

Legislative Analysis



TRANSFER OF CERTAIN PROPERTY TO HEIR NOT REQUIRING COURT APPROVAL

Phone: (517) 373-8080
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House Bill 4899 as reported from committee
Sponsor: Rep. Graham Filler

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

House Bills 4900 and 4901 as reported from committee
Sponsor: Rep. Kyra Harris Bolden

Committee: Judiciary
Complete to 6-9-22

SUMMARY:

House Bills 4899 and 4901 would amend the Michigan Vehicle Code and the Natural Resources and Environmental Protection Act (NREPA), respectively, to increase the total value of vehicles or watercraft for which a surviving spouse or an heir may apply to transfer title, if otherwise appropriate, and to require the new amount to be adjusted annually for inflation. House Bill 4900 would amend the Michigan Uniform Transfers to Minors Act to increase the total value of property that may be transferred to a minor, or to a person nominated as a custodian for the minor, that would not have to be authorized by a court.

House Bill 4899 would amend the Michigan Vehicle Code. Currently, if the owner of one or more vehicles with a total value of up to **\$60,000** dies and administration of the estate does not require letters issued by a court to name a person as a personal representative of the decedent under the Estates and Protected Individuals Code (EPIC), the owner's surviving spouse or an heir (in the order specified under EPIC) may apply for a title after providing proof to the secretary of state of the owner's death and a certification that the applicant is the surviving spouse or an heir. The bill would increase the maximum total value of the vehicles to which this provision applies to **\$100,000**.

The bill also would require the \$100,000 total value amount to be multiplied by the *cost-of-living adjustment factor* every January 1, beginning January 1, 2023. Beginning December 1, 2022, and each December 1 thereafter, the secretary of state would have to determine the adjusted total value amount for the following year.

Cost-of-living adjustment factor would mean a fraction whose numerator is the *United States Consumer Price Index* for the prior calendar year and whose denominator is the United States Consumer Price Index for the 2021 calendar year.

United States Consumer Price Index would mean the annual average of the United States Consumer Price Index for All Urban Consumers as defined and reported by the Bureau of Labor Statistics of the U.S. Department of Labor and certified by the state treasurer.

The bill would take effect 90 days after its enactment.

MCL 257.236

House Bill 4900 would amend the Michigan Uniform Transfers to Minors Act, which provides for gifts of money, securities, and insurance policy proceeds to minors under the protection of a custodian. Among other things, the act establishes conditions under which an irrevocable

transfer to another adult may be made for the benefit of the minor, except that if a transfer exceeds **\$10,000** in value, it must be authorized by the court. The bill would increase the maximum value of a transfer that does not require authorization by a court to **\$50,000**.

The act also establishes the right of a person to nominate a custodian or custodians to receive property for a minor beneficiary upon the occurrence of a future event (e.g., upon reaching a certain age) and provides that the nomination may be made in a will, trust, deed, or other documents. If a nomination is not made, or all persons nominated die before the transfer or decline or are unable or ineligible to serve, a transfer under this provision may be made to an adult member of the minor's family or to a trust company. However, if the value of the property exceeds **\$10,000**, a transfer can be made only if authorized by a court. The bill would increase the maximum value of a transfer that does not need authorization by a court to **\$50,000**.

MCL 554.530 and 554.531

House Bill 4901 would amend NREPA to increase, from up to **\$100,000** to up to **\$300,000** (adjusted for the calendar year of the owner's death), the maximum total value of all watercraft for which the deceased owner's surviving spouse or an heir (in the order specified by EPIC) may petition the secretary of state for a certificate of title if the owner did not leave other property for which letters issued by a court to designate a personal representative to administer the estate would be required. The adjustment would have to be made each year, beginning January 1, 2024, by multiplying \$300,000 by the *cost-of-living adjustment factor* and rounding to the nearest \$1,000. The Department of Treasury would have to certify and publish the adjusted dollar amount for each calendar year.

Cost-of-living adjustment factor would mean a fraction whose numerator is the United States Consumer Price Index (defined as in HB 4899, above) for the year *before* the prior calendar year and whose denominator is the United States Consumer Price Index for 2021.

The bill would take effect 90 days after its enactment.

MCL 324.80312

FISCAL IMPACT:

The bills would have an indeterminate fiscal impact on local court funding units. There is not a practical way to determine how court caseloads and the related administrative costs are going to be affected under provisions of the bills. Also, it is difficult to project the actual fiscal impact to courts due to variables such as judicial discretion, case types, and complexity of cases.

POSITIONS:

The Probate Section of the State Bar of Michigan indicated support for the bills. (5-17-22)

The Department of State indicated a neutral position on HBs 4899 and 4901. (5-17-22)

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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.