# Second Regular Session Sixty-ninth General Assembly STATE OF COLORADO

# PREAMENDED

This Unofficial Version Includes Committee Amendments Not Yet Adopted on Second Reading

LLS NO. 14-0395.01 Jery Payne x2157

HOUSE BILL 14-1100

### HOUSE SPONSORSHIP

Swalm and Pabon, Wilson, McCann, Fields, Gardner, Holbert, McNulty, Navarro, Rosenthal, Scott, Tyler, Williams

## SENATE SPONSORSHIP

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House Committees Transportation & Energy Appropriations Senate Committees Transportation Appropriations

# A BILL FOR AN ACT

101	CONCERNING THE USE OF TITLE DOCUMENTS TO GIVE NOTICE OF
102	CHARACTERISTICS OF MOTOR VEHICLES THAT AFFECT A
103	VEHICLE'S VALUE, AND, IN CONNECTION THEREWITH, MAKING
104	AN APPROPRIATION.

# **Bill Summary**

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <u>http://www.leg.state.co.us/billsummaries.</u>)

Currently, the title of a motor vehicle that has been rebuilt from salvage must be branded. The bill expands branding to include a vehicle



HOUSE Amended 2nd Reading February 27, 2014 that:

ļ	Is nonrep	pairable;
•		· ···· ··· · · · · · · · · · · · · · ·

- ! Is built from 2 or more vehicles;
- ! Is flood damaged;
- ! Has had its odometer tampered with;
- ! Has an incorrect odometer; or
- ! Has a designation placed on the title by another jurisdiction.

These brands are carried forward to all subsequent titles. Brands from other states are carried forward in Colorado.

If a vehicle is classified as junk, its title is canceled and cannot be reissued. If a vehicle is nonrepairable, the owner must apply for a nonrepairable title and the vehicle must be sold for parts or scrap. When the part is sold, a copy of the nonrepairable title shows ownership of the part.

The salvage brand statute is moved to its own section.

1	Be it enacted by the General Assembly of the State of Colorado:
2	SECTION 1. In Colorado Revised Statutes, 42-6-102, amend
3	(17) (a) (I) and (17) (c); and <b>add</b> (1.7), (6.1), (6.4), (11.2), and (11.3) as
4	follows:
5	42-6-102. Definitions. As used in this part 1, unless the context
6	otherwise requires:
7	(1.7) "BRAND" MEANS A PERMANENT DESIGNATION OR