

Senator Stephen H. Urquhart proposes the following substitute bill:

**AUTOMOBILE SALVAGE AMENDMENTS**

2012 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Stephen H. Urquhart**

House Sponsor: Don Ipson

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**LONG TITLE**

**General Description:**

This bill modifies the Motor Vehicle Act by amending provisions relating to salvage and nonrepairable vehicles.

**Highlighted Provisions:**

This bill:

- ▶ provides definitions;
- ▶ provides that a motor vehicle may not be offered, auctioned, sold, leased, transferred, or exchanged by an owner, that is not a manufacturer, dealer, ~~§~~ [or] ~~§~~ motor vehicle auction, ~~§~~ **or consignee to a motor vehicle auction** ~~§~~ with the knowledge that it is a salvage vehicle without prior written disclosure being given to any prospective purchaser;
  - ▶ establishes procedures and requirements for a vehicle to be declared a nonrepairable vehicle and for a nonrepairable certificate to be issued;
  - ▶ grants the Motor Vehicle Division rulemaking authority to establish the requirements to receive a nonrepairable certificate;
  - ▶ provides that any person, insurance company, or licensed dealer who fails to obtain a nonrepairable certificate or who sells a nonrepairable vehicle without first obtaining a nonrepairable certificate is guilty of a class B misdemeanor;
  - ▶ provides that it is unlawful for a person to sell or otherwise convey ownership of a



26 nonrepairable vehicle unless the certificate of title or ownership is branded or a comparable  
 27 title, certificate, or ownership document has been issued by another state or jurisdiction;

28       ▶ requires an operator of a motor vehicle auction to verify that an in-state purchaser  
 29 not licensed under this section complies with the requirement to have a valid Utah  
 30 business license and a Utah sales tax license;

31       ▶ provides that the five vehicle limitation on the sale of a vehicle with a salvage  
 32 certificate to certain in-state purchasers applies to each Utah sales tax license and  
 33 not to each person with the authority to use a sales tax license;

34       ▶ provides that for a vehicle with a salvage certificate purchased by certain in-state  
 35 purchasers:

36             • a motor vehicle auction shall make application for a certificate of title on behalf  
 37 of the Utah purchaser within seven days of the purchase; and

38             • the motor vehicle auction shall include a disclosure;

39       ▶ provides that an operator of a motor vehicle auction shall provide certain records  
 40 electronically to the Motor Vehicle Enforcement Division within two business days  
 41 of the completion of the motor vehicle auction;

42       ▶ provides that, if applicable, an operator of a motor vehicle auction shall comply  
 43 with the reporting requirements of the National ~~§~~→ Motor ←~~§~~ Vehicle Title Information System  
 44 overseen by the United States Department of Justice if the person sells a vehicle  
 45 with a salvage certificate to certain in-state purchasers;

46       ▶ repeals civil penalties relating to not titling a vehicle with a salvage certificate; and

47       ▶ makes technical changes.

48 **Money Appropriated in this Bill:**

49 None

50 **Other Special Clauses:**

51 ~~§~~→ [None] This bill takes effect on October 1, 2012. ←~~§~~

52 **Utah Code Sections Affected:**

53 AMENDS:

54 **41-1a-1001**, as last amended by Laws of Utah 2010, Chapter 324

55 **41-3-201**, as last amended by Laws of Utah 2010, Chapter 393

56 **41-3-201.7**, as last amended by Laws of Utah 2010, Chapter 393

119 **41-1a-1005.3. Resale of Salvage Vehicles.**

120 (1) A motor vehicle may not be offered, auctioned, sold, leased, transferred, or  
 121 exchanged by an owner, that is not a manufacturer, dealer ~~§~~→ [or] , ←~~§~~ motor vehicle auction, ~~§~~→  
 121a **or consignors to a motor vehicle auction** ←~~§~~ with the  
 122 knowledge that it is a salvage vehicle without prior written disclosure being given to any  
 123 prospective purchaser.

124 (2) ~~§~~→ [The] **For a disclosure required by Subsection (1), the** ←~~§~~ following disclosure  
 124a language shall be contained in each contract for sale or  
 125 lease of a salvage vehicle to a ~~§~~→ [consumer] purchaser ←~~§~~ or shall be contained in a form  
 125a affixed to a contract,  
 126 lease, bill of sale, or any other document that transfers title:

127 "THIS DISCLOSURE STATEMENT MUST BE GIVEN BY THE SELLER TO THE  
 128 BUYER EVERY TIME THIS VEHICLE IS RESOLD WITH A SALVAGE CERTIFICATE  
 129 DISCLOSURE STATEMENT

130 Vehicle Identification Number (VIN)

131 Year:            Make:            Model:

132 SALVAGE VEHICLE--NOT FOR RESALE WITHOUT DISCLOSURE

133 WARNING: THIS SALVAGE VEHICLE MAY NOT BE SAFE FOR OPERATION  
 134 UNLESS PROPERLY REPAIRED. SOME STATES MAY REQUIRE AN INSPECTION  
 135 BEFORE THIS VEHICLE MAY BE REGISTERED. THE STATE OF UTAH MAY  
 136 REQUIRE THIS VEHICLE TO BE PERMANENTLY BRANDED AS A REBUILT  
 137 SALVAGE VEHICLE. OTHER STATES MAY ALSO PERMANENTLY BRAND THE  
 138 CERTIFICATE OF TITLE.

