

**SUBSTITUTE FOR
HOUSE BILL NO. 4716**

A bill to amend 1949 PA 300, entitled
"Michigan vehicle code,"
by amending section 217c (MCL 257.217c), as amended by 2022 PA 224.

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 **(1)** ~~(2)~~ Except for a late model vehicle that has been stolen

1 and recovered and that has no major component part removed,
2 missing, or destroyed, or damaged and not salvageable, an insurance
3 company licensed to conduct business in this state that acquires
4 ownership of a late model vehicle through the payment of a claim
5 shall proceed under either of the following:

6 (a) If the insurance company acquires ownership of the vehicle
7 through payment of a claim, the owner of the vehicle ~~must~~**shall**
8 assign the certificate of title to the insurance company, which
9 shall do all of the following:

10 (i) Surrender a properly assigned certificate of title to the
11 secretary of state.

12 (ii) If the estimated cost of repair, including parts and
13 labor, is equal to or more than 75% but less than 91% of the
14 predamaged actual cash value of the vehicle, apply for a salvage
15 certificate of title, and if the estimated cost of repair,
16 including parts and labor, is equal to or greater than 91% of the
17 predamaged actual cash value of the vehicle, apply for a scrap
18 certificate of title. The insurance company shall not sell the
19 vehicle without first receiving a salvage or scrap certificate of
20 title, which ~~shall~~**must** be assigned to the buyer. An insurance
21 company may assign a salvage or scrap certificate of the title only
22 to an automotive recycler, used or secondhand vehicle parts dealer,
23 foreign salvage vehicle dealer, or vehicle scrap metal processor.

24 (b) If after payment of a total loss claim the insurance
25 company permits the owner of the vehicle to retain ownership, the
26 insurance company shall do all of the following:

27 (i) If the estimated cost of repair, including parts and labor,
28 is equal to or greater than 75% but less than 91% of the predamaged
29 actual cash value of the vehicle, require each owner of the vehicle

1 to sign an application for a salvage certificate of title, or if
2 the estimated cost of repair, including parts and labor, is equal
3 to or greater than 91% of the predamaged actual cash value of the
4 vehicle, require each owner of the vehicle to sign an application
5 for a scrap vehicle certificate of title.

6 (ii) Attach the owner's certificate of title to the application
7 for a salvage or scrap certificate of title or have the owner
8 certify that the certificate of title is lost.

9 (iii) On behalf of the owner, apply to the secretary of state
10 for a salvage or scrap certificate of title in the name of the
11 owner. The owner shall not sell or otherwise dispose of the vehicle
12 without first receiving a salvage or scrap certificate of title,
13 which must be assigned to the buyer. An insurance company may
14 assign a salvage or scrap certificate of title only to an
15 automotive recycler, used or secondhand vehicle parts dealer,
16 foreign salvage vehicle dealer, or vehicle scrap metal processor.

17 (2) ~~(3)~~—If an insurance company pays a claim for total loss to
18 the owner or lienholder of record as kept by the secretary of
19 state, or both, if applicable, of a vehicle but the owner or
20 lienholder of record as kept by the secretary of state fails to
21 surrender the certificate of title or other document necessary for
22 the transfer of ownership of the vehicle to the insurance company
23 within the expiration of 30 days after the claim payment, the
24 insurance company, without having obtained the surrender of the
25 title or other document otherwise necessary for the transfer of
26 ownership for the vehicle from the owner or lienholder of record as
27 kept by the secretary of state, or both, if applicable, may apply
28 to the secretary of state for a title as provided under this
29 section. The insurance company shall, at the time of application,

1 provide proof of the payment and that the insurance company has
 2 requested in writing, by certified mail or by another commercially
 3 available delivery service providing proof of delivery, on at least
 4 2 separate occasions that the owner or lienholder of record as kept
 5 by the secretary of state surrender to the insurance company the
 6 certificate of title or other document necessary for the transfer
 7 of ownership to the insurance company. The application must be
 8 signed under the penalty of perjury. Subject to subsection
 9 ~~(2)(a)(ii)~~, **(1)(a)(ii)**, upon meeting the requirements of this
 10 subsection, the secretary of state shall issue to the insurance
 11 company the appropriate certificate of title free of all liens.
 12 Proof of payment of the claim is satisfied only by 1 of the
 13 following:

14 (a) In the case of payment by check, either of the following:

15 (i) A copy of the front and back of the endorsed check.

16 (ii) Evidence that the check has cleared the account of the
 17 payer.

18 (b) In the case of payment by electronic transfer, evidence
 19 that the payment was charged to the account of the payer.

