

HOUSE BILL REPORT

ESSB 5685

As Reported By House Committee On:
Transportation

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: 3/21/95, 3/30/95 [DPA].

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass as amended. Signed by 16 members: Representatives K. Schmidt, Chairman; Benton, Vice Chairman; Mitchell, Vice Chairman; Skinner, Vice Chairman; Hatfield, Assistant Ranking Minority Member; Backlund; Blanton; Buck; Elliot; Hankins; Horn; Johnson; McMahan; Ogden; D. Schmidt and Scott.

Minority Report: Do not pass. Signed by 9 members: Representatives R. Fisher, Ranking Minority Member; Brown; Cairnes; Chandler; Chopp; Koster; Robertson; Romero and Tokuda.

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 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 DOL. The application for a new title requires a Washington State Patrol (WSP) 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 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 WSP 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 WSP 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 DOL licenses and regulates vehicle wreckers. The WSP 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.

The state is required to reimburse the owner of a car that passed a WSP VIN inspection and was later found to be stolen. Washington is the only state with this requirement and has paid out about \$0.5 million in reimbursements in the 1993-95 biennium.

Summary of Amended 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 Washington State Patrol (WSP) 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.

For vehicle wreckers with multiple locations, tow vehicles operated out of any of the licensed locations may bear special license plates bearing the same license number.

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

The DOL is given administrative cease and desist authority and subpoena power to address illegal wrecking activities.

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.

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.

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 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.

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.

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.

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.

The state is no longer required to reimburse the owner of a car that was inspected by the WSP and was later found to have been reported stolen at the time of the inspection.

Amended Bill Compared to Engrossed Substitute Bill: The striking amendment allows vehicle wreckers with multiple locations to use the special plates bearing the same license number for all of their vehicles, whereas the engrossed substitute

eliminated the special plate requirement entirely; removes new language allowing vehicle wreckers to display vehicles and parts outside their fence or wall; allows repair businesses to remove the vehicle marking for totalled vehicles if the marking is replaced before the vehicle is returned to operation; clarifies that the \$1,000 fine associated with DOL cease and desist authority applies only to unlicensed vehicle wreckers; and repeals the requirement that the state reimburse the owner of a car that was inspected by the WSP and later found to have been reported stolen at the time of the inspection.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: 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. The bill will help DOL to control illegal wrecking activities. Vehicle wreckers, like other merchants, should be allowed to display their merchandise to the public.

Testimony Against: None.

Testified: Senator Jeanine Long, prime sponsor; Mike West, Autobody Craftsman Association; Ed Dollar, Autobody Craftsman Association; Don Phelps, Auto Recyclers of Washington; Don Fitzpatrick, Fitz Auto Parts; Stu Halsan, Washington Tow Truck Association (pro, with amendment); and Lynda Henriksen, Department of Licensing.