

SENATE BILL No. 918

April 29, 2014, Introduced by Senators BRANDENBURG and MARLEAU and referred to the Committee on Transportation.

A bill to amend 1949 PA 300, entitled
"Michigan vehicle code,"
(MCL 257.1 to 257.923) by adding section 241.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 241. (1) THE SECRETARY OF STATE MAY ENTER INTO 1 OR MORE
2 CONTRACTS UNDER THIS SECTION TO ESTABLISH, IMPLEMENT, AND OPERATE
3 AN ELECTRONIC LIEN TITLE SYSTEM TO PROCESS THE NOTIFICATION AND
4 RELEASE OF SECURITY INTERESTS THROUGH ELECTRONIC FILE TRANSFERS, OR
5 AS OTHERWISE DETERMINED BY THE SECRETARY OF STATE, IN LIEU OF THE
6 ISSUANCE AND MAINTENANCE OF PAPER DOCUMENTS OTHERWISE REQUIRED BY
7 LAW. THE CONTRACT SHALL CONTAIN LANGUAGE THAT REQUIRES THE
8 PROTECTION OF PROPRIETARY INFORMATION CONTAINED IN THE ELECTRONIC
9 LIEN TITLE SYSTEM, AND SHALL ENSURE THAT THE CONTRACT PROVIDES FOR
10 THE PROTECTION OF A COMPETITIVE FREE MARKET.

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1 (2) EXCEPT FOR PERSONS WHO ARE NOT NORMALLY ENGAGED IN THE
2 BUSINESS OR PRACTICE OF FINANCING VEHICLES, ALL SECURED PARTIES ARE
3 REQUIRED TO PARTICIPATE IN THE ELECTRONIC LIEN TITLE SYSTEM.

4 (3) FOR THE PURPOSES OF THIS ACT, ANY REQUIREMENT THAT A
5 SECURITY INTEREST OR OTHER INFORMATION APPEAR ON A CERTIFICATE OF
6 TITLE IS SATISFIED BY THE INCLUSION OF THAT INFORMATION IN AN
7 ELECTRONIC FILE MAINTAINED IN AN ELECTRONIC LIEN TITLE SYSTEM. THE
8 SATISFACTION OF A SECURITY INTEREST MAY BE ELECTRONICALLY
9 TRANSMITTED TO THE SECRETARY OF STATE. A SECURED PARTY SHALL
10 EXECUTE A RELEASE OF ITS SECURITY INTEREST IN A MOTOR VEHICLE IN A
11 MANNER PRESCRIBED BY THE DEPARTMENT NOT MORE THAN 14 DAYS AFTER THE
12 SECURED PARTY RECEIVES THE PAYMENT IN SATISFACTION OF THE SECURITY
13 INTEREST IN A MOTOR VEHICLE. IF THE CERTIFICATE OF TITLE IS IN THE
14 POSSESSION OF THE MOTOR VEHICLE OWNER, THE SECURED PARTY SHALL
15 DELIVER THE RELEASE TO THE OWNER OF THE MOTOR VEHICLE OR AS
16 OTHERWISE DIRECTED BY THE OWNER. HOWEVER, IF THE CERTIFICATE OF
17 TITLE IS HELD ELECTRONICALLY AS PROVIDED UNDER SECTION 238, THE
18 SECURED PARTY SHALL DELIVER THE RELEASE OF SECURITY INTEREST TO THE
19 DEPARTMENT, AND THE DEPARTMENT SHALL CANCEL THE SECURITY INTEREST.
20 IF THE SECURED PARTY FAILS TO COMPLY WITH THESE REQUIREMENTS FOR
21 THE RELEASE OF A SECURED INTEREST, THE SECURED PARTY IS LIABLE TO
22 THE VEHICLE OWNER FOR ALL DAMAGES SUSTAINED BY THE OWNER DUE TO THE
23 FAILURE TO COMPLY. THE ELECTRONIC LIEN TITLE SYSTEM SHALL PROVIDE A
24 MECHANISM BY WHICH A VEHICLE DEALER MAY ASSIGN OWNERSHIP OF A MOTOR
25 VEHICLE WITHOUT PROOF THAT THE PRIOR SECURITY INTEREST WAS
26 SATISFIED EXISTING ON THE ELECTRONIC LIEN TITLE SYSTEM. HOWEVER,
27 THE DEALER WARRANTS THAT THE TITLE IS FREE AND CLEAR OF ALL LIENS

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1 AND ASSUMES RESPONSIBILITY FOR THE SATISFACTION OF THE SECURITY
2 INTEREST.

