

**SENATE 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 2015 PA 48.

**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

1 recovered and that has no major component part removed, missing, or  
2 destroyed, or damaged and not salvageable, an insurance company  
3 licensed to conduct business in this state that acquires ownership  
4 of a late model vehicle through the payment of a claim shall  
5 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 shall assign  
8 the certificate of title to the insurance company which shall do  
9 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 be assigned to the buyer. An insurance company  
21 may assign a salvage or scrap certificate of the title only to an  
22 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

1 labor, is equal to or greater than 75% but less than 91% of the  
2 predamaged actual cash value of the vehicle, require each owner of  
3 the vehicle to sign an application for a salvage certificate of  
4 title, or if the estimated cost of repair, including parts and  
5 labor, is equal to or greater than 91% of the predamaged actual  
6 cash value of the vehicle, require each owner of the vehicle to  
7 sign an application for a scrap vehicle certificate of title.

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

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

19 (3) If an insurance company pays a claim for total loss to the  
20 owner or lienholder of record as kept by the secretary of state, or  
21 both, if applicable, of a vehicle but the owner or lienholder of  
22 record as kept by the secretary of state fails to surrender the  
23 certificate of title or other document necessary for the transfer  
24 of ownership of the vehicle to the insurance company within the  
25 expiration of 30 days after the claim payment, the insurance  
26 company, without having obtained the surrender of the title or  
27 other document otherwise necessary for the transfer of ownership

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

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

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

21 (ii) Evidence that the check has cleared the account of the  
22 payer.

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

25 (4) Except as provided in subsection (3), if an insurance  
26 company acquires ownership of a vehicle other than a late model  
27 vehicle through payment of damages due to an accident, the company

1 shall surrender a properly assigned title to the buyer upon  
2 delivery.

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

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

6 (6) An application for a scrap certificate of title shall be  
7 made on a form prescribed by the secretary of state accompanied by  
8 a fee of \$15.00. The application shall contain all of the  
9 following:

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

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

14 (c) If the vehicle is a late model vehicle, a listing of each  
15 major component part that was not salvageable.

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

18 (7) The scrap certificate of title shall authorize the holder  
19 of the document to transport but not drive upon a highway the  
20 vehicle or parts of a vehicle, and assign ownership to a vehicle  
21 scrap metal processor, automotive recycler, used or secondhand  
22 vehicle parts dealer, or foreign salvage vehicle dealer. A  
23 certificate of title shall not again be issued for this vehicle. A  
24 person shall not rebuild or repair a scrap vehicle and allow it to  
25 retain the original vehicle identification number.

26 (8) If a person, other than a dealer or insurance company that  
27 is subject to subsection (2) or (5), acquires ownership of a

1 distressed, late model vehicle, the person shall surrender the  
2 title or assigned certificate of title to the secretary of state,  
3 and if the estimated cost of repair, including parts and labor, is  
4 equal to or greater than 75% but less than 91% of the predamaged  
5 actual cash value of the vehicle, apply for a salvage certificate  
6 of title, or if the estimated cost of repair, including parts and  
7 labor, is equal to or greater than 91% of the predamaged actual  
8 cash value of the vehicle, apply for a scrap certificate of title  
9 before the vehicle may be transported.

10 (9) An owner of a vehicle may determine that a vehicle is a  
11 scrap vehicle or a salvage vehicle without making any determination  
12 as to the actual cash value of the vehicle.

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

1 the owner complies with subsection (13). When a leasing company,  
2 vehicle manufacturer, insurance company not licensed to do business  
3 in this state, association, repossession company, self-insured  
4 owner, financial institution, governmental entity, or other  
5 company, institution, or entity, estimates the repair of a  
6 distressed, late model vehicle for the purpose of determining  
7 whether to apply for a salvage or scrap certificate of title, a  
8 complete record of the estimate and, if the vehicle is repaired  
9 before a transfer of ownership, a complete record of the actual  
10 cost of the repairs performed and by whom shall be maintained for a  
11 minimum of 5 years by the leasing company, vehicle manufacturer,  
12 insurance company not licensed to do business in this state,  
13 association, repossession company, self-insured owner, financial  
14 institution, governmental entity, or other company, institution, or  
15 entity. The estimates and repair records required by this  
16 subsection shall be available for unannounced inspections by a law  
17 enforcement agency or a representative of the secretary of state.  
18 The secretary of state may request a leasing company, vehicle  
19 manufacturer, insurance company not licensed to do business in this  
20 state, association, repossession company, self-insured owner,  
21 financial institution, governmental entity, or other company,  
22 institution, or entity to provide copies of title documents, repair  
23 estimates, claims reports involving major component parts, and  
24 actual cash value determination documents to assist the secretary  
25 of state in monitoring compliance with this act.