20 **(3)** ~~(4)~~ Except as provided in subsection ~~(3)~~, **(2)**, if an
 21 insurance company acquires ownership of a vehicle other than a late
 22 model vehicle through payment of damages due to an accident, the
 23 company shall surrender a properly assigned title to the buyer upon
 24 delivery.

25 **(4)** ~~(5)~~ If a dealer acquires ownership of a ~~late model~~ vehicle
 26 that is a distressed vehicle from an owner, the dealer shall
 27 receive an assigned certificate of title. If the assigned
 28 certificate of title is not a salvage or scrap certificate of
 29 title, the dealer, other than a vehicle scrap metal processor,

1 shall surrender the assigned certificate of title to the secretary
2 of state, and if the estimated cost of repair, including parts and
3 labor, is equal to or greater than 75% but less than 91% of the
4 predamaged actual cash value of the vehicle, apply for a salvage
5 certificate of title, or if the estimated cost of repair, including
6 parts and labor, is equal to or greater than 91% of the predamaged
7 actual cash value of the vehicle, apply for a scrap certificate of
8 title ~~within~~**not later than** 5 days after the dealer receives the
9 assigned certificate of title. The dealer may sell a salvage
10 vehicle to another automotive recycler, used or secondhand vehicle
11 parts dealer, foreign salvage vehicle dealer, or vehicle scrap
12 metal processor by assigning the salvage certificate of title to
13 the buyer. Unless the vehicle is rebuilt, inspected, and
14 recertified under this section, if the vehicle is sold to a buyer
15 other than a dealer, application must be made for a salvage
16 certificate in the name of the buyer in the manner provided in this
17 act. The dealer may sell a scrap vehicle only to a vehicle scrap
18 metal processor. A vehicle scrap metal processor shall surrender an
19 assigned certificate of title to the secretary of state ~~within~~**not**
20 **later than** 30 days after acquiring a vehicle for which a
21 certificate of title was received. A vehicle scrap metal processor
22 shall surrender an assigned salvage or scrap certificate of title
23 to the secretary of state ~~within~~**not later than** 30 days after
24 acquiring a vehicle for which a salvage or scrap certificate of
25 title was received and report that the vehicle was destroyed or
26 scrapped.

27 (5) ~~(6)~~An application for a scrap certificate of title must
28 be made on a form prescribed by the secretary of state **and**
29 accompanied by a fee of \$15.00. The application must contain all of

1 the 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)** ~~(7)~~—The scrap certificate of title must authorize the
11 holder of the document to transport but not drive on 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 must 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)** ~~(8)~~—If a person, other than a dealer or insurance company
19 that is subject to subsection ~~(2)~~—**(1)** or ~~(5)~~,—**(4)**, acquires
20 ownership of a distressed, late model vehicle, the person must
21 surrender the title or assigned certificate of title to the
22 secretary of state, and if the estimated cost of repair, including
23 parts and labor, is equal to or greater than 75% but less than 91%
24 of the predamaged actual cash value of the vehicle, apply for a
25 salvage certificate of title, or if the estimated cost of repair,
26 including parts and labor, is equal to or greater than 91% of the
27 predamaged actual cash value of the vehicle, apply for a scrap
28 certificate of title before the vehicle may be transported.

29 **(8)** ~~(9)~~—An owner of a vehicle may determine that a vehicle is

1 a scrap vehicle or a salvage vehicle without making any
2 determination as to the actual cash value of the vehicle.

3 (9) ~~(10)~~—If a leasing company, vehicle manufacturer, insurance
4 company not licensed to do business in this state, association,
5 repossession company, self-insured owner, financial institution,
6 governmental entity, or other company, institution, or entity, owns
7 a distressed, late model vehicle, the titleholder shall surrender
8 the title or assigned certificate of title to the secretary of
9 state and apply for a salvage certificate of title if the retail
10 cost of repair, including parts and labor, is equal to or greater
11 than 75% but less than 91% of the predamaged actual cash value of
12 the vehicle, or if the retail cost of repair, including parts and
13 labor, is equal to or greater than 91% of the predamaged actual
14 cash value of the vehicle, apply for a scrap certificate of title,
15 before the vehicle may be transported or sold. If ownership is
16 transferred, the owner must sell the vehicle only to a dealer that
17 is eligible to buy a salvage or scrap vehicle in this state unless
18 the owner complies with subsection ~~(13)~~ **(12)**. When a leasing
19 company, vehicle manufacturer, insurance company not licensed to do
20 business in this state, association, repossession company, self-
21 insured owner, financial institution, governmental entity, or other
22 company, institution, or entity ~~7~~ estimates the repair of a
23 distressed, late model vehicle for the purpose of determining
24 whether to apply for a salvage or scrap certificate of title, a
25 complete record of the estimate and, if the vehicle is repaired
26 before a transfer of ownership, a complete record of the actual
27 cost of the repairs performed and who performed the repairs must be
28 maintained for a minimum of 5 years by the leasing company, vehicle
29 manufacturer, insurance company not licensed to do business in this

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

15 (10) ~~(11)~~—An application for a salvage certificate of title
16 must be made on a form prescribed by the secretary of state **and**
17 accompanied by a fee of \$10.00. The application must contain all of
18 the following:

19 (a) The complete name and current address of the owner.

