



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 1008 (Substitute S-2 as passed by the Senate)
Senate Bills 1009 and 1010 (as passed by the Senate)
Sponsor: Senator Erika Geiss (S.B. 1008)
Senator Jeremy Moss (S.B. 1009)
Senator Veronica Klinefelt (S.B. 1010)
Committee: Transportation and Infrastructure

Date Completed: 12-26-24

CONTENT

Senate Bill 1008 (S-2) would amend the Michigan Vehicle Code to do the following:

- **Specify that buyers and purchasers of vehicles would not have to provide certain physical copies of certificates or records of title for a title transferred electronically.**
- **Require the Department of State (DOS) to accept an electronically signed odometer disclosure document beginning 180 days after the bill's effective date.**

Senate Bill 1009 would amend the Code to allow the Secretary of State (SOS) to issue a temporary registration permit to an applicant who had current vehicle registration that would expire before that individual received the individual's license plate.

Senate Bill 1010 would amend Part 803 (Watercraft Transfer and Certificate of Title) of the Natural Resources and Environmental Protection Act (NREPA) to allow the DOS to implement and operate an electronic system to process watercraft and off-road vehicle (ORV) title transfers between private parties.¹

Senate Bill 1008 (S-2)

Among other things, the Michigan Vehicle Code prescribes the requirements and process for obtaining a certificate of title and registration of a vehicle. The SOS may issue vehicle titles electronically and it may operate an electronic system to facilitate electronic transfers of vehicle ownership between private parties. Under the bill, the provisions requiring the delivery or mailing of documents described below would not apply to a title that was issued electronically.

Currently, in a transfer of ownership between private parties the owner of a vehicle must sign over the title with an endorsement on a printed certificate. The endorsement must include a statement of any security interests in the vehicle or in accessories and must be delivered or mailed to the purchaser upon possession of the vehicle. A purchaser or transferee must present the certificate of title and registration to the SOS for the SOS to issue a new certificate and title. The certificate of title must be mailed or delivered to the owner in a form prescribed by the SOS.

¹ "Private parties" mean that both a vehicle's buyer and seller are not a dealer.

In protection of the process, a person must properly endorse and deliver a certificate of title to a transferee or owner. A person that fails to do so is responsible for a civil infraction and may be ordered to pay a maximum fine of \$100. Additionally, the owner of a vehicle who made a bona fide sale by transfer of the owner's title or interest and who delivered possession of the vehicle and the certificate of title is no longer responsible for any damages or violations that result in the subsequent ownership of that vehicle so long as the owner accompanies the purchaser to the SOS branch to make sure the title is transferred or kept a record as a photocopy or document of the sale for at least 18 months.

Currently, the Code allows the DOS to accept an electronically signed odometer disclosure document that 1) is submitted on an approved form, 2) is electronically signed using software that provides antitamper and identification verification technology and is approved for this use by the DOS, and 3) otherwise complies with Federal law. The bill would specify that this provision would not apply 180 days after the bill's effective date. Beginning 180 days after the bill's effective date, the bill would require the DOS to accept an electronically signed odometer disclosure document.

Senate Bill 1009

To renew a vehicle registration under the Code an individual must submit to the SOS an application and pay the registration fee. The application must include a certificate of title, and proof of insurance. The bill would allow the SOS to issue a temporary registration permit to an applicant who had a current vehicle registration that was going to expire before the applicant's receipt of a registration plate upon submission of an application that included proper fees and any required donation for a registration plate.

The temporary registration plate would expire on the date the applicant received the registration plate or 60 days after the date the temporary registration permit was issued, whichever was first. A temporary registration permit would have to be issued without charge.

Senate Bill 1010

Under Part 803 of NREPA, a person may not sell or otherwise dispose of a watercraft or an ORV without delivering to the purchaser or transferee of the watercraft or ORV a certificate of title. A person also may not purchase or acquire a watercraft or ORV without obtaining a certificate of title.

The bill would allow the SOS to establish, implement, and operate an electronic system to process the transfer of ownership interests in watercraft and ORVs between parties, if neither party were a dealer, through electronic transfer. If the systems were established, a private party that used the system would have to comply with any requirement determined necessary by the DOS, including providing any information the DOS required.

The DOS could enter at least one contract to establish, implement, and operate the electronic system. The contract would have to require the protection of proprietary information contained in the system and any information protected under NREPA.

MCL 257.233 et al. (S.B. 1008)
257.227 (S.B. 1009)
324.80304 & 324.81105 (S.B. 1010)

BRIEF RATIONALE

Reportedly, recent legislation has challenged the SOS's efficiency. Firstly, Public Act 240 of 2023 allowed the SOS to establish an electronic system to facilitate electronic transfers of vehicle ownership between private parties and to issue a vehicle title electronically; however, vehicle owners issued electronic title transfers have been unable to fulfill certain legal requirements. For example, the Code requires a purchaser to endorse the back of a title, and digital titles do not have backs. Additionally, the use of electronic titles has proven popular, but the SOS may only issue electronic titles for motor vehicles. Secondly, in 2023 the Legislature approved several new types of vehicle license plates; however, testimony before the Senate Committee on Transportation and Infrastructure indicates that SOS branch offices may not have the stock to fulfill specialized plate requests. Accordingly, the bills would address some of the SOS's difficulties in implementing this recent legislation.

Legislative Analyst: Abby Schneider

FISCAL IMPACT

Senate Bill 1008 (S-2)

The bill would make the purposeful alteration of an odometer reading a felony; however, the bill is silent on what the penalty would be for the commission of that felony. Generally, new felony arrests and convictions under the bill could increase resource demands on law enforcement, court systems, community supervision, jails, and correctional facilities; however, it is unknown how many people would be prosecuted under provisions of the bill. The average cost to State government for felony probation supervision is approximately \$5,600 per probationer per year. For any increase in prison intakes the average annual cost of housing a prisoner in a State correctional facility is an estimated \$48,700. Per diem rates range from \$100 to \$431 per day (average per diem is \$135), depending on the security level of the facility.

Senate Bill 1009

The bill would have no fiscal impact on State or local government.

Senate Bill 1010

The bill likely would not result in any additional costs for the DOS. The DOS has indicated that it already has established an online title transfer program and thus the addition of processing watercraft and ORVs should not bear any additional costs and should be absorbable within current annual appropriations.

Fiscal Analyst: Joe Carrasco, Jr.

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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.