26 (11) An application for a salvage certificate of title shall  
27 be made on a form prescribed by the secretary of state accompanied

1 by a fee of \$10.00. The application shall contain all of the  
2 following:

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

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

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

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

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

13 (12) The secretary of state shall issue and mail the salvage  
14 certificate within 5 business days after the time the application  
15 is received at the secretary of state's office in Lansing. Each  
16 salvage certificate of title shall include a listing of each major  
17 component part that was not salvageable.

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

25 (a) That the vehicle identification numbers and parts  
26 identification numbers are correct.

27 (b) That the applicant has proof of ownership of repair parts

1 used.

2 (c) That the vehicle complies with the equipment standards of  
3 this act.

4 (D) THAT ANY REPAIRS PERFORMED ON THE VEHICLE WERE DONE IN A  
5 WORKMANLIKE MANNER, AS CERTIFIED ON A FORM PROVIDED BY THE  
6 DEPARTMENT BY A PROPERLY LICENSED MECHANIC IN THE APPROPRIATE  
7 SPECIALTY.

8 (14) The certification required by subsection (13) shall be  
9 made on a form prescribed and furnished by the secretary of state  
10 in conjunction with the department of state police and shall  
11 accompany the application that is submitted to the secretary of  
12 state for a certificate of title. An application for a certificate  
13 of title shall contain a description of each salvageable part used  
14 to repair the vehicle and any identification number affixed to or  
15 inscribed upon the part as required by state or federal law. Upon  
16 satisfactory completion of the inspection as required by the  
17 secretary of state and other requirements for application, the  
18 secretary of state shall issue a certificate of title for the  
19 vehicle bearing the legend "rebuilt salvage".

20 (15) An officer specially trained as provided by the secretary  
21 of state and authorized by the secretary of state to conduct a  
22 salvage vehicle inspection is ~~either~~ **ANY** of the following:

23 (A) **AN EMPLOYEE OF THE DEPARTMENT OF STATE.**

24 (B) ~~(a)~~ An on-duty or off-duty police officer.

25 (C) ~~(b)~~ A previously certified police officer who is appointed  
26 by the local police agency as a limited enforcement officer to  
27 conduct salvage vehicle inspections. The local police agency shall

1 give this officer access to the agency's law enforcement  
2 information network system and the authority to confiscate any  
3 stolen vehicle or vehicle parts discovered during an inspection.  
4 The local police agency may give the officer the authority to  
5 arrest a person suspected of having unlawful possession of a stolen  
6 vehicle or vehicle parts. **THE LOCAL POLICE AGENCY SHALL NOT APPOINT**  
7 **A PREVIOUSLY CERTIFIED POLICE OFFICER WHOSE CERTIFICATE HAS BEEN**  
8 **SUSPENDED, REVOKED, OR DENIED UNDER SUBSECTION (16).**

9 (16) The secretary of state shall issue a certificate to an  
10 officer who is specially trained as provided by the secretary of  
11 state to conduct salvage vehicle inspections. Only a person who has  
12 a valid certification from the secretary of state may perform  
13 salvage inspections. The secretary of state on his or her own  
14 initiative or in response to complaints shall make reasonable and  
15 necessary public or private investigations within or outside of  
16 this state and gather evidence against an officer who was issued a  
17 certificate and who violated or is about to violate this act or a  
18 rule promulgated under this act. ~~The~~ **SUBJECT TO SUBSECTION (17),**  
19 **THE** secretary of state may suspend, revoke, or deny a certificate  
20 after an investigation if the secretary of state determines that  
21 the officer committed 1 or more of the following:

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

23 (b) Was, **AFTER AN INVESTIGATION,** found ~~guilty of~~ **RESPONSIBLE**  
24 **FOR** a fraudulent act in connection with the inspection, purchase,  
25 sale, lease, or transfer of a salvage vehicle.

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

1 (d) Performed improper, careless, or negligent salvage vehicle  
2 inspections.

3 (e) Ceased to function as a police officer because of  
4 suspension, retirement, dismissal, disability, or termination of  
5 employment.