20 (b) A description of the vehicle, including its make, style of
21 body, model year, fee category or weight, color, and vehicle
22 identification number.

23 (c) An estimate of the cost repair, including parts and labor,
24 and an estimate of the predamaged actual cash value of the vehicle.

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

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

29 (11) ~~(12)~~—The secretary of state shall issue and mail the

1 salvage certificate ~~within~~ **not later than** 5 business days after the
2 time the application is received at the secretary of state's office
3 in Lansing. Each salvage certificate of title must include a
4 listing of each major component part that was not salvageable.

5 **(12)** ~~(13)~~—A salvage certificate of title authorizes the holder
6 of the title to possess, transport, but not drive on a highway, and
7 transfer ownership in, a vehicle. The secretary of state shall not
8 issue a certificate of title or registration plates for a vehicle
9 for which a salvage certificate of title was issued unless a
10 specially trained officer described in subsection ~~(15)~~ **(14)**
11 certifies all of the following:

12 (a) That the vehicle identification numbers and parts
13 identification numbers are correct.

14 (b) That the applicant has proof of ownership of repair parts
15 used.

16 (c) That the vehicle complies with the equipment standards of
17 this act.

18 (d) That any repairs performed on the vehicle were done in a
19 workmanlike manner, as certified on a form provided by the
20 department by a properly licensed mechanic in the appropriate
21 specialty. A properly licensed mechanic described in this
22 subdivision must not be the same individual as the specially
23 trained officer making the certification of the vehicle as required
24 under this subsection.

25 **(13)** ~~(14)~~—The certification required by subsection ~~(13)~~ **(12)**
26 must be made on a form prescribed and furnished by the secretary of
27 state in conjunction with the department of state police and must
28 accompany the application that is submitted to the secretary of
29 state for a certificate of title. An application for a certificate

1 of title must contain a description of each salvageable part used
2 to repair the vehicle and any identification number affixed to or
3 inscribed on 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)** ~~(15)~~—An officer specially trained as provided by the
9 secretary of state and authorized by the secretary of state to
10 conduct a salvage vehicle inspection is any of the following:

11 (a) An employee of the department of state.

12 (b) An on-duty or off-duty police officer.

13 (c) A previously certified police officer who is appointed by
14 the local police agency as a limited enforcement officer to conduct
15 salvage vehicle inspections. The local police agency shall give
16 this officer access to the agency's law enforcement information
17 network system and the authority to confiscate any stolen vehicle
18 or vehicle parts discovered during an inspection. The local police
19 agency may give the officer the authority to arrest a person
20 suspected of having unlawful possession of a stolen vehicle or
21 vehicle parts. The local police agency shall not appoint a
22 previously certified police officer whose certificate has been
23 suspended, revoked, or denied under subsection ~~(16)~~. **(15)**.

24 **(15)** ~~(16)~~—The secretary of state shall issue a certificate to
25 an officer who is specially trained as provided by the secretary of
26 state to conduct salvage vehicle inspections. Only a person who has
27 a valid certification from the secretary of state may perform
28 salvage inspections. The secretary of state on the secretary of
29 state's own initiative or in response to complaints shall make

1 reasonable and necessary public or private investigations within or
2 outside of this state and gather evidence against an officer who
3 was issued a certificate and who violated or is about to violate
4 this act or a rule promulgated under this act. Subject to
5 subsection ~~(17)~~, **(16)**, the secretary of state may suspend, revoke,
6 or deny a certificate after an investigation if the secretary of
7 state determines that the officer committed 1 or more of the
8 following:

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

10 (b) Was, after an investigation, found responsible for a
11 fraudulent act in connection with the inspection, purchase, sale,
12 lease, or transfer of a salvage 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 the officer's
23 certification of a salvage vehicle inspection or any record
24 concerning a salvage vehicle inspection.

25 (h) Charged a fee in excess of the fee described in subsection
26 ~~(26)~~. **(24)**.

