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HOUSE BILL NO. 798

Offered January 11, 2012

Prefiled January 11, 2012

A BILL to amend and reenact §§ 46.2-1603.1, 46.2-1603.2, and 46.2-1608.2 of the Code of Virginia, relating to sale, transfer, etc., of salvage vehicles.

Patrons—Scott, E.T. and Torian

Referred to Committee on Transportation

Be it enacted by the General Assembly of Virginia:

1. That §§ 46.2-1603.1, 46.2-1603.2, and 46.2-1608.2 of the Code of Virginia are amended and reenacted as follows:

§ 46.2-1603.1. Duties of licensees.

A. *It shall be unlawful for any person or entity to sell, transfer, or otherwise convey a salvage vehicle unless the certificate of title, certificate of ownership, or other transfer document is stamped with the words: "SALVAGE VEHICLE - NOT FOR RESALE WITHOUT DISCLOSURE. WARNING: SALVAGE VEHICLE MAY NOT BE SAFE FOR OPERATION AND SOME STATES PROHIBIT REGISTRATION OF CERTAIN SALVAGE TITLE VEHICLES OR REQUIRE SPECIAL INSPECTIONS BEFORE A VEHICLE MAY BE REGISTERED. SOME STATES MAY REQUIRE THIS VEHICLE BE PERMANENTLY BRANDED. MANY INSURANCE COMPANIES WILL NOT INSURE SALVAGE VEHICLES OR MAY DO SO ONLY AT A DIMINISHED VALUE FOR PAYMENT OF A CLAIM."*

Such stamp shall be clearly visible to the purchaser and be placed on the front of the certificate of title or any other certificate of ownership and immediately above the signature line to be signed by the purchaser.

B. A person or entity that has purchased a salvage vehicle from a salvage pool or salvage auction, dealer, wholesaler, distributor, or salvage recycler and intends to sell, transfer, or convey ownership of the salvage vehicle to a subsequent purchaser shall (i) provide to the purchaser the Salvage Vehicle Disclosure Form indicating that the motor vehicle is a salvage vehicle and the Application for Salvage Title and (ii) require the purchaser to sign the Salvage Vehicle Disclosure Form and attach the Salvage Disclosure Form and the Application for Salvage Title to the original Certificate of Title to be submitted by the purchaser to the Commonwealth upon applying for transfer of title.

C. If a salvage vehicle is purchased by a salvage dealer and the vehicle is sold as a unit to anyone other than a demolisher, rebuilder, vehicle removal operator or scrap metal processor, the purchaser shall obtain from the Department a salvage certificate. If the sale is to a demolisher or vehicle removal operator, the salvage vehicle shall be assigned in the space provided for such assignments on the existing salvage certificate. If a vehicle is purchased by a salvage dealer and disassembled for parts only or demolished by a demolisher, the salvage dealer shall immediately and conspicuously indicate on the salvage certificate or title that the vehicle was disassembled for parts only or demolished and immediately forward the salvage certificate or title to the Department for cancellation. The Department shall cancel the title or salvage certificate and issue a nonrepairable certificate for the vehicle to the salvage dealer.

1. If a vehicle for which a title or salvage certificate or other ownership document has been issued by a foreign jurisdiction and is purchased by a salvage dealer or demolisher and disassembled for parts only or demolished by a demolisher, the salvage dealer or demolisher shall immediately and conspicuously indicate on the salvage certificate, title, or other ownership document that the vehicle was disassembled for parts only or demolished and immediately forward the salvage certificate, title or other ownership document to the Department for cancellation. The Department shall cancel the title, salvage certificate, or other ownership document and issue a nonrepairable certificate for the vehicle to the salvage dealer.

2. There shall be no fee for the issuance of a nonrepairable certificate.

~~B~~*D*. If a licensee acquires any late model vehicle, he shall immediately compare the vehicle identification number assigned by the manufacturer or the Department or the identification number issued or assigned by another state with the title or salvage certificate of the vehicle and shall notify the Department as provided in subsection ~~C~~ *E*. Such comparison and notification shall not be required of a demolisher if the vehicle was acquired from a licensed salvage dealer, rebuilder, salvage pool, or vehicle removal operator and such licensee delivers to the demolisher a title or salvage certificate for the vehicle.

~~C~~*E*. If the vehicle identification number has been altered, is missing, or appears to have been

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otherwise tampered with, the licensee shall take no further action with regard to the vehicle except to safeguard it in its then-existing condition and shall promptly notify the Department. The Department shall, after an investigation has been made, notify the licensee whether the vehicle can be freed from this limitation. In no event shall the vehicle be disassembled, demolished, processed, or otherwise modified or removed prior to authorization by the Department. If the vehicle is a motorcycle, the licensee shall cause to be noted on the title or salvage certificate, certifying on the face of the document, in addition to the above requirements, the frame number of the motorcycle and motor number, if available.

~~D~~*F*. Except as provided in § 46.2-1203, after a vehicle has been demolished, the demolisher shall, within five working days, deliver to the Department the salvage certificate or title, certifying on the face of the document that the vehicle has been destroyed.

~~E~~*G*.~~.~~ Except as provided in § 46.2-1203, it shall be unlawful for any licensee to purchase, receive, take into inventory, or otherwise accept from any person any late model vehicle unless, as a part of any such transaction, the licensee also receives a title, salvage certificate, nonrepairable certificate, or other ownership documents, issued by an appropriate regulatory agency within or without the Commonwealth, relating to such vehicle. Every licensee shall maintain as a part of his business records a title, salvage certificate, nonrepairable certificate, or other ownership documents, issued by an appropriate regulatory agency within or without the Commonwealth, pertaining to every late model vehicle in his inventory or possession.

