



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

House Bill 5364 (Substitute S-2 as reported by the Committee of the Whole)  
Sponsor: Representative Ken Daniels  
House Committee: Transportation  
Senate Committee: Transportation

## **CONTENT**

The bill would amend the Michigan Vehicle Code, effective June 1, 2005, to do the following:

- Require a person who sold a vehicle either to accompany the purchaser to a Secretary of State (SOS) branch office to ensure transfer of the title, or maintain a record of sale for at least 18 months, in order to avoid liability for any subsequent damages or violation of law resulting from the vehicle's use by the purchaser; and prescribe a \$15 civil fine for failure to do so.
- Require the certificate of title for a motor vehicle to include a description of the proper procedure for transferring the title and maintaining records of the transfer.
- Require the public sale of an abandoned or removed vehicle to be under the control of the police agency, the police agency's designee, the vehicle's custodian, or the custodian's designee, rather than the policy agency or its agent.
- Add payment of the \$40 abandoned vehicle fee (proposed by House Bill 4231) to the priorities to which the money from the public sale must be applied, after towing and storage charges and expenses incurred by the police agency or the vehicle's custodian.
- Require any extra money from a public sale to be sent to the Department of Treasury's Unclaimed Property Division to be disbursed to the secured party and the owner.
- Provide that a towing service and/or custodian could not be precluded from recovery of towing or storage fees from an abandoned or removed vehicle's last titled owner; and limit the amount of storage fees that could be collected to the least of the following: the daily storage rate established by contract or agreement with the law enforcement agency or unit of government, the daily storage rate charged by the storage facility, or \$1,000.
- Prescribe a \$50 civil fine for abandoning a motor vehicle (which would be prohibited by House Bill 4231).
- Require a private property owner to post a notice indicating that unauthorized vehicles would be towed away at the owner's expense, before authorizing the towing or removal of a vehicle.
- Require the SOS, for one year, to include information about the proposed civil fines and sanctions in motor vehicle registration renewal and new vehicle title document mailings.

The bill would take effect October 1, 2005. It is tie-barred to House Bill 4231, which would prohibit abandoning a vehicle and revise procedures for taking a vehicle into custody, revise provisions related to motor vehicle dealers, and amend provisions related to operator's and commercial driver licenses.

MCL 257.240 et al.

Legislative Analyst: Julie Koval

## **FISCAL IMPACT**

Civil fine revenue generated would depend on the number of violations. Estimates based on LIEN searches place the number of vehicles abandoned annually at approximately 52,000.

The bill would result in additional costs to the Department of State by requiring the SOS to insert information in motor vehicle registration renewal notices and new vehicle title documents. In FY 2002-03, there were 6,480,569 passenger vehicle registration transactions (not including commercial, trailer, and motorcycle registrations), and 1,609,878 title transactions (originals, duplicates, and corrections). In FY 2003-04, the Department of State included inserts on recent fee increases with vehicle registrations, driver licenses, and personal ID cards. The cost related to production of the inserts was \$72,000.

Date Completed: 12-9-04

Fiscal Analyst: Bruce Baker  
Bill Bowerman