



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 533 (as introduced 9-27-23)
Sponsor: Senator Erika Geiss
Committee: Transportation and Infrastructure

(Senate-passed version)

Date Completed: 10-2-23

CONTENT

The bill would amend the Michigan Vehicle Code to allow the Secretary of State (SOS) to issue a vehicle title electronically and establish and operate an electronic system to facilitate electronic transfers of vehicle ownership between private parties.

Among other things, the Code prescribes the requirements and process for obtaining a certificate of title for a vehicle. Under the bill, the SOS could issue a paper certificate of title, unless a security interest was entered electronically, or could issue a title electronically, upon receipt of the required fees. It also would specify that certain requirements for a certificate of title subject to a security interest would apply to paper titles.

The bill would allow the SOS 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 Code.

If the electronic system were established, a private party that used the electronic system would have to comply with any of the Code's requirements that the SOS determined were necessary and provide any information that was required by SOS. The SOS could enter one or more contracts to establish, implement, and operate the electronic system. A contract would have to require the protection of proprietary information contained in the electronic system and other information as protected under the Code.

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

MCL 257.217 et al.

Legislative Analyst: Abby Schneider

FISCAL IMPACT

The bill would have a fiscal impact for the Department of State (DOS) of an estimated \$550,000 and no fiscal impact for local governments. According to the DOS, it has instituted most of the requirements in the bill regarding electronic transfer of titles. The Michigan Electronic Filing System currently allows vehicle dealerships to process transactions such as title transfers and registrations. The Department's Electronic Lien and Title System mandates, as of October 1, 2023, that for most vehicles involving a lien, dealerships must provide individuals with an electronic title.

While most of the requirements under the bill could already be completed by the DOS, there would be additional programming of the systems to comply with all of the bill's requirements. As mentioned, those costs are estimated as a one-time cost of \$550,000. Should the DOS

choose not to contract for some of the required services, the hiring of additional staff could become necessary. The average cost for a State classified employee for salary and benefits is an estimated \$147,000 annually.

Fiscal Analyst: Joe Carrasco, Jr.

SAS\S2324\s533sa

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.