle scrap metal processor)

13 Dealer address _____

14 Dealer license number _____

15
16 Vehicles

17 Dealer's
18 Stock

19 Model Year Vehicle Make VIN Title Number Number Color

20 1. _____

21 2. _____

22 3. _____

23 etc.

24 One copy shall be retained as a permanent record by the dealer,
25 1 copy shall be forwarded with the vehicle to be retained by the

1 vehicle scrap metal processor, and 1 copy shall be forwarded to
2 the secretary of state.

3 **(20)** ~~(19)~~—A person, other than an automotive recycler, used or
4 secondhand vehicle parts dealer, or a foreign salvage dealer,
5 receiving a salvage certificate of title shall not sell the vehicle
6 to anyone other than 1 of the following:

7 (a) The vehicle's former owner.

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

9 (c) A vehicle scrap metal processor.

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

11 (e) An automotive recycler.

12 **(21)** ~~(20)~~—A person receiving a scrap certificate of title
13 shall not sell the vehicle to anyone other than 1 of the following:

14 (a) An automotive recycler.

15 (b) A vehicle scrap metal processor.

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

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

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

26 **(23)** ~~(22)~~—A licensed automotive recycler, used or secondhand
27 vehicle parts dealer, vehicle scrap metal processor, vehicle

1 salvage pool operator, distressed vehicle transporter, foreign
2 salvage vehicle dealer, or broker who has removed a scrap vehicle
3 from this state for the purpose of rebuilding the vehicle or
4 selling or leasing the vehicle to a person other than a vehicle
5 scrap metal processor, shall receive an automatic suspension of its
6 dealer license and of any salvage vehicle agent's license assigned
7 to that dealer for a period of 30 days. Upon receipt by the
8 secretary of state of a written request from the dealer, the dealer
9 shall have the right to an immediate hearing on the matter within
10 that 30-day period.

11 (24) ~~(23)~~ For the purpose of this section, the estimated costs
12 of the repair parts shall be determined by using the current
13 published retail cost of original manufacturer equipment parts or
14 an estimate of the actual cost of the repair parts. The estimated
15 labor costs shall be computed by using the hourly rate and time
16 allocations which are reasonable and commonly assessed in the
17 repair industry in the community where the repairs are performed.

18 (25) ~~(24)~~ A police agency shall charge a fee for an inspection
19 of a vehicle ~~pursuant to~~ **UNDER** subsection (12). Each local
20 authority with a police agency shall determine the amount of the
21 fee for inspections by that police agency, which shall not exceed
22 \$100.00. The police agency shall credit the fee to the budget of
23 that police agency and use the fee for law enforcement purposes
24 that affect stolen vehicles, stolen vehicle parts, and salvage
25 vehicle inspections. A local police agency shall compensate an off-
26 duty and limited enforcement police officer for a salvage vehicle
27 inspection.

1 (26) ~~(25)~~—For the purpose of this section, "actual cash value"
2 means the retail dollar value of a vehicle as determined by an
3 objective vehicle evaluation using local market resources such as
4 dealers or want ads or by an independent vehicle evaluation or
5 vehicle appraisal service or by a current issue of a nationally
6 recognized used vehicle guide for financial institution appraisal
7 purposes in this state.

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