6 (f) Was convicted of a violation or attempted violation of  
7 1986 PA 119, MCL 257.1351 to 257.1355.

8 (g) Made a false statement of a material fact in his or her  
9 certification of a salvage vehicle inspection or any record  
10 concerning a salvage vehicle inspection.

11 (H) CHARGED A FEE IN EXCESS OF THE FEE DESCRIBED IN SUBSECTION  
12 (26).

13 (17) IF THE SECRETARY OF STATE REVOKES, SUSPENDS, OR DENIES A  
14 CERTIFICATE UNDER SUBSECTION (16) (A), (D), (G), OR (H), THE  
15 SECRETARY OF STATE SHALL, AT THE TIME OF REVOCATION, SUSPENSION, OR  
16 DENIAL, NOTIFY THE OFFICER AND THE LAW ENFORCEMENT AGENCY ON BEHALF  
17 OF WHICH THE OFFICER IS PERFORMING INSPECTIONS OF THE LAW  
18 ENFORCEMENT AGENCY'S RIGHT TO APPEAL THE REVOCATION, SUSPENSION, OR  
19 DENIAL. THE NOTIFICATION SHALL INCLUDE A STATEMENT THAT A REQUEST  
20 FOR AN APPEAL UNDER THIS SUBSECTION SHALL BE MADE NO LATER THAN 30  
21 DAYS AFTER THE REVOCATION, SUSPENSION, OR DENIAL. AN AGENCY MAKING  
22 AN APPEAL UNDER THIS SUBSECTION MAY REQUEST A HEARING AT THE TIME  
23 THE APPEAL IS MADE. THE SECRETARY OF STATE OR ANY PERSON DESIGNATED  
24 BY THE SECRETARY OF STATE TO ACT IN HIS OR HER PLACE SHALL DENY OR  
25 GRANT AN APPEAL MADE UNDER THIS SUBSECTION WITHIN A REASONABLE  
26 PERIOD, IN WRITING OR STATED IN THE RECORD IF A HEARING IS HELD. IF  
27 THE SECRETARY OF STATE REVOKES A CERTIFICATE UNDER SUBSECTION

1 (16) (A), (D), (G), OR (H) AND DENIES AN APPEAL OF THE REVOCATION  
 2 UNDER THIS SUBSECTION, THE OFFICER MAY APPLY FOR A NEW CERTIFICATE  
 3 NO EARLIER THAN 5 YEARS AFTER THE REVOCATION.

4 (18) ~~(17)~~—Upon receipt of the appropriate abstract of  
 5 conviction from a court and without any investigation, the  
 6 secretary of state shall immediately revoke the certificate of an  
 7 officer who has been convicted of a violation or attempted  
 8 violation of section 413, 414, 415, 535, 535a, or 536a of the  
 9 Michigan penal code, 1931 PA 328, MCL 750.413, 750.414, 750.415,  
 10 750.535, 750.535a, and 750.536a, or has been convicted in federal  
 11 court or in another state of a violation or attempted violation of  
 12 a law substantially corresponding to 1 of those sections.

13 (19) ~~(18)~~—If a dealer acquires ownership of an older model  
 14 vehicle from an owner, the dealer shall receive an assigned  
 15 certificate of title and shall retain it as long as he or she  
 16 retains the vehicle. A vehicle scrap metal processor shall  
 17 surrender an assigned certificate of title to the secretary of  
 18 state within 30 days after the vehicle is destroyed or scrapped.

19 (20) ~~(19)~~—A dealer selling or assigning a vehicle to a vehicle  
 20 scrap metal processor shall make a record in triplicate on a form  
 21 to be provided by the secretary of state in substantially the  
 22 following form:

23 Scrap Vehicle Inventory:

24 SELLER: Dealer name  
 25 Dealer address  
 26 Dealer license number  
 27 PURCHASER: Conveyed to: Date

1 (Vehicle scrap metal processor)  
 2 Dealer address  
 3 Dealer license number  
 4

5 Vehicles

6					Dealer's	
7					Stock	
8	Model Year	Vehicle Make	VIN	Title Number	Number	Color
9	1.					
10	2.					
11	3.					
12	etc.					

13 One copy shall be retained as a permanent record by the  
 14 dealer, 1 copy shall be forwarded with the vehicle to be retained  
 15 by the vehicle scrap metal processor, and 1 copy shall be forwarded  
 16 to the secretary of state.

