

SALVAGE VEHICLE PURCHASER AMENDMENTS

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Curtis S. Bramble

House Sponsor: _____

LONG TITLE

General Description:

This bill amends provisions related to a salvage vehicle transaction.

Highlighted Provisions:

This bill:

- ▶ provides for the creation of a statewide database administered by the Utah Motor Vehicle Enforcement Division to report and track the sale of salvage vehicles;
- ▶ amends provisions related to purchase of a salvage vehicle by an unlicensed buyer;
- ▶ authorizes the division to charge a \$2 surcharge on every vehicle with a nonrepairable or salvage certificate sold at, or through, a motor vehicle auction; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

41-3-201, as last amended by Laws of Utah 2013, Chapter 463

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **41-3-201** is amended to read:



28 **41-3-201. Licenses required -- Restitution -- Education.**

29 (1) As used in this section[~~,"new~~]:

30 (a) "New applicant" means a person who is applying for a license that the person has
31 not been issued during the previous licensing year.

32 (b) "Unlicensed salvage vehicle purchaser identification number" means an
33 identification number issued by the division to an applicant who:

34 (i) is not a licensed salvage vehicle buyer; and

35 (ii) may purchase up to five salvage vehicles in the state in a 12-month period.

36 (2) A person may not act as any of the following without having procured a license
37 issued by the administrator:

38 (a) a dealer;

39 (b) salvage vehicle buyer;

40 (c) salesperson;

41 (d) manufacturer;

42 (e) transporter;

43 (f) dismantler;

44 (g) distributor;

45 (h) factory branch and representative;

46 (i) distributor branch and representative;

47 (j) crusher;

48 (k) remanufacturer; or

49 (l) body shop.

50 (3) (a) Except as provided in Subsection (3)(c), a person may not bid on or purchase a
51 vehicle with a nonrepairable or salvage certificate as defined in Section 41-1a-1001 at or
52 through a motor vehicle auction unless the person is a licensed salvage vehicle buyer.

53 (b) Except as provided in Subsection (3)(c), a person may not offer for sale, sell, or
54 exchange a vehicle with a nonrepairable or salvage certificate as defined in Section 41-1a-1001
55 at or through a motor vehicle auction except to a licensed salvage vehicle buyer.

56 (c) A person may offer for sale, sell, or exchange a vehicle with a nonrepairable or
57 salvage certificate as defined in Section 41-1a-1001 at or through a motor vehicle auction:

58 (i) to an out-of-state or out-of-country purchaser not licensed under this section, but

59 that is authorized to do business in the domestic or foreign jurisdiction in which the person is
60 domiciled or registered to do business;

61 (ii) subject to the restrictions in Subsection (3)(d), to an in-state purchaser not licensed
62 under this section that has:

63 (A) [~~has~~] a valid business license in Utah; [~~and~~]

64 (B) [~~has~~] a Utah sales tax license; and

65 (C) an unlicensed salvage vehicle purchaser identification number; and

66 (iii) to a crusher.

67 (d) (i) An operator of a motor vehicle auction shall verify that an in-state purchaser not
68 licensed under this section has the licenses required in Subsection (3)(c)(ii).

69 (ii) An operator of a motor vehicle auction may only offer for sale, sell, or exchange
70 five vehicles with a salvage certificate as defined in Section 41-1a-1001 at or through a motor
71 vehicle auction in any [~~12-month~~] 12-month period to an in-state purchaser that does not have a
72 salvage vehicle buyer license issued in accordance with Subsection 41-3-202(15).

73 (iii) The five vehicle limitation under this Subsection (3)(d) applies to each Utah sales
74 tax license and not to each person with the authority to use a sales tax license.

75 (iv) An operator of a motor vehicle auction may not sell a vehicle with a nonrepairable
76 certificate as defined in Section 41-1a-1001 to a purchaser otherwise allowed to purchase a
77 vehicle under Subsection (3)(c)(ii).

78 (e) For a vehicle with a salvage certificate purchased under Subsection (3)(c)(ii), an
79 operator of a motor vehicle auction shall:

80 (i) (A) until Subsection (3)(e)(i)(B) applies, make application for a salvage certificate
81 of title on behalf of the Utah purchaser within seven days of the purchase if the purchaser does
82 not have a salvage vehicle buyer license, dealer license, body shop license, or dismantler
83 license issued in accordance with Section 41-3-202; or

84 (B) beginning on or after the date that the Motor Vehicle Division has implemented the
85 Motor Vehicle Division's GenTax system, make application electronically, in a form and time
86 period approved by the Motor Vehicle Division, for a salvage certificate of title to be issued in
87 the name of the purchaser;

