



Senate Fiscal Agency
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Senate Bill 585 (as introduced 6-30-21)
Sponsor: Senator Roger Victory
Committee: Regulatory Reform

Date Completed: 8-31-21

CONTENT

The bill would amend the Michigan Vehicle Code to do the following:

- **Allow a dealer to provide services specified in the bill, including applying for a new title on behalf of a purchaser of a vehicle that was not sold by that dealer; processing the renewal of a vehicle registration; or processing the renewal of a lost, mutilated, or illegible registration certificate, plate, or certificate or title.**
- **Allow a dealer to charge a service fee of not more than 10% of the total cost to the person if the Secretary of State (SOS) provided the service.**
- **Prohibit the SOS from charging or collecting a \$5.75 fee for deposit into the Transportation Administration Collection Fund (TACF) on a transaction completed by a dealer.**

The bill would take effect 90 days after its enactment.

Generally, an owner of a vehicle that is subject to registration under the Code must apply to the SOS for the registration of, and issuance of a certificate of title for, the vehicle. The application must be accompanied by the prescribed fee and the application must include all of the information prescribed in the Code. Under the bill, this would apply except as provided below.

The bill would allow a dealer to provide any of the following services, in accordance with the SOS:

- A dealer could apply to the SOS for a new title, if required, and could transfer or secure registration plates and secure a certificate of registration on behalf of a purchaser of a vehicle that was not sold by the dealer.
- A dealer could process the renewal of a vehicle registration for the owner of any vehicle pursuant to the requirements of Section 227 (which prescribes conditions for renewing a vehicle registration).
- A dealer could process the renewal of a lost, mutilated, or illegible registration certificate, registration plate, certificate of title, or duplicate certificate of title pursuant to Section 229 (which prescribes conditions for obtaining a duplicate registration certificate, registration plate, certificate of title, or duplicate certificate of title).

A dealer that provided the services described above could charge a service fee of up to 10% of the total cost to the person if the service were provided by the Secretary of State. The Secretary of State could not charge or collect a fee under Section 801(3)(b) (i.e., a \$5.75 fee that must be credited to the TACF) on a transaction completed by a dealer described above.

If a service provided above would require the owner of the vehicle to appear in person if the service was completed at the SOS office, the dealer would have to require the owner of the vehicle to appear in person to complete the service.

MCL 257.217 & 257.801

Legislative Analyst: Christian Schmidt

FISCAL IMPACT

The bill could have a significant negative fiscal impact on the Department of State as well as other State departments and the State's General Fund. The amount of lost revenue is indeterminate and would depend on the actual number of eligible transactions that dealerships completed instead of the Department.

Currently, the annual collections for registration fees totals just over \$1.0 billion while revenue collections for titles totals an estimated \$48.2 million. The four largest recipients of this revenue are the Department of Transportation, the Department of Education, the State's General Fund, and the Department of State. The Department of State receives about 10% of this revenue while the Department of Transportation is the largest recipient at roughly 38%. The estimated loss in revenue is indeterminate, but could be significant, depending on the number of transactions that automobile dealerships completed.

Fiscal Analyst: Joe Carrasco

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.