



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



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

House Bills 4417 and 4419 (Substitute H-1 as passed by the House)
House Bill 4418 (as passed by the House)
Sponsor: Representative Graham Filler (H.B. 4417)
Representative Kelly Breen (H.B. 4418 & H.B. 4419)
House Committee: Judiciary
Senate Committee: Civil Rights, Judiciary, and Public Safety

Date Completed: 1-24-24

CONTENT

House Bill 4417 (H-1) would amend the Michigan Vehicle Code to do the following:

- Increase, from \$60,000 to \$100,000, the total value of a vehicle or vehicles that could be transferred from a decedent to a surviving spouse or heir upon application to the Secretary of State (SOS).
- Require that total value to be adjusted by a cost-of-living adjustment factor, beginning in 2026, and require the Department of Treasury to annually certify the cost-of-living adjustment factor.

House Bill 4418 would amend the Michigan Uniform Transfers to Minors Act to increase, from \$10,000 to \$50,000, the value threshold at which a court must authorize a transfer from a trustee, conservator, or specific adult for the benefit of a minor.

House Bill 4419 (H-1) would amend Part 803 (Watercraft Transfer and Certificate of Title) of the Natural Resources and Environmental Protection Act (NREPA) to do the following:

- Increase, from \$100,000 to \$300,000, the total value of a deceased owner's interest in one or more registered watercrafts that could be transferred from the decedent to a person upon petition to the SOS.
- Require that total value to be adjusted by a cost-of-living adjustment factor, beginning in 2026, and require the Department of Treasury to annually certify the cost-of-living adjustment factor.

House Bill 4417 and 4419 would each take effect 90 days after its enactment.

House Bill 4417 (H-1)

Under the Michigan Vehicle Code, an inheritor of a vehicle can obtain the title of that vehicle by providing satisfactory proof of ownership to the Secretary of State (SOS) even if the vehicle was not previously titled. If an owner of one or more vehicles dies, the vehicles do not have a total value of over \$60,000, and the owner did not leave any other property that required issuance of letters under Section 3103 of the Estates and Protected Individuals Code (EPIC), the surviving spouse or heir may apply for a title for the vehicles. The individual would have to apply by providing the SOS with proof of death of the registered owner and attaching proof of a certification establishing the fact that the applicant is the surviving spouse or heir. Upon proper petition, the SOS must provide the applicant with the proper title.

(Section 3103 of EPIC prescribes the necessity of appointment for a personal representative.)

Under the bill, an inheritor could apply for a decedent's vehicle title as described above if the total value of the vehicle or vehicles, based on the date of the application, did not exceed the following dollar amount:

- For calendar years through 2023, \$60,000.
- For the 2024 and 2025 calendar years, \$100,000.
- For the 2026 calendar year and each calendar year after, a dollar amount equal to the product of the dollar amount applicable to the immediately preceding calendar year multiplied by the cost-of-living adjustment factor, rounded to the nearest \$1,000.

Beginning with the dollar amount for the 2026 calendar year, the bill would require the Department of Treasury to certify and publish the dollar amount applicable for each calendar year by September 1 of the prior calendar year.

"Cost-of-living adjustment factor" would mean a fraction in which the numerator is the United States Consumer Price Index (CPI) for the year before the prior calendar year and the denominator is the United States CPI for the 2023 calendar year. "United States CPI" would mean the annual average of the United States CPI for all urban consumers as defined and reported by the United States Department of Labor, Bureau of Labor Statistics, or its successor agency.

House Bill 4418

Under the Michigan Uniform Transfers to Minors Act, a personal representative or trustee may make an irrevocable transfer to another adult or trust company as a custodian for the benefit of a minor in the absence of a will or under a will or trust that does not contain authorization to make the irrevocable transfer. Additionally, a conservator may make an irrevocable transfer to another adult or trust company as custodian for the benefit of the minor.

A transfer described above may be made only if the following apply:

- The personal representative, trustee, or conservator considers the transfer to be in the best interest of the minor.
- The transfer is not prohibited by or inconsistent with provisions of the applicable will, trust agreement, or other governing instrument.
- If the transfer exceeds \$10,000 in value, the transfer is authorized by the court.

The Act also prescribes the transfer requirements for an individual to whom the provisions above do not apply and who holds a property of or owes a liquidated debt to a minor. If a custodian has not been nominated or all nominated individuals die before the transfer or are unable, decline, or are ineligible to serve, a transfer may be made to an adult member of the minor's family or trust company. If the value of the property exceeds \$10,000, a transfer may be made only if authorized by the court.

The bill would increase, from \$10,000 to \$50,000, the threshold at which a court must authorize a transfer described above.

House Bill 4419 (H-1)

Under NREPA, the SOS may issue a certificate of title for a watercraft to a person who meets certain requirements. A person may petition the SOS for a certificate or certificates of title for one or more registered watercraft that the person does not own if all the following apply:

- The record owner of the registered watercraft dies without leaving other property that requires the procurement of letters under EPIC.
- The total value of the deceased owner's interest in all watercrafts subject to the petition for a certificate or certificates of title is \$100,000 or less.

The bill would modify the total value amount to specify that the total value of the deceased owner's interest in all watercrafts subject to the petition for a certificate or certificate of title could not exceed the following dollar amount, as applicable:

- For calendar years through 2023, \$100,000.
- For the 2024 and 2025 calendar years, \$300,000.
- For the 2026 calendar year and each year after, a dollar amount equal to the product of the dollar amount applicable to the immediately preceding calendar year multiplied by the cost-of-living adjustment factor, rounded to the nearest \$1,000.

Beginning with the dollar amount for the 2026 calendar year, the bill would require the Department of Treasury to certify and publish the dollar amount applicable for each calendar year by September 1 of the prior calendar year.

MCL 257.236 (H.B. 4417)
554.530 & 554.531 (H.B. 4418)
324.80312 (H.B. 4419)

Legislative Analyst: Eleni Lionas

FISCAL IMPACT

The bills would have no fiscal impact on the State and a minimal fiscal impact on local courts.

Fiscal Analyst: Joe Carrasco, Jr.
Michael Siracuse

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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.