

HOUSE BILL REPORT

HB 2021

As Reported by House Committee On:
Transportation

Title: An act relating to salvage vehicles.

Brief Description: Disclosing rebuilt vehicles in private sales.

Sponsors: Representatives Wallace, Boldt, Moeller, Upthegrove and Kenney.

Brief History:

Committee Activity:

Transportation: 3/3/03, 3/6/03 [DPS].

Brief Summary of Substitute Bill

- When a vehicle is sold between two private parties, the owner must disclose to the buyer, if the vehicle was originally equipped with air bags and if so, if it has the same number of operational air bags as was originally equipped.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 26 members: Representatives Murray, Chair; Rockefeller, Vice Chair; Simpson, Vice Chair; Ericksen, Ranking Minority Member; Jarrett, Assistant Ranking Minority Member; Anderson, Bailey, Clibborn, Cooper, Dickerson, Flannigan, Hankins, Hatfield, Hudgins, Kristiansen, Lovick, Mielke, Morris, Nixon, Romero, Schindler, Shabro, Sullivan, Wallace, Wood and Woods.

Minority Report: Do not pass. Signed by 1 member: Representative Armstrong.

Staff: Reema Griffith (786-7301).

Background:

Under current law when a vehicle is wrecked beyond repair or declared a total loss, the owner must surrender the title and registration to the Department of Licensing (DOL) within 15 days of the accident. Once a vehicle's title is surrendered to the DOL on the grounds of being a total loss, the vehicle is considered a "salvage vehicle." If the salvage

vehicle is rebuilt, current law requires that the DOL issue a special title and registration with the words "Wa. Rebuilt" displayed across the front of the document. Also, upon inspection of the rebuilt vehicle, the Washington State Patrol must affix or inscribe a marking on the inside of the driver's side door, indicating the vehicle was previously destroyed or declared a total loss.

Although current laws have established ways to keep track of salvage vehicles, the definition of a "salvage vehicle" limits the effectiveness of those laws. Current provisions specifically exclude vehicles that are 6 years old or older, unless the vehicle had a fair market value of at least \$6,500 just prior to being destroyed. Therefore, if a 7-year-old vehicle worth less than \$6,500 is damaged beyond repair, it will not be classified as a "salvage vehicle," which then removes the requirement for the word "rebuilt" to be stated on the vehicle's title and registration. Also under current law, there is no requirement that an owner of a rebuilt vehicle disclose to a buyer that the vehicle has been destroyed and subsequently rebuilt.

Summary of Substitute Bill:

When a vehicle is being sold via a private party transaction between the legal owner and a private buyer, the owner must disclose if the vehicle was originally equipped with air bags and also requires the owner to complete a statement on the report of sale which indicates if the vehicle currently has the same number of operational air bags as was originally equipped. The DOL must include this statement on their report of sale form by January 1, 2004.

Substitute Bill Compared to Original Bill:

Sections one and two of the original bill are removed. Language requiring the owner to sign a statement to the effect that their vehicle was never totaled and subsequently rebuilt, is removed in the substitute bill. Language is provided that requires the owner to disclose to the buyer whether or not the vehicle was originally equipped with air bags, and also requires the owner to complete a statement on the report of sale which indicates if the vehicle currently has the same number of operational air bags as was originally equipped. The DOL must include this statement on their report of sale form by January 1, 2004. The penalty amount for failing to transfer title within 15 days is restored to the current law level of \$25.

Appropriation: None.

Fiscal Note: Requested on February 27, 2003.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of

session in which bill is passed.

Testimony For: This bill will provide a mechanism for protecting the safety of buyers of used vehicles who don't currently have the ability to find out if the vehicle they are buying was ever totaled and rebuilt.

Testimony Against: The extension of the definition of a salvage vehicle to include vehicles under 10 years old is not necessary given the current law provision that covers all ages of vehicles as long as they are worth at least \$6,500.

Testified: Representative Wallace, prime sponsor.

(With concerns) Mel Sorenson, National Association of Independent Insurers.