

# Dealer Newsletter

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*Candice S. Miller,  
Secretary of State*

*Internet home page  
www.sos.state.mi.us/bar/*

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## New title for vehicles, watercraft, and mobile homes improves readability, larger size

The Department of State began issuing a revised 8½" by 11" title for vehicles, watercraft, and mobile homes in December 1998. The new title contains changes and enhancements designed to improve readability and reduce assignment errors. The new size follows a trend in other states to make titles more uniform. The larger size provides one additional assignment space which benefits dealers and the department because fewer resale titles are needed.

Some of the more significant changes in the new title are:

1. The first assignment is moved from the back to the front of the title. Some dealers are confused about the assignment space on the front of the title and believe they can't use it. The space is not reserved for retail customers. If dealers have a resale title, they should use the first assignment space on the front even if they sell the vehicle to another dealer. Dealers should use the new title in the same fashion

*BAR recently reorganized its divisions to enhance efficiency and effectiveness. Division Directors are (from left to right): **Ray Poole**, Business Licensing; **Fred Pirochta**, Complaint Resolution and Investigation; and **Dave Kilgren**, Program Policy and Support.*

they used the older-style title—all reassignment spaces are available to dealers and dealers should not skip the first assignment space on the front of the title.

2. The larger size of the title allows more room for names and addresses in the title assignment sections. In addition, the assignment sections have been redesigned to separate the buyer information from the seller information to reduce confusion and assignment errors.
3. All owner, vehicle, and lienholder information will be printed by a laser printer, thus assuring a darker image with sharper resolution. The title does not contain pre-printed boxes for lienholder information. If there is a lienholder to be recorded, the laser printer will print the secured party information plus a lien release space. If there is no secured party, the message "No Secured Interest on Record" will print in black ink below the owner's name and address.

Colors for the new titles remain the same:

- Vehicles and mobile homes - Green
- Salvage and Rebuilt - Orange
- Watercraft - Blue
- Scrap - Red

Dealers who have questions about the new title should telephone the Department of State's Quality Assurance Section at (517) 322-5169. 



# BAR offers auto dealers helpful tips, new services, important reminders

- RD-108s cannot be hand printed. The form must either be typed or printed using a printer with a strike force capable of printing a five- or six-part form.
- Hard-bound, ledger type police book entries must be completed in ink.
- TR-9 Scrap Vehicle Inventory forms are only used to transfer vehicle ownership to a scrap metal processor (shredder). Dealers who crush and haul vehicles for other dealers may not transport vehicles to a shredder using a TR-9 unless the TR-9 is properly assigned to the shredder. This means the selling dealer, not the transporter, determines where the vehicles will be destroyed.
- Two additional Secretary of State branch offices can now process salvage vehicle agent photos. Branches processing SVA photos now include Gaylord and Marquette for a total of six. The original four branches are: Lansing Downtown on Washtenaw, Livonia 7-Mile, Muskegon East on Apple Avenue, and Mt. Clemens South on Gratiot.
- Lost titles may be replaced by using a self-certification process if the vehicle is older than six years and worth less than \$2,500. Please refer to the Dealer Manual, Chapter 3, Section 3-11.
- The newly revised RD-108, Application for Title and Registration, will be required by October 1, 1999. Dealers should order new forms from their printer or forms supplier, but please read the notice on page 3 of this newsletter before ordering.
- When selling vehicles to Wisconsin residents, dealers should remind their customers that they have only two business days to acquire a Wisconsin temporary or regular license plate. This requirement applies even if the dealer obtains a Michigan 14 day in-transit permit for the customer. Dealers who routinely sell vehicles to Wisconsin residents can request a supply of Wisconsin temporary plates by telephoning the Wisconsin Department of Transportation at (608) 266-1473.
- The 14 day in-transit permits are not just for transporting vehicles to other states. The permit is also a tax reciprocity document and is needed by your customer when titling and registering their vehicle in their home state. As an added bonus, the Michigan Department of State can help your customer replace a lost or stolen title if an in-transit permit was obtained, since the department keeps a record of the permit for a short period of time.
- When a transaction is rescinded and all monies returned to the purchaser, dealers may claim a sales tax credit on the sales, use and withholding tax return worksheet, Booklet C-3091. For additional information, please consult your Dealer Manual or contact the Michigan Department of Treasury by telephoning (517) 373-3190.
- The "Preliminary Base Prices for 1999 Vehicles" booklet is available at Secretary of State branch offices or from the Department of State's Purchasing and Contracts Section by telephoning (517) 373-2570. 

## Ontario titles may require safety inspection

Ontario is issuing titles with the brand "Unfit" printed on its face. This brand disqualifies the vehicle from registration until the owner obtains a safety inspection of the vehicle. The safety inspection can be obtained in two ways:

1. Obtain a Safety Standards Certificate issued by an Ontario-licensed automotive repair facility. Items such as lights, brakes, suspension, exhaust, and steering are checked and a determination is made as to whether the vehicle is safe to operate on the road.
2. Obtain a Vehicle Number and On-Road Equipment Inspection form (TR-54) from a Secretary of State branch office. Part 2 of the TR-54 form must be completed by a law enforcement officer to verify the vehicle has all the necessary on-road equipment required by the Vehicle Code for registration.

Dealers are encouraged to carefully examine titles they receive for Canadian vehicles to check for the "Unfit" brand. Vehicles with "Unfit" brands may still be issued a title, however, the Michigan title is a "non-roadworthy" title with the legend "Not Eligible for Plate — Safety Inspection Required" printed on it. A license plate cannot be purchased until the vehicle has been inspected.

## In-transit repair plates okay for vehicle pick-up, delivery, repair

In-transit repair plates may be used by vehicle dealers who, in the ordinary course of business, have occasion to legally pick up or deliver a vehicle or to move a vehicle for repair or service. (Dealer plates may be used only on vehicles owned by the dealership.) In-transit repair plates may be used by watercraft, recreational vehicle, or trailer dealers to pick up or deliver a trailer. The trailer may be used to transport a watercraft or RV. The plates can be used on trailers taken to boat or RV shows or expositions. However, in-transit repair plates may not be used as part of the daily operation, or on trailers used to deliver only the boat or RV. These trailers must be properly registered in the dealership's name.

Auto auctions may purchase in-transit repair plates to use to pick up or deliver vehicles offered for sale at the auction. Brokers who are not auctions are not eligible for in-transit repair plates.

Dealers wishing to purchase in-transit repair plates may obtain a BDVR-124 application form at a Secretary of State branch office. Each plate costs \$20 and expires on March 31 of each year. Plates may be renewed each year for \$5.

## Special provisions allowed on sales tax for rolling stock until new tax exemption legislation enacted

In the Fall 1997 issue of the Dealer Newsletter in an article entitled "Legislative Corner," information was given about new legislation that provides a partial sales tax exemption for qualified trucks and trailers (rolling stock) used outside of Michigan by interstate motor carriers. The article provided definitions and a calculation formula for dealers to follow to determine their customer's tax liability.

The Michigan Department of Treasury announced recently that the tax exemption legislation included a "sunset" provision that ended the exemption on Saturday, May 1, 1999. The Michigan legislature has proposed legislation (Senate Bill 544 and House Bill 4589) which will provide a full sales tax exemption for sales of rolling stock made after April 30, 1999. Because the bills have not yet been enacted into legislation, any sales of rolling stock are technically subject to sales tax until a new exemption is in place.

The Department of Treasury will allow retailers of these trucks and trailers a two-month delay in reporting sales during the two months they

### RD-108 to be revised

The Financial Institutions Bureau's recently issued declaratory ruling on disclosing negative equity requires the RD-108 to be revised again. The change will be minimal and printing companies will be advised as soon as the information is available. Dealers should keep this upcoming change in mind and not order more than a six-month supply of new RD-108s when ordering replacement forms.

expect it will take for the legislation to be enacted. Taxable sales of rolling stock should be reported on the August 15 sales and use tax return filed by dealers. Dealers should collect the tax from their customers and advise them that if the legislation is enacted, the customer will be entitled to a sales tax refund. In order to process an RD-108, Application for Title and Registration, without paying sales tax on the interstate commerce property, dealers should enter this message in the "Remarks" section of the RD-108: "TAX PAYMENT DELAYED PENDING SB 544 AND HB 4589."

On May 5, Treasury sent a bulletin to all retailers of rolling stock advising them of the sunset of the sales tax exemption and their interim plan. They will notify retailers if the legislation is enacted. Treasury also reminds dealers that if SB 544 and HB 4589 are not enacted, sales tax is due and must be properly remitted. Dealers with questions about their tax liability should contact the Michigan Department of Treasury at (517) 373-3190. 

### BAR telephone numbers

#### Dealer Program Section

517/373-9081

Fax: 517/373-0964

#### Repair Program Section

517/373-9063

Fax: 517/373-0964

#### General Licensing and Mechanic Testing Information

517/636-6400

Fax: 517/335-2810



## Native American transactions no longer tax exempt

The Michigan Department of Treasury is conducting a comprehensive review of the tax treatment of Native American Indian tribes and members. As a result, all transactions involving Native American Indian tribes and members should be taxed like sales to any other "person." Treasury reminds dealers that they are responsible for the tax if the dealer fails to collect the tax or the Native American tribe member refuses to pay it.

## Dealers warned: don't ignore letter

Have you ever received a letter from the Bureau of Automotive Regulation informing you that a complaint has been filed against your business? The bureau often sends inquiry letters to dealers at the beginning of a complaint investigation. Sometimes, this may be your first indication that your customer has a problem. Some dealers take advantage of the early warning to resolve the complaint with the customer before a BAR investigator gets involved. The inquiry letter provides you with an opportunity to explain your side of the sales transaction. It is in your best interest to respond to this letter within the time limit requested, since a timely response can eliminate the need for an extensive investigation.

When deciding the type of action that should be taken following an investigation, BAR considers such things as the nature of violations found, cooperation shown by the dealer, and the likelihood that the dealer will comply with the law in the future. Consequently, providing information quickly or resolving the complaint soon after you are made aware of it can work to your advantage.

Under the Freedom of Information Act, BAR is required to release information from dealership files. Your written response to the inquiry letter will insure that your side of the dispute becomes part of your business file. You may fax your response to the inquiry letter to (517) 373-8791, or mail it as directed on the letter. 

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