3 (4) A CERTIFIED COPY OF THE SECRETARY OF STATE'S ELECTRONIC
4 RECORD OF A SECURITY INTEREST IS ADMISSIBLE IN ANY CIVIL, CRIMINAL,
5 OR ADMINISTRATIVE PROCEEDING IN THIS STATE AS EVIDENCE OF THE
6 EXISTENCE OF THE SECURITY INTEREST. IF A CERTIFICATE OF TITLE IS
7 MAINTAINED ELECTRONICALLY IN THE ELECTRONIC LIEN TITLE SYSTEM, A
8 CERTIFIED COPY OF THE SECRETARY OF STATE'S ELECTRONIC RECORD OF THE
9 CERTIFICATE OF TITLE IS ADMISSIBLE IN ANY CIVIL, CRIMINAL, OR
10 ADMINISTRATIVE PROCEEDING IN THIS STATE AS EVIDENCE OF THE
11 EXISTENCE AND CONTENTS OF THE CERTIFICATE OF TITLE.

12 (5) THE SECRETARY OF STATE MAY DETERMINE ANY REQUIREMENTS
13 NECESSARY TO CARRY OUT THE PROVISIONS OF THIS SECTION, INCLUDING,
14 BUT NOT LIMITED TO, 1 OR MORE OF THE FOLLOWING:

15 (A) MONITORING THE REASONABLE FEES CHARGED BY SERVICE
16 PROVIDERS OR A CONTRACTOR FOR THE ESTABLISHMENT AND MAINTENANCE OF
17 THE ELECTRONIC LIEN TITLE SYSTEM.

18 (B) THE QUALIFICATIONS OF SERVICE PROVIDERS FOR PARTICIPATION
19 IN THE ELECTRONIC LIEN TITLE SYSTEM.

20 (C) THE QUALIFICATIONS FOR A CONTRACTOR TO ENTER INTO A
21 CONTRACT WITH THE SECRETARY OF STATE TO ESTABLISH, IMPLEMENT, AND
22 OPERATE THE ELECTRONIC LIEN TITLE SYSTEM.

23 (D) PROGRAM SPECIFICATIONS THAT A CONTRACTOR MUST ADHERE TO IN
24 ESTABLISHING, IMPLEMENTING, AND OPERATING THE ELECTRONIC LIEN TITLE
25 SYSTEM.

26 (6) THE ELECTRONIC LIEN TITLE SYSTEM SHALL BE ESTABLISHED,
27 IMPLEMENTED, AND OPERATIONAL NO LATER THAN JULY 1, [2016].

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1 (7) THE DEPARTMENT MAY REQUIRE A PERSON TO ENTER EVIDENCE OF
2 SECURITY INTERESTS AND ANY RELATED INFORMATION INTO THE ELECTRONIC
3 LIEN TITLE SYSTEM IN LIEU OF PAPER DOCUMENTS BEGINNING OCTOBER 1,
4 [2016].

5 (8) AS USED IN THIS SECTION:

6 (A) "CONTRACTOR" MEANS A PERSON WHO ENTERS INTO A CONTRACT
7 WITH THE SECRETARY OF STATE TO ESTABLISH, IMPLEMENT, AND OPERATE
8 THE ELECTRONIC LIEN TITLE SYSTEM DESCRIBED IN THIS SECTION.

9 (B) "ELECTRONIC LIEN TITLE SYSTEM" MEANS A SYSTEM TO PROCESS
10 THE NOTIFICATION AND RELEASE OF SECURITY INTERESTS THROUGH
11 ELECTRONIC FILE TRANSFERS THAT IS ESTABLISHED AND IMPLEMENTED UNDER
12 THIS SECTION.

13 (C) "SERVICE PROVIDER" MEANS A PERSON WHO PROVIDES SECURED
14 PARTIES WITH SOFTWARE TO MANAGE ELECTRONIC LIEN AND TITLE DATA AS
15 PROVIDED UNDER THIS SECTION.

16 Enacting section 1. This amendatory act does not take effect
17 unless both of the following bills of the 97th Legislature are
18 enacted into law:

19 (a) Senate Bill No.916

20 .

21 (b) Senate Bill No.917

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