

## RECOVERY PROCEDURES FOR ABANDONED VEHICLES

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<http://www.house.mi.gov/hfa>

**House Bill 5181 as introduced**  
**Sponsor: Rep. Diana Farrington**  
**Committee: Financial Services**  
**Complete to 10-30-17**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

House Bill 5181 would amend the Michigan Vehicle Code to specify certain procedures for an owner and a secured party to recover an abandoned vehicle.

Under current law, when a vehicle is determined to be abandoned, a police agency, after due process and notification procedures, can have the vehicle towed and stored at the owner's expense. The owner can redeem the vehicle from custody by paying a \$40 fee and all of the accrued towing and storage charges. (Twenty-five dollars of this \$40 fee is remitted to the Secretary of State for deposit into the Abandoned Vehicle Fund.)

The owner can also request a hearing to contest either the determination that the vehicle was abandoned or the reasonableness of the towing and storage charges. To request such a hearing, the owner must post a bond equal to the \$40 fee plus the accrued charges. If within 20 days after the date of notice that the car is in custody the owner neither redeems the vehicle nor requests a hearing, the secured party to the vehicle can redeem the vehicle by paying the \$40 fee and the accrued charges.

#### Request Hearing

Under the bill, the secured party could request a hearing to contest the reasonableness of the towing and storage fees in the same manner as the owner of the vehicle. If both the secured party and the owner were to request such a hearing, the court would dismiss the secured party's petition and proceed with the owner's petition—unless the owner is in default on a contract or agreement with the secured party regarding that vehicle. In that case, the court would dismiss the owner's petition and proceed with the petition of the secured party.

#### Release of Vehicle

If the secured party or an owner does not request a hearing within 20 days after the date of notice that the car is in custody, either could obtain release of the vehicle by paying a \$40 fee plus the accrued charges of the custodian of the vehicle. (The custodian would have to forward \$25 of the fee to the Secretary of State for deposit into the Abandoned Vehicle Fund.) If the owner also sought to obtain the release of the vehicle, the custodian of the vehicle would have to release the vehicle to the owner upon payment of the required fees. Under the bill, the custodian of the vehicle would not be liable to an owner or a secured party for the release of the vehicle.

Notification of Recovery Procedures

The bill also provides that, when the secured party files a petition regarding the vehicle taken into custody, the court would be required to notify the secured party of recovery procedures, redemption procedures, and the hearing process in the same manner as notification is made to the police, towing agency and the custodian, if applicable.

MCL 257.252a et al.

**FISCAL IMPACT:**

To the extent that towing and storage fees are contested and revised as the bill provides, the bill would result in savings in towing and storage costs to some owners and secured parties of vehicles and a decrease in collected fees from vehicle towers and custodians. There would be no fiscal impact to the Department of State, as the bill does not affect the \$25 fee amount remitted to the Secretary of State. There may be a minimal impact to local governments if a local police force takes custody and stores the abandoned vehicle.

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