

Legislative Analysis



TRANSFER OF CERTAIN PROPERTY TO HEIR NOT REQUIRING COURT APPROVAL

Phone: (517) 373-8080
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House Bill 4417 (H-1) as reported from committee
Sponsor: Rep. Graham Filler

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

House Bills 4418 and 4419 (H-1) as reported from committee
Sponsor: Rep. Kelly Breen

Committee: Judiciary
Complete to 6-28-23

(Enacted as Public Acts 2, 3, and 4 of 2024)

SUMMARY:

House Bills 4417 and 4419 would amend the Michigan Vehicle Code and the Natural Resources and Environmental Protection Act, 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 4418 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 4417 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 provide that the total value of the vehicle or vehicles must be based on the date of the presented title transfer application. The bill also would increase the maximum total value of the vehicles to which this provision applies to **\$100,000** for the 2024 and 2025 calendar years. For the 2026 calendar year and each following year, the maximum total value would be a dollar amount equal to the product of the dollar amount applicable for the immediately preceding calendar year multiplied by the *cost-of-living adjustment factor*, rounded to the nearest \$1,000.

Cost-of-living adjustment factor would mean a fraction whose numerator is the *United States Consumer Price Index* for the year before the prior calendar year and whose denominator is the United States Consumer Price Index for the 2023 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 or its successor agency.

By September 1, 2025, and by September 1 each year after that, the Department of Treasury would have to certify and publish the dollar amount applicable for the following calendar year.

The bill would take effect 90 days after its enactment.

MCL 257.236

House Bill 4418 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 4419 would amend the Natural Resources and Environmental Protection Act to increase the current maximum total value (**\$100,000**) 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 bill would provide that the total value of the watercraft must be based on the date of the petition. The bill also would increase the maximum total value of the watercraft to which this provision applies to **\$300,000** for the 2024 and 2025 calendar years. For the 2026 calendar year and each following year, the maximum total value would be a dollar amount equal to the product of the dollar amount applicable for the immediately preceding calendar year multiplied by the *cost-of-living adjustment factor*, rounded to the nearest \$1,000.

Cost-of-living adjustment factor would mean a fraction whose numerator is the United States Consumer Price Index (defined as in HB 4417, above) for the year before the prior calendar year and whose denominator is the United States Consumer Price Index for 2023.

By September 1, 2025, and by September 1 each year after that, the Department of Treasury would have to certify and publish the dollar amount applicable for the following calendar year.

The bill would take effect 90 days after its enactment.

MCL 324.80312

BACKGROUND:

According to the Probate and Estate Planning Section of the State Bar of Michigan, the bills would update financial thresholds and allow future thresholds to be adjusted for inflation, saving citizens and lawyers from having to file probate motions and petitions as frequently.

The bills are reintroductions of House Bills 4899 to 4901 of the 2021-22 legislative session, which were passed by the House of Representatives.

FISCAL IMPACT:

House Bills 4417 and 4419 would have no fiscal impact on the state but could have an indeterminate fiscal impact on local courts. An increase in the value of a vehicle (HB 4417) or watercraft (HB 4419) to be transferred to a surviving spouse or to an heir could result in a reduced need for court involvement. There is not a practical way to determine how court caseloads and the related administrative costs would be affected under provisions of the bill, so an amount of savings to local courts cannot be determined.

The bills would not significantly change the number of vehicle (HB 4417) or watercraft (HB 4419) title transfers and corresponding title transfer fee revenue and would have no fiscal impact on the state or on local units of government in that regard.

House Bill 4418 would have no fiscal impact on the state but could have an indeterminate fiscal impact on local courts. An increase in allowable gifts that could be made without the court's permission could result in a reduced need for court involvement in the disposition of assets. There is not a practical way to determine how court caseloads and the related administrative costs would be affected under provisions of the bill, so an amount of savings to local courts cannot be determined.

POSITIONS:

Representatives of the Probate and Estate Planning Section of the State Bar of Michigan testified in support of the bills. (5-24-23)

The Michigan Bankers Association indicated support for the bills. (5-24-23)

The Department of State indicated support for House Bills 4417 and 4419. (5-24-23)

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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.