

SENATE BILL REPORT

ESSB 5685

As Passed Senate, March 11, 1995

Title: An act relating to salvaged vehicles.

Brief Description: Updating regulation of salvaged vehicles.

Sponsors: Senate Committee on Transportation (originally sponsored by Senators Long, Haugen, Wood, Kohl, Prince, Fraser, Owen, Schow, Sellar, Heavey, Rasmussen, Winsley and Sheldon).

Brief History:

Committee Activity: Transportation: 2/14/95, 3/2/95 [DPS].
Passed Senate, 3/11/95, 45-0.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 5685 be substituted therefor, and the substitute bill do pass.

Signed by Senators Owen, Chair; Fairley, Haugen, Kohl, Morton, Oke, Prentice, Prince, Rasmussen, Sellar and Wood.

Staff: Roger Horn (786-7839)

Background: When a vehicle is destroyed (i.e., declared a total loss), the registered owner, or insurance company settling the claim for the total loss of a vehicle, must surrender the certificate of ownership (i.e, title) to the Department of Licensing (DOL) within 15 days. If an owner decides to sell a destroyed vehicle after the title has been surrendered to the DOL, the salvage vehicle may be sold using a bill of sale instead of a title.

Prior to operating a vehicle that has been destroyed, a new certificate of ownership must be issued by the DOL. The application for a new title requires a State Patrol vehicle identification number (VIN) inspection and a bill of sale from the insurance company that declared the vehicle a total loss, a motor vehicle wrecker, or the last registered owner noted with the DOL. Certificates of ownership and registration reissued for vehicles reported destroyed that are less than four years old must contain the word "rebuilt."

By law, the State Patrol is required to do VIN inspections only on vehicles that were previously registered in another state or country. The VIN inspection is aimed at detecting stolen vehicles and parts, not examining whether a vehicle has been safely constructed.

The State Patrol is required to impound vehicles if it has reasonable grounds to believe vehicle or part identification numbers have been intentionally altered or removed.

Currently, there are no prohibitions against selling or transferring vehicle titles.

Vehicle wreckers are businesses that dismantle salvage vehicles for the purpose of selling second hand parts. The Department of Licensing licenses and regulates vehicle wreckers. The State Patrol has the responsibility of inspecting vehicle wrecker premises.

At present, it is unlawful for vehicle wreckers to keep a motor vehicle, or any integral part thereof, outside the wall or fence required to obscure the wrecking yard.

Summary of Bill: It is a class C felony for a person to sell or convey a vehicle title, except in conjunction with the sale or transfer of the vehicle for which it is originally issued.

The State Patrol is given more latitude in impounding cars it believes to be stolen.

Fenders and airbags are added to the list of items constituting major component parts of a vehicle.

It is specified that individuals engaging in vehicle wrecking without a license are guilty of a gross misdemeanor. Second and subsequent offenses are class C felonies.

Vehicle wrecker tow vehicles are no longer required to bear special license plates, but must have the firm name, city, and phone number displayed on both doors.

Some less severe violations of vehicle wrecker statutes pertaining to record keeping are deemed misdemeanors.

Beginning July 1, 1996, vehicles and parts may be displayed outside the fence or building of a vehicle wrecker's premises during business hours only and only if not in conflict with local ordinance.

The DOL is given administrative cease and desist authority over illegal wrecking activities.

The State Patrol must assemble a study group, with representation from the Department of Licensing (DOL), Washington Traffic Safety Commission, the insurance industry, the autobody industry, and other appropriate groups to examine the feasibility of implementing safety inspections for vehicles that are rebuilt after surrender of the certificate of ownership to the DOL due to the vehicle's destruction or declaration as a total loss. A study report must be submitted to the Legislative Transportation Committee no later than January 1, 1996.

A VIN inspection is required for all vehicles that have been rebuilt after surrender of the certificate of ownership to the DOL due to the vehicle's destruction or declaration as a total loss.

Effective January 1, 1997, the DOL must issue a unique certificate of ownership and registration for vehicles less than four years old that are rebuilt after surrender of the certificate of ownership to the DOL due to the vehicle's destruction or declaration as a total loss. Each certificate must conspicuously display, across its front, a word indicating that the vehicle is rebuilt.

The DOL, in consultation with the aforementioned study group members, must study the feasibility of expanding the title and registration branding requirement to all vehicles, regardless of age. Additionally, the study group is required to develop a recommendation regarding differentiating on the title and registration whether a rebuilt vehicle sustained cosmetic damage or structural damage. DOL must report its findings to the Legislative Transportation Committee no later than January 1, 1996.

Beginning January 1, 1997, the State Patrol is required to securely affix or inscribe a marking at the driver's door latch indicating that the vehicle is destroyed or declared a total loss. Removal of the marking is a class C felony.

A dealer is permitted to renegotiate a dollar amount specified as the trade-in allowance on a vehicle as part of the purchase price if the buyer fails to disclose that the vehicle that is being traded in has a title which is branded for any reason, including status as a rebuilt vehicle.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony for: Unlicensed individuals are buying salvage vehicles from salvage pools and rebuilding or parting out the vehicles illegally. The state is losing tax dollars because of illegal sales of salvage vehicles and parts. Salvage vehicles purchased by unlicensed individuals may be sold in an unsafe condition and parts purchased by unlicensed individuals may be used to market stolen vehicles or parts.

Testimony against: Branding of titles of all vehicles that have been declared a total loss will create a problem for vehicle dealers who sell used cars. Dealers are held liable for repaying buyers of cars who later find out their car had been totaled and rebuilt. Titles are often not available at the time a trade-in vehicle is purchased.

Testified: Tim Schellberg, Mike West, Ed Dollar, Autobody Craftsman Association (pro); Jerry McAllister, Fleury Auto Parts (pro); Jim Boldt, Washington Auto Dealers Association (con).

House Amendment(s): (1) Vehicle wreckers with multiple locations are permitted to use special plates bearing the same license number for vehicles operated out of any of the locations. The Senate version eliminates the special plate requirement entirely. (2) Language in the Senate version allowing vehicle wreckers to display vehicles and parts outside their fence or wall is deleted. (3) The House version clarifies that the \$1,000 fine associated with Department of Licensing cease and desist authority applies only to unlicensed vehicle wreckers. (4) The requirement that the state reimburse the owner of a car that was inspected by the State Patrol and later found to have been reported stolen at the time of the inspection is repealed. This item was not included in the Senate version. (5) The Senate version requires that a marking be applied to a vehicle's door latch to indicate that it has been declared a total loss and rebuilt. In the House version, the marking is applied to the door pillar.