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SENATE BILL NO. 1064

Offered January 11, 2023

Prefiled January 9, 2023

A *BILL to amend and reenact §§ 46.2-1603.1 and 46.2-1608.2 of the Code of Virginia, relating to vehicle documentation; licensed auto recyclers.*

Patron—Spruill

Referred to Committee on Transportation

Be it enacted by the General Assembly of Virginia:

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

§ 46.2-1603.1. Duties of licensees.

A. 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. 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. 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. If the vehicle identification number has been altered, is missing, or appears to have been 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. 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. Except as provided in §§ 46.2-1203 and 46.2-1608.2, 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

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late model vehicle in his inventory or possession.

F. 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.

G. The licensee shall comply with all applicable federal title reporting requirements, including the reporting requirements of the National Motor Vehicle Title Information System pursuant to 28 C.F.R. § 25.56.

§ 46.2-1608.2. Licensees to update records of the Department for motor vehicles that are to be demolished or dismantled.

A. A licensed auto recycler 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 *either* have ~~either~~ been issued a certificate of title, salvage certificate, or nonrepairable certificate in the Commonwealth or are titled in another state. In addition to the contractual agreement, the licensed auto recycler 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. Licensed auto recyclers 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. Licensed auto recyclers in possession of the certificate of title, salvage certificate, or nonrepairable certificate from the Commonwealth may demolish or dismantle the subject motor vehicle. Licensed auto recyclers 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 of § 46.2-1603.1.

C. Licensed auto recyclers in possession of a certificate of title issued by another state may demolish or dismantle the subject motor vehicle. Licensed auto recyclers 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 of § 46.2-1603.1.

D. Licensed auto recyclers that do not possess a certificate of title, salvage certificate, or nonrepairable certificate may demolish the subject motor vehicle if the motor vehicle (i) is a model year that is at least 10 years older than the current model year *or (ii) was purchased from an insurance company and such insurance company made a total loss payment on such motor vehicle.* The licensed auto recycler 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 licensed auto recycler may not demolish or dismantle the vehicle until the Department has notified the licensed auto recycler of the results of that inquiry. If a licensed auto recycler is not in possession of the certificate of title, salvage certificate, or nonrepairable certificate and the subject motor vehicle (a) is of the current model year or of a model year that is nine years old or less *or (b) was not purchased from an insurance company that made a total loss payment on such motor vehicle,* that vehicle shall be processed in accordance with § 46.2-1202.

E. Nothing in this section shall release a licensed auto recycler from complying with the provisions of §§ 46.2-1603.1, 46.2-1608, and 46.2-1608.1.