

Legislative Analysis



SALVAGE VEHICLE TITLES AND INSPECTION FEES

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House Bill 5234 as introduced
Sponsor: Rep. Brian BeGole
Committee: Government Operations
Complete to 11-13-25

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

SUMMARY:

House Bill 5234 would amend the Michigan Vehicle Code to allow salvage vehicle inspection fees collected by law enforcement agencies to be used for a broader range of law enforcement purposes than currently. The bill also would require distressed older model vehicles acquired by a dealer to have a salvage or scrap title, as appropriate. This titling requirement would not apply to older model vehicles acquired by others, such as insurers. The bill would make other changes as described below.

In general, the code requires distressed late model vehicles to be retitled with a salvage or scrap certificate of title. A late model vehicle is one manufactured in the last six model years, including the current model year.¹ A distressed vehicle is one that is damaged to the extent that the total estimated cost to repair it (including parts and labor) is 75% or more of the actual cash value of the vehicle before that damage. Such a vehicle with an estimated repair cost of 75% or more of its predamage value, but less than 91%, must have a salvage certificate of title. If the repair cost is 91% or more of that value, it must have a scrap certificate of title. While vehicles designated scrap vehicles on this basis cannot be issued a new certificate of title or be driven on a highway, a salvage vehicle can be rebuilt and, after an inspection, issued a new certificate of title (with the legend "rebuilt salvage") and registration plates.

Salvage vehicle inspections and fees

A salvage vehicle inspection can be conducted by an employee of the Department of State, an on- or off-duty police officer, or a previously certified police officer, as long as the individual has been specially trained in conducting a salvage vehicle inspections and authorized by the secretary of state. Each police agency must charge a fee of up to \$100 for the inspections, as determined by the local authority for the police agency. The fees are deposited with the local authority or with the Department of State if the inspection is completed by an employee of that department.

Currently, fee revenue collected by local law enforcement agencies must be used solely for law enforcement purposes related to stolen vehicles, including equipment and road patrol services that increase the likelihood of recovering stolen vehicles or stolen vehicle parts, and salvage vehicle inspections.

The bill would amend this to allow the fees to be used for law enforcement purposes in general, including equipment, training, and road patrol services that are necessary to protect public health or safety.

¹ However, for vehicles that weigh over 8,000 pounds, late model vehicles are those made in the last 16 model years, including the current one.

Older model vehicles acquired by a dealer

The code currently requires a dealer that acquires an older model vehicle (one older than a late model vehicle as described above), regardless of the vehicle's condition, to receive an assigned certificate of title and retain it as long as the dealer retains the vehicle.

Under the bill, a dealer would have to get an assigned certificate of title for an older model vehicle only if the vehicle is distressed as described above (repair cost of 75% or more of predamage value). Instead of requiring the dealer to retain the assigned certificate of title for as long as they retain the older model vehicle, the bill would newly require the dealer to apply for a salvage title or scrap title, as appropriate, for the older model vehicle. (A salvage title if estimated repairs cost at least 75% but less than 91% of the older model vehicle's predamage value; a scrap title if they are estimated at 91% or more.) The dealer would have to apply for a scrap title within five days. The dealer could sell a salvage older model vehicle to another automotive recycler, used or secondhand vehicle parts dealer, foreign salvage vehicle dealer, or vehicle scrap metal processor by assigning the salvage certificate of title to the buyer. If the older model vehicle is sold to a buyer other than a dealer, a salvage title in the name of the buyer would have to be applied for, unless the older model vehicle is rebuilt, inspected, and recertified as provided in the code.

The above provisions now apply only to distressed late model vehicles acquired by a dealer. Under the bill, they would apply to all distressed vehicles acquired by a dealer. The bill would not extend salvage and scrap title requirements for distressed vehicles acquired or owned by others, such as insurers, to apply to older model vehicles in addition to the late model vehicles to which they now apply.

Other amendments

Currently under the code, a vehicle scrap metal processor must surrender an assigned certificate of title to the secretary of state within 30 days after the vehicle is destroyed or scrapped. The bill would eliminate this provision.

The bill also would remove a provision that now requires a dealer selling or assigning a vehicle to a vehicle scrap metal processor to make a record and distribute it in triplicate paper copies, and instead would allow the dealer to make and distribute the record as prescribed by the Department of State.

MCL 257.217c

FISCAL IMPACT:

House Bill 5234 would not affect the level of fee revenue collected by local law enforcement agencies, but it would alter how those funds could be expended. Expenditures would be allowed for law enforcement training and equipment necessary to protect public health or safety.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.