17 (21) ~~(20)~~—A person, other than an automotive recycler, used or  
 18 secondhand vehicle parts dealer, or a foreign salvage dealer,  
 19 receiving a salvage certificate of title shall not sell the vehicle  
 20 to anyone other than 1 of the following:

- 21 (a) The vehicle's former owner.
- 22 (b) A used or secondhand vehicle parts dealer.
- 23 (c) A vehicle scrap metal processor.
- 24 (d) A foreign salvage vehicle dealer licensed under this act.
- 25 (e) An automotive recycler.

26 (22) ~~(21)~~—A person receiving a scrap certificate of title

1 shall not sell the vehicle to anyone other than 1 of the following:

2 (a) An automotive recycler.

3 (b) A vehicle scrap metal processor.

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

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

6 (23) ~~(22)~~—The secretary of state may conduct periodic reviews  
7 of the records of a dealer to determine whether adequate notice is  
8 given to a transferee or lessee of a rebuilt salvage vehicle of  
9 that vehicle's prior designation as a salvage vehicle. The  
10 secretary of state may request an insurance company to provide  
11 copies of salvage title documents and claims reports involving  
12 major component parts to assist the secretary of state in  
13 monitoring compliance with this act.

14 (24) ~~(23)~~—A licensed automotive recycler, used or secondhand  
15 vehicle parts dealer, vehicle scrap metal processor, vehicle  
16 salvage pool operator, distressed vehicle transporter, foreign  
17 salvage vehicle dealer, or broker who has removed a scrap vehicle  
18 from this state for the purpose of rebuilding the vehicle or  
19 selling or leasing the vehicle to a person other than a vehicle  
20 scrap metal processor, shall receive an automatic suspension of its  
21 dealer license and of any salvage vehicle agent's license assigned  
22 to that dealer for a period of 30 days. Upon receipt by the  
23 secretary of state of a written request from the dealer, the dealer  
24 shall have the right to an immediate hearing on the matter within  
25 that 30-day period.

26 (25) ~~(24)~~—For the purpose of this section, the estimated costs  
27 of the repair parts shall be determined by using the current

1 published retail cost of original manufacturer equipment parts or  
2 an estimate of the actual cost of the repair parts. The estimated  
3 labor costs shall be computed by using the hourly rate and time  
4 allocations which are reasonable and commonly assessed in the  
5 repair industry in the community where the repairs are performed.

6       (26) ~~(25)~~A police agency shall charge a fee for an inspection  
7 of a vehicle under subsection (13). Each local authority with a  
8 police agency shall determine the amount of the fee for inspections  
9 by that police agency, which shall not exceed \$100.00. ~~The police~~  
10 ~~agency shall credit the fee to the budget of that police agency and~~  
11 ~~use the fee for law enforcement purposes that affect stolen~~  
12 ~~vehicles, stolen vehicle parts, and salvage vehicle inspections.~~

13 **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, A FEE COLLECTED**  
14 **UNDER THIS SUBSECTION SHALL BE DEPOSITED WITH THE LOCAL AUTHORITY**  
15 **FOR THAT POLICE AGENCY. IF AN INSPECTION WAS CONDUCTED BY AN**  
16 **EMPLOYEE OF THE DEPARTMENT OF STATE, THE FEE SHALL BE DEPOSITED**  
17 **WITH THE DEPARTMENT OF STATE. A FEE COLLECTED BY A LOCAL AUTHORITY**  
18 **SHALL BE USED SOLELY FOR LAW ENFORCEMENT PURPOSES RELATED TO STOLEN**  
19 **VEHICLES, STOLEN VEHICLE PARTS, AND SALVAGE VEHICLE INSPECTIONS. A**  
20 **FEE COLLECTED BY THE DEPARTMENT OF STATE SHALL BE USED BY THE**  
21 **DEPARTMENT FOR THE ADMINISTRATION OF THE SALVAGE VEHICLE INSPECTION**  
22 **PROGRAM AND SHALL NOT LAPSE TO THE GENERAL FUND.** A local police  
23 agency ~~shall~~**MAY** compensate an off-duty and limited enforcement  
24 police officer for a salvage vehicle inspection.

25       (27) ~~(26)~~For the purpose of this section, "actual cash value"  
26 means the retail dollar value of a vehicle as determined by an  
27 objective vehicle evaluation using local market resources such as

1 dealers or want ads or by an independent vehicle evaluation or  
2 vehicle appraisal service or by a current issue of a nationally  
3 recognized used vehicle guide for financial institution appraisal  
4 purposes in this state.

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