88 (ii) give to the purchaser a disclosure printed on a separate piece of paper that states:

89 "THIS DISCLOSURE STATEMENT MUST BE GIVEN BY THE SELLER TO THE

90 BUYER EVERY TIME THIS VEHICLE IS RESOLD WITH A SALVAGE CERTIFICATE
 91 Vehicle Identification Number (VIN)
 92 Year: Make: Model:
 93 SALVAGE VEHICLE--NOT FOR RESALE WITHOUT DISCLOSURE
 94 WARNING: THIS SALVAGE VEHICLE MAY NOT BE SAFE FOR OPERATION
 95 UNLESS PROPERLY REPAIRED. SOME STATES MAY REQUIRE AN INSPECTION
 96 BEFORE THIS VEHICLE MAY BE REGISTERED. THE STATE OF UTAH MAY
 97 REQUIRE THIS VEHICLE TO BE PERMANENTLY BRANDED AS A REBUILT
 98 SALVAGE VEHICLE. OTHER STATES MAY ALSO PERMANENTLY BRAND THE
 99 CERTIFICATE OF TITLE.

100 _____
 101 Signature of Purchaser Date"; and

- 102 (iii) if applicable, provide evidence to the Motor Vehicle Division of:
- 103 (A) payment of sales taxes on taxable sales in accordance with Section 41-1a-510;
 - 104 (B) the identification number inspection required under Section 41-1a-511; and
 - 105 (C) the odometer disclosure statement required under Section 41-1a-902.
- 106 (f) The Motor Vehicle Division shall include a link to the disclosure statement
 107 described in Subsection (3)(e)(ii) on its website.
- 108 (g) The commission may impose an administrative entrance fee established in
 109 accordance with the procedures and requirements of Section 63J-1-504 not to exceed \$10 on a
 110 person not holding a license described in Subsection (3)(e)(i) ~~that~~ who enters the physical
 111 premises of a motor vehicle auction for the purpose of viewing available salvage vehicles prior
 112 to an auction.
- 113 (h) A vehicle sold at or through a motor vehicle auction to an out-of-state purchaser
 114 with a nonrepairable or salvage certificate may not be certificated in Utah until the vehicle has
 115 been certificated out-of-state.
- 116 (i) The division may impose a surcharge of up to \$2 on each vehicle with a
 117 nonrepairable or salvage certificate sold at or through a motor vehicle auction.
- 118 (j) The division shall deposit fees collected under Subsection (3)(i) into the General
 119 Fund as a dedicated credit to be used by the division to cover the costs of the development,
 120 implementation, and administration of the state salvage vehicle sales database described in

121 Subsection (5).

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

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

125 (i) the purchaser's name and address; ~~and~~

126 (ii) the year, make, model, and vehicle identification number for each salvage vehicle
127 sold~~[-]; and~~

128 (iii) if the salvage vehicle was sold to an in-state purchaser under Subsection (3)(c)(ii):

129 (A) the purchaser's unlicensed salvage vehicle purchaser identification number; and

130 (B) the purchaser's Utah sales tax license number.

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

132 (i) provide the record described in Subsection (4)(a) electronically in a method
133 approved by the division to the division within two business days of the completion of the
134 motor vehicle auction;

135 (ii) retain the record described in this Subsection (4) for five years from the date of
136 sale; and

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

139 ~~[(5) (a) If applicable, an operator of a motor vehicle auction shall comply with the
140 reporting requirements of the National Motor Vehicle Title Information System overseen by
141 the United States Department of Justice if the person sells a vehicle with a salvage certificate to
142 an in-state purchaser under Subsection (3)(c)(ii).]~~

143 (5) (a) The division shall:

144 (i) develop and maintain a state salvage vehicle sales database to be used for the
145 collection and storage of the data received by the division under this section;

146 (ii) use the state salvage vehicle sales database to maintain an accurate record of all
147 reported statewide salvage vehicle transactions, as described in Subsection (4); and

148 (iii) transmit the record of a salvage vehicle sale maintained in the state salvage vehicle
149 sales database to the National Motor Vehicle Title Information System.

150 (b) The division may contract with an entity approved by the National Motor Vehicle
151 Title Information System as a third party data consolidator to:

152 (i) assist in the development of the state salvage vehicle sales database described in
153 Subsection (5)(a); and

154 (ii) transmit the sale of a salvage vehicle report to the National Motor Vehicle Title
155 Information System as described in Subsection (5)(a)(iii).

156 ~~[(b)]~~ (c) The Motor Vehicle Division shall include a link to the National Motor Vehicle
157 Title Information System on its website.