27 **(16)** ~~(17)~~—If the secretary of state revokes, suspends, or
28 denies a certificate under subsection ~~(16)(a)~~, **(15)(a)**, (d), (g),
29 or (h), the secretary of state shall, at the time of revocation,

1 suspension, or denial, notify the officer and the law enforcement
 2 agency on behalf of which the officer is performing inspections of
 3 the law enforcement agency's right to appeal the revocation,
 4 suspension, or denial. The notification must include a statement
 5 that a request for an appeal under this subsection must be made no
 6 later than 30 days after the revocation, suspension, or denial. An
 7 agency making an appeal under this subsection may request a hearing
 8 at the time the appeal is made. The secretary of state or any
 9 person designated by the secretary of state to act in the secretary
 10 of state's place shall deny or grant an appeal made under this
 11 subsection within a reasonable period, in writing or stated in the
 12 record if a hearing is held. If the secretary of state revokes a
 13 certificate under subsection ~~(16) (a)~~, **(15) (a)**, (d), (g), or (h) and
 14 denies an appeal of the revocation under this subsection, the
 15 officer may apply for a new certificate no earlier than 5 years
 16 after the revocation.

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

26 ~~(19) If a dealer acquires ownership of an older model vehicle~~
 27 ~~from an owner, the dealer shall receive an assigned certificate of~~
 28 ~~title and shall retain it as long as the dealer retains the~~
 29 ~~vehicle. A vehicle scrap metal processor shall surrender an~~

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

3 (18) ~~(20)~~ 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 Dealer name
9 SELLER: _____
10 _____
11 Dealer address
12 _____
13 Dealer license number
14 _____

14 PURCHAS Conveyed to: _____

15 ER: Date _____
16 ~~(Vehicle scrap metal processor)~~
17 Dealer address
18 _____
19 Dealer license number
20 _____

21 Vehicles

						Dealer's	
						Stock	
Model	Vehicle	VIN	Title	Num	Color		
Year	Make	Number	ber				
1. _____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
2. _____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

1 major component parts to assist the secretary of state in
2 monitoring compliance with this act.

3 (22) ~~(24)~~—A licensed automotive recycler, used or secondhand
4 vehicle parts dealer, vehicle scrap metal processor, vehicle
5 salvage pool operator, distressed vehicle transporter, foreign
6 salvage vehicle dealer, or broker that has removed a scrap vehicle
7 from this state for the purpose of rebuilding the vehicle or
8 selling or leasing the vehicle to a person other than a vehicle
9 scrap metal processor, shall receive an automatic suspension of its
10 dealer license and of any salvage vehicle agent's license assigned
11 to that dealer for a period of 30 days. Upon receipt by the
12 secretary of state of a written request from the dealer, the dealer
13 shall have the right to an immediate hearing on the matter within
14 that 30-day period.

15 (23) ~~(25)~~—For the purpose of this section, the estimated costs
16 of the repair parts must be determined by using the current
17 published retail cost of original manufacturer equipment parts or
18 an estimate of the actual cost of the repair parts. The estimated
19 labor costs must be computed by using the hourly rate and time
20 allocations that are reasonable and commonly assessed in the repair
21 industry in the community where the repairs are performed.

22 (24) ~~(26)~~—A police agency shall charge a fee for an inspection
23 of a vehicle under subsection ~~(13)~~. **(12)**. Each local authority with
24 a police agency shall determine the amount of the fee for
25 inspections by that police agency, ~~that~~ **but the fee** must not exceed
26 \$100.00. Except as otherwise provided in this subsection, a fee
27 collected under this subsection must be deposited with the local
28 authority for that police agency. The records of the local
29 authority regarding the collection and disposition of inspection

1 fees is subject to review or audit by the local unit of government
2 and must be made available upon request to the department. If an
3 inspection was conducted by an employee of the department of state,
4 the fee must be deposited with the department of state. A fee
5 collected by a local authority must be used for law enforcement
6 purposes, ~~related to stolen vehicles,~~ including, but not limited
7 to, equipment, **training**, and road patrol services that ~~increase the~~
8 ~~likelihood of recovering stolen vehicles or stolen vehicle parts,~~
9 ~~and salvage vehicle inspections.~~ **are necessary to protect public**
10 **health or safety.** A fee collected by the department of state must
11 be used by the department for the administration of the salvage
12 vehicle inspection program and must not lapse to the general fund.
13 A local police agency may compensate an off-duty and limited
14 enforcement police officer for a salvage vehicle inspection.

15 (25) ~~(27)~~ For the purpose of this section, "actual cash value"
16 means the retail dollar value of a vehicle as determined by an
17 objective vehicle evaluation using local market resources such as
18 dealers or want ads or by an independent vehicle evaluation or
19 vehicle appraisal service or by a current issue of a nationally
20 recognized used vehicle guide for financial institution appraisal
21 purposes in this state.