139 \_\_\_\_\_  
 140 Signature of Purchaser Date"

141 Section 3. Section **41-1a-1005.5** is enacted to read:

142 **41-1a-1005.5. Non-repairable vehicle -- Declaration by insurance company --**  
 143 **Surrender of title -- Nonrepairable certificate of title.**

144 (1) (a) (i) Except as provided in Subsection (1)(a)(iii) or (iv), if an insurance company  
 145 declares a vehicle as a nonrepairable vehicle and takes possession of the vehicle for disposal,  
 146 the insurance company shall within 10 days from the receipt of the title with any lien release,  
 147 surrender to the division the outstanding certificate of title, properly endorsed, or other  
 148 evidence of ownership acceptable to the division.

149 (ii) The division shall then issue a nonrepairable certificate in the insurance company's

274 WARNING: THIS SALVAGE VEHICLE MAY NOT BE SAFE FOR OPERATION  
 275 UNLESS PROPERLY REPAIRED. SOME STATES MAY REQUIRE AN INSPECTION  
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 277 REQUIRE THIS VEHICLE TO BE PERMANENTLY BRANDED AS A REBUILT  
 278 SALVAGE VEHICLE. OTHER STATES MAY ALSO PERMANENTLY BRAND THE  
 279 CERTIFICATE OF TITLE.

280 \_\_\_\_\_  
 281 Signature of Purchaser Date"

282 (f) The commission may impose an administrative entrance fee established in  
 283 accordance with the procedures and requirements of Section 63J-1-504 not to exceed \$10 on a  
 284 person not holding a license described in Subsection (3)(e)(i) that enters the physical premises  
 285 of a motor vehicle auction for the purpose of viewing available salvage vehicles prior to an  
 286 auction.

287 (4) (a) An operator of a motor vehicle auction shall keep a record of the sale of each  
 288 salvage vehicle.

289 (b) A record described under Subsection (4)(a) shall contain:

290 (i) the purchaser's name and address; and

291 (ii) the year, make, and vehicle identification number for each salvage vehicle sold.

292 (c) An operator of a motor vehicle auction shall:

293 (i) provide the record described in Subsection (4)(a) electronically ~~§~~ **→ in a method**

293a approved by the division ~~←§~~ to the division

294 within two business days of the completion of the motor vehicle auction;

295 [(i)] (ii) retain the record described in this Subsection (4) for five years from the date of  
 296 sale; and

297 [(ii)] (iii) make a record described in this Subsection (4) available for inspection by the  
 298 division at the location of the motor vehicle auction during normal business hours.

299 (5) If applicable, an operator of a motor vehicle auction shall comply with the reporting  
 300 requirements of the National ~~§~~ **→ Motor** ~~←§~~ Vehicle Title Information System overseen by the  
 300a United States

301 Department of Justice if the person sells a vehicle with a salvage certificate to an in-state  
 302 purchaser under Subsection (3)(c)(ii).

303 [(5)] (6) (a) An operator of a motor vehicle auction that sells a salvage vehicle to a  
 304 person that is an out-of-country buyer shall:

429 (2) (a) The schedule of civil penalties for violations of Subsection (1) is:

430 (i) Level I: \$25 for the first offense, \$100 for the second offense, and \$250 for the third  
431 and subsequent offenses;

432 (ii) Level II: \$100 for the first offense, \$250 for the second offense, and \$1,000 for the  
433 third and subsequent offenses; and

434 (iii) Level III: \$250 for the first offense, \$1,000 for the second offense, and \$5,000 for  
435 the third and subsequent offenses.

436 (b) When determining under this section if an offense is a second or subsequent  
437 offense, only prior offenses committed within the 12 months prior to the commission of the  
438 current offense may be considered.

439 (3) The following are civil violations in addition to criminal violations under Section  
440 41-1a-1008:

441 (a) knowingly selling a salvage vehicle, as defined in Section 41-1a-1001, without  
442 disclosing that the salvage vehicle has been repaired or rebuilt;

443 (b) knowingly making a false statement on a vehicle damage disclosure statement, as  
444 defined in Section 41-1a-1001; or

445 (c) fraudulently certifying that a damaged motor vehicle is entitled to an unbranded  
446 title, as defined in Section 41-1a-1001, when it is not.

447 (4) The civil penalty for a violation under Subsection (3) is:

448 (a) not less than \$1,000, or treble the actual damages caused by the person, whichever  
449 is greater; and

450 (b) reasonable attorney fees and costs of the action.

451 (5) A civil action may be maintained by a purchaser or by the administrator.

451a **§→ Section 8. Effective date.**

451b **This bill takes effect on October 1, 2012. ←§**