

## CO-SPONSORSHIP MEMORANDUM

TO: All Legislators

From: Representative Scott Krug

Date: January 21, 2014

RE: The acquisition of motor vehicles by motor vehicle salvage dealers for the purpose of salvage or scrap. As lien holders currently keep the vehicle titles on automobiles, unscrupulous vehicle owners have been able to salvage/scrap their vehicles for monetary gain at the expense of the lien holders. This legislation would remedy this situation by requiring salvage/scrap yards to check on outstanding liens with DOT before actually scrapping or junking a vehicle that is presented without a valid title.

**Deadline: Monday February 10<sup>th</sup>, 2014 @ 4:00 pm.**

### *Analysis by the Legislative Reference Bureau*

Under current law, a person may not operate as a motor vehicle salvage dealer unless the person holds a salvage dealer's license issued by the Department of Transportation (DOT). Motor vehicle salvage dealers carry on the business of wrecking, scrapping, or dismantling (processing) motor vehicles, buying and selling motor vehicles for processing, or selling parts from motor vehicles subject to processing.

Under current law, an owner transferring an interest in a motor vehicle must usually, at the time the vehicle is delivered, sign the certificate of title and provide it to the transferee, who in turn must deliver it to DOT. However, if the vehicle being transferred is a junk vehicle or has been junked, the owner must provide the certificate of title directly to DOT, not to the transferee.

Under current law, if a salvage dealer acquires a motor vehicle for the purpose of wrecking it, the dealer must send to DOT a bill of sale or the certificate of title within 30 days after the vehicle is delivered to the salvage yard unless the previous owner or other person in possession of the certificate of title has already done so. A bill of sale must describe the vehicle and state that the certificate of title for the vehicle has been sent to DOT because the vehicle is to be junked. A salvage dealer is required to maintain a record, in a form prescribed by DOT, for every vehicle the dealer acquires and wrecks. This record must include the name and address of the person from whom the vehicle was acquired and the date the vehicle was acquired.

Under this bill, before a salvage dealer may acquire a motor vehicle for the purpose of wrecking or junking the motor vehicle, the dealer must examine the certificate of title for the motor vehicle, or examine DOT's title records if the person transferring the motor vehicle is not in possession of the certificate of title, to determine whether there is any security interest in the motor vehicle.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

**If you would like to co-sponsor this legislation, please e-mail my office or call 6-0216 before 4:00 pm Monday February 10<sup>th</sup>, 2014.**

Thank you.

**Scott Krug**  
*State Representative*  
72<sup>nd</sup> Assembly District