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

160 ~~[(i)]~~ (a) stamp on the face of the title so as not to obscure the name, date, or mileage
161 statement the words "FOR EXPORT ONLY" in all capital, black letters at least two inches
162 wide and clearly legible; and

163 ~~[(ii)]~~ (b) stamp in each unused reassignment space on the back of the title the words
164 "FOR EXPORT ONLY[:]" in all capital, black letters at least two inches wide and clearly
165 legible.

166 ~~[(b) The words "FOR EXPORT ONLY" shall be:]~~

167 ~~[(i) at least two inches wide; and]~~

168 ~~[(ii) clearly legible:]~~

169 (7) A ~~[supplemental license shall be secured by a]~~ dealer, manufacturer,
170 remanufacturer, transporter, dismantler, crusher, or body shop shall obtain a supplemental
171 license for each additional place of business maintained by the licensee.

172 (8) (a) ~~[(A)]~~ The division may not allow a person who has been convicted of violating
173 any law relating to motor vehicle commerce or motor vehicle fraud [may not] to be issued a
174 license or purchase a vehicle with a salvage or nonrepairable certificate unless the person has
175 made full restitution regarding those convictions [has been made].

176 (b) An operator of a motor vehicle auction, a dealer, or a consignor may not sell a
177 vehicle with a nonrepairable or salvage certificate to a buyer described in Subsection (8)(a) if
178 the division has informed the operator of the motor vehicle auction, the dealer, or the consignor
179 in writing that the buyer is prohibited from purchasing a vehicle with a nonrepairable or
180 salvage certificate under Subsection (8)(a).

181 (9) (a) The division may not issue a license to a new applicant for a new or used motor
182 vehicle dealer license, a new or used motorcycle dealer license, or a small trailer dealer license

183 unless the new applicant completes an eight-hour orientation class approved by the division
184 that includes education on motor vehicle laws and rules.

185 (b) The new applicant shall pay the approved costs of the orientation class [~~shall be~~
186 ~~paid by the new applicant~~].

187 (c) The [~~class shall be completed by the~~] new applicant and the applicant's partners,
188 corporate officers, bond indemnitors, and managers shall complete the class.

189 (d) (i) The division shall approve:

190 (A) providers of the orientation class; and

191 (B) costs of the orientation class.

192 (ii) A provider of an orientation class shall submit the orientation class curriculum to
193 the division for approval [~~prior to~~] before teaching the orientation class.

194 (iii) A provider of an orientation class shall include in the orientation materials:

195 (A) ethics training;

196 (B) motor vehicle title and registration processes;

197 (C) provisions of Title 13, Chapter 5, Unfair Practices Act, relating to motor vehicles;

198 (D) Department of Insurance requirements relating to motor vehicles;

199 (E) Department of Public Safety requirements relating to motor vehicles;

200 (F) federal requirements related to motor vehicles as determined by the division; and

201 (G) any required disclosure compliance forms as determined by the division.

202 (10) (a) A person or purchaser described in Subsection (3)(c)(ii) may not:

203 [~~(a) may not~~] (i) purchase more than five salvage vehicles with a nonrepairable or
204 salvage certificate as defined in Section 41-1a-1001 in any 12-month period;

205 [~~(b) may not~~] (ii) without first complying with Section 41-1a-705, offer for sale, sell,
206 or exchange more than two vehicles with a salvage certificate as defined in Section 41-1a-1001
207 in any 12-month period to a person not licensed under this section; [~~and~~] or

208 [~~(c) may not~~] (iii) without first complying with Section 41-1a-705, offer for sale, sell,
209 or exchange a vehicle with a nonrepairable certificate as defined in Section 41-1a-1001 to a
210 person not licensed under this section.

211 (b) A person or purchaser described in Subsection (3)(c)(ii) shall obtain an unlicensed
212 salvage vehicle purchaser identification number by providing the division with a valid Utah
213 sales tax license and either a valid Utah driver license or a valid Utah driving privilege card.

214 (c) A person or purchaser described in Subsection (3)(c)(ii) may only provide one Utah
215 sales tax license when obtaining an unlicensed salvage vehicle purchaser identification number
216 as described in Subsection (10)(b).

217 (11) An operator of a motor vehicle auction, a dealer, or a consignor may not sell a
218 vehicle with a nonrepairable or salvage certificate to a buyer described in Subsection (10)(a) if
219 the division has informed the operator of the motor vehicle auction, the dealer, or the consignor
220 in writing that the buyer is prohibited from purchasing a vehicle with a nonrepairable or
221 salvage certificate under Subsection (10)(a).

Legislative Review Note
Office of Legislative Research and General Counsel