~~F~~*H*. If a licensee intends to utilize machinery to crush, flatten, or otherwise reduce one or more vehicles to a state where it can no longer be considered a vehicle at a location other than the location specified on the license filed with the Department, the licensee shall apply to the Department for a permit of operation in a manner prescribed by the Commissioner. Each permit shall be valid for a period not to exceed 15 days and shall specify the location of intended operation. The cost of each permit shall be $15.

§ 46.2-1603.2. Owner may declare vehicle nonrepairable; insurance company required to obtain a nonrepairable certificate; applicability of certain other laws to nonrepairable certificates; titling and registration of nonrepairable vehicle prohibited.

A. The owner of any vehicle titled in the Commonwealth may declare such vehicle to be a nonrepairable vehicle by applying to the Department for a nonrepairable certificate.

B. Every insurance company or its authorized agent shall apply to the Department and obtain a nonrepairable certificate for each vehicle acquired by the insurance company as a result of the claims process if such vehicle is titled in the Commonwealth and is (i) a late model nonrepairable vehicle or (ii) a stolen vehicle that has been recovered and determined to be a nonrepairable vehicle. The application shall be accompanied by the vehicle's title certificate or salvage certificate and shall contain a description of the damage to the nonrepairable vehicle. Application for the nonrepairable certificate shall be made within fifteen days after payment has been made to the owner, lienholder, or both.

C. Every insurance company or its authorized agent shall notify the Department of each late model vehicle titled in the Commonwealth upon which a claim has been paid if such vehicle is a nonrepairable vehicle that is retained by its owner.

D. The Department, upon receipt of an application for a nonrepairable certificate for a vehicle titled in the Commonwealth, or upon receipt of notification from an insurance company or its authorized agent as provided in subsection C ~~of this section~~ that a vehicle registered in the Commonwealth has become a nonrepairable vehicle, shall cause the title of such vehicle to be cancelled and a nonrepairable certificate issued to the vehicle's owner.

There shall be no fee for the issuance of a nonrepairable certificate. All provisions of this Code applicable to a motor vehicle certificate of title shall apply, mutatis mutandis, to a nonrepairable certificate, except that no registration or license plates shall be issued for the vehicle described in a nonrepairable certificate. No vehicle for which a nonrepairable certificate has been issued shall ever be titled or registered for use on the highways in the Commonwealth.

E. The Department, upon receipt of a title, salvage certificate, or other ownership document from a licensed salvage dealer or demolisher pursuant to subdivision ~~A~~ *C* 1 of § 46.2-1603.1, shall cause the title, salvage certificate, or other ownership document to such vehicle to be cancelled and a nonrepairable certificate issued to the vehicle's owner.

§ 46.2-1608.2. (Effective October 1, 2011) Licensees to update records of the Department for motor vehicles that are to be demolished or dismantled.

A. A licensee or scrap metal processor may be exempted from the waiting period in subsection B of § 46.2-1608.1 by:

1. Entering into a contractual agreement with the Department to update records of motor vehicles to be demolished or dismantled if such motor vehicles have either been issued a certificate of title, salvage certificate, or nonrepairable certificate in the Commonwealth or are titled in a foreign jurisdiction. In addition to the contractual agreement, the licensee or scrap metal processor shall be required to comply

with the Department's procedures for securely accessing and updating the Department's records; and

2. Notifying the Department that a motor vehicle is being demolished or dismantled or of the intention to demolish, dismantle, or reduce the motor vehicle to a state where it can no longer be considered a motor vehicle. Licensees or scrap metal processors shall electronically notify the Department of the demolished or dismantled vehicle's certificate of title, salvage certificate, or nonrepairable certificate number and vehicle identification number.

B. Licensees or scrap metal processors in possession of the certificate of title, salvage certificate, or nonrepairable certificate from the Commonwealth may demolish or dismantle the subject motor vehicle. Licensees or scrap metal processors shall electronically notify the Department of the demolished or dismantled vehicle's certificate of title, salvage certificate, or nonrepairable certificate number and vehicle identification number within required time frames pursuant to subsection ~~D~~ *F* of § 46.2-1603.1.

C. Licensees or scrap metal processors in possession of a certificate of title issued by a foreign jurisdiction may demolish or dismantle the subject motor vehicle. Licensees or scrap metal processors shall electronically notify the Department of the demolished or dismantled vehicle's certificate of title number, vehicle identification number, year, make, and model within required time frames pursuant to subsection ~~D~~ *F* of § 46.2-1603.1.

D. Licensees or scrap metal processors that do not possess a certificate of title, salvage certificate, or nonrepairable certificate may demolish the subject motor vehicle if the motor vehicle is a model year that is at least 10 years older than the current model year. The licensee or scrap metal processor shall provide electronically to the Department the vehicle identification number and the year, make, and model of the motor vehicle and shall remit to the Department the fees set out in § 46.2-627 and an additional $10 transaction fee. Upon receipt of such notification, the Department shall check the records of nationally recognized databases. The licensee or scrap metal processor may not demolish or dismantle the vehicle until the Department has notified the licensee or scrap metal processor of the results of that inquiry. If a licensee or scrap metal processor is not in possession of the certificate of title, salvage certificate, or nonrepairable certificate and the subject motor vehicle is of the current model year or of a model year that is nine years old or less, that vehicle shall be processed in accordance with § 46.2-1202.

E. Nothing in this section shall release a licensee or scrap metal processor from complying with the provisions of §§ 46.2-1603.1, 46.2-1608, and 46.2-1608.1.