

# HOUSE BILL No. 5234

October 25, 1989, Introduced by Reps. Pitoniak, DeMars and Dunaskiss and referred to the Committee on Transportation.

A bill to amend sections 12a, 56a, and 217c of Act No. 300 of the Public Acts of 1949, entitled as amended "Michigan vehicle code," section 217c as amended by Act No. 255 of the Public Acts of 1988, being sections 257.12a, 257.56a, and 257.217c of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Sections 12a, 56a, and 217c of Act No. 300 of  
2 the Public Acts of 1949, section 217c as amended by Act No. 255  
3 of the Public Acts of 1988, being sections 257.12a, 257.56a, and  
4 257.217c of the Michigan Compiled Laws, are amended to read as  
5 follows:

6       Sec. 12a. "Distressed vehicle" means a MOTOR vehicle that  
7 has been wrecked, destroyed, or damaged to an extent that the  
8 owner or the insurance company which insures the vehicle

1 considers it uneconomical to repair the vehicle and because of  
2 this the vehicle's ownership is transferred.

3       Sec. 56a. "Salvage vehicle" means a MOTOR vehicle for which  
4 a salvage certificate has been issued by the secretary of state.

5       Sec. 217c. (1) If an insurance company licensed to conduct  
6 business in this state ~~acquires~~ DETERMINES THAT A LATE MODEL  
7 VEHICLE THAT THE COMPANY INSURES HAS BECOME A DISTRESSED VEHICLE,  
8 THE COMPANY SHALL ACQUIRE ownership of ~~a late model~~ THE dis-  
9 tressed vehicle through payment of damages, ~~due to an accident,~~  
10 ~~the company shall~~ surrender a properly assigned certificate of  
11 title to the secretary of state, and apply for a salvage certifi-  
12 cate of title. The insurance company shall not sell the vehicle  
13 without first receiving a salvage certificate of title, which  
14 shall be assigned to the buyer. If an insurance company acquires  
15 ownership of a vehicle other than a late model distressed vehicle  
16 through payment of damages due to an accident, the company shall  
17 surrender a properly assigned title to the buyer upon delivery.  
18       (2) If a dealer, other than a vehicle scrap metal processor,  
19 acquires ownership of a late model vehicle ~~which~~ THAT is a dis-  
20 tressed vehicle from an owner and receives an assigned certifi-  
21 cate of title, the dealer shall surrender the assigned certifi-  
22 cate of title to the secretary of state and apply for a salvage  
23 certificate of title within 5 days after the dealer receives the  
24 assigned certificate of title. The dealer may sell the vehicle  
25 to another dealer by assigning the salvage certificate of title  
26 to the buyer. If the vehicle is sold to a buyer other than a  
27 dealer, application shall be made for a salvage certificate in

1 the name of the buyer. A vehicle scrap metal processor shall  
2 surrender an assigned certificate of title to the secretary of  
3 state within 30 days after acquiring a vehicle for which a cer-  
4 tificate of title was received. A vehicle scrap metal processor  
5 shall surrender an assigned salvage certificate of title to the  
6 secretary of state within 30 days after acquiring a vehicle for  
7 which a salvage certificate of title was received, and report  
8 that the vehicle was destroyed or scrapped.

9 (3) If a person, other than a dealer or insurance company  
10 ~~which~~ THAT is subject to subsection (1) or (2), OWNS OR  
11 acquires ownership of a late model vehicle ~~which~~ THAT is a dis-  
12 tressed vehicle, the person shall surrender the title or assigned  
13 certificate of title to the secretary of state and apply for a  
14 salvage certificate of title, before the vehicle may be trans-  
15 ported, OR SOLD OR TRANSFERRED TO A PERSON OTHER THAN AN INSUR-  
16 ANCE COMPANY OR A DEALER.

17 (4) An application for a salvage certificate of title shall  
18 be made on a form prescribed by the secretary of state accom-  
19 panied by a fee of \$10.00. The application shall contain all of  
20 the following:

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

22 (b) A description of the vehicle, including its make, style  
23 of body, model year, weight, color, and vehicle identification  
24 number.

25 (c) A description of the damage to the vehicle.

26 (d) Until January 1, 1993, a listing of each major component  
27 part ~~which~~ THAT was not salvageable.

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

3 (5) The secretary of state shall issue the salvage certifi-  
4 cate within 5 business days after the time the application is  
5 received at the secretary of state's office in Lansing. Until  
6 January 1, 1993, each salvage certificate of title shall include  
7 a listing of each major component part ~~which~~ THAT was not  
8 salvageable.

9 (6) A salvage certificate of title shall authorize the  
10 holder of the title to possess, transport, but not drive upon a  
11 highway, and transfer ownership in, a vehicle. A certificate of  
12 title or registration plates shall not be issued for a vehicle  
13 for which a salvage certificate of title was issued unless a spe-  
14 cially trained police officer certifies that the vehicle identi-  
15 fication numbers and parts identification numbers have been  
16 examined as to their accuracy, the applicant has proof of owner-  
17 ship of repair parts used, the vehicle complies with the equip-  
18 ment standards of this act, and that certification accompanies  
19 the application for a certificate of title. Until January 1,  
20 1993, an application for a certificate of title shall contain a  
21 description of each salvageable part used to repair the vehicle  
22 and any identification number affixed to or inscribed upon the  
23 part as required by federal law. A fee of \$25.00 shall be  
24 received by the police agency for inspection of the vehicle.  
25 Upon the satisfactory completion of the examination and other  
26 requirements for application, a certificate of title, in the same  
27 form as the original, shall be issued for the vehicle.

1 (7) If a dealer other than a vehicle scrap metal processor  
 2 acquires ownership of an older model vehicle from an owner and  
 3 receives an assigned certificate of title, the dealer shall  
 4 retain the assigned certificate of title as long as the dealer  
 5 retains the vehicle. A vehicle scrap metal processor shall sur-  
 6 render an assigned certificate of title to the secretary of state  
 7 within 30 days after the vehicle is destroyed or scrapped.

8 (8) A dealer other than a vehicle scrap metal processor  
 9 selling or assigning a vehicle to a vehicle scrap metal processor  
 10 shall make a record in triplicate on a form to be provided by the  
 11 secretary of state in substantially the following form:

12 Scrap Vehicle Inventory:

13 Dealer name \_\_\_\_\_

14 Dealer address \_\_\_\_\_

15 Dealer license number \_\_\_\_\_

16 Conveyed to: \_\_\_\_\_ Date \_\_\_\_\_

17 (Vehicle scrap metal processor)

18 Vehicles

19 Model Year Vehicle Make VIN

20 1. \_\_\_\_\_

21 2. \_\_\_\_\_

22 3. \_\_\_\_\_

23 etc.

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

1 the secretary of state along with an assigned certificate of  
2 title or a salvage certificate.

3 (9) A person, other than a used or secondhand vehicle parts  
4 dealer or a foreign salvage dealer, or an insurance company  
5 admitted to conduct business in this state, receiving a salvage  
6 certificate of title shall not sell the vehicle to anyone other  
7 than 1 of the following:

8 (a) The vehicle's former owner.

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

10 (c) A vehicle scrap metal processor.

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

13 (e) A registered motor vehicle repair facility engaging in  
14 body work.

15 (10) The secretary of state may conduct periodic reviews of  
16 the records of a dealer to determine whether adequate notice is  
17 given to a transferee of a rebuilt salvage vehicle of that  
18 vehicle's prior designation as a salvage vehicle. The secretary  
19 of state may request an insurance company to provide copies of  
20 salvage title documents and claims reports involving major compo-  
21 nent parts to assist the secretary of state in monitoring compli-  
22 ance with this act.

23 (11) Subsections (9) and (10) shall apply until January 1,  
24 1993.

25 Section 2. This amendatory act shall take effect January 1,  
26 1990.

1       Section 3. This amendatory act shall not take effect unless  
2 Senate Bill No. \_\_\_\_\_ or House Bill No. \_\_\_\_\_ (request  
3 no. 03590'89) of the 85th Legislature is enacted into law.