Washington State
House of Representatives

BILL ANALYSIS

Transportation Committee

HB 1157

Brief Description: Identifying rebuilt vehicles.

Sponsors: Representatives Murray, Hankins, Lovick, Fisher and Keiser.

Brief Summary of Proposed 2nd Substitute Bill

- Extends the definition of a "salvage vehicle" to include vehicles over six years old that had a retail fair market value of at least $6,500 just prior to being destroyed.
- For vehicles over six years old, insurance companies are required to submit a statement to the Department of Licensing (DOL) which establishes whether or not the retail fair market value of a vehicle, just prior to being destroyed, was worth at least $6,500.

Hearing Date: 1/30/02

Staff: Reema Griffith (786-7301).

Background:

Under current law, when a vehicle is damaged 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 department 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 department 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 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 law has 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 six years old or older. Therefore, if a seven-year-old vehicle is damaged beyond repair, it is not classified as a "salvage vehicle," which then removes the requirement for the word "rebuilt" to be stated on the vehicle's title and registration or to be inscribed on the vehicle itself. Thus, subsequent owners of that seven-year-old vehicle would not be aware that the vehicle had been severely damaged and subsequently rebuilt.

Summary of Proposed 2nd Substitute Bill:

The definition of a "salvage vehicle" is extended to include vehicles over six years old that had a retail fair market value of at least the market value threshold amount of $6,500 just prior to being wrecked or destroyed.

Beginning in 2002 and annually thereafter, the DOL must review the expenditure category "used cars and trucks" in the consumer price index (CPI) to identify any increases. If the CPI indicates a percentage increase in the annual average for that year compared to the previous year, the department must increase the existing market value threshold amount of $6,500 by the same percentage.

If the amount of the increase, rounded to the nearest $10, is less than $50, the increase cannot be made that year; but that amount of increase must be carried forward and added to the calculations in subsequent years until the increase amount is over $50, at which time the DOL can adopt the increase by rule.

Under current law, when a vehicle is declared a total loss, insurance companies must provide to the DOL notification of this fact within 15 days after the settlement of the claim. For vehicles over six years old, this bill requires that insurance companies also submit a statement of whether or not the retail fair market value of a vehicle, just prior to being destroyed, was worth at least $6,500.

Appropriation: None.

Fiscal Note: Not requested.

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