

ELECTRONIC VEHICLE TITLE TRANSFER

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Senate 533 as reported from House committee

Sponsor: Sen. Erika Geiss

House Committee: Transportation, Mobility and Infrastructure

Senate Committee: Transportation and Infrastructure

Complete to 11-4-23

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

(Enacted as Public Act 240 of 2023)

SUMMARY:

Senate Bill 533 would amend the Michigan Vehicle Code to allow the secretary of state to issue an electronic vehicle title and establish and operate an electronic system to facilitate electronic transfers of vehicle ownership between private parties (when neither the buyer nor the seller is a dealer).

Specifically, the bill would authorize the Department of State to establish, implement, and operate an electronic system to process the notification and transfer of a vehicle ownership interest between private parties through an electronic transfer instead of the collection of paper documents otherwise required under the act.

If the electronic system is established, a private party using it would have to comply with any requirement, and provide any information, the department determines is necessary.

The bill would also allow the department to enter one or more contracts to establish, implement, and operate the electronic system. The contract would have to require the protection of proprietary information contained in the electronic system and other information as protected under the act.

MCL 257.217 et seq.

FISCAL IMPACT:

The bill would result in additional costs to the Department of State. The department estimates one-time programming costs to fully incorporate the electronic transfer of vehicle titles functionality into its computer systems would be approximately \$550,000. It is unknown at this time whether there would be additional ongoing costs related to third-party vendor software services for facilitating data transfers between the state and private parties.

The bill, in conjunction with previous initiatives to provide online or electronic self-service vehicle and driver services, may contribute to fewer in-person transactions at secretary of state branch offices and help alleviate staffing needs there. The Department of State estimates that title transfer services make up the vast majority of all current in-person branch office transactions, up to 75% at some offices. The shift of services from being performed in-person at branch offices to being done electronically without office visits has

shifted some responsibilities from branch office staff to central operations staff. The fiscal impact of this shift in services and labor costs is indeterminate at this time.

The bill would have no fiscal impact on local units of government.

POSITIONS:

A representative of the Department of State testified in support of the bill. (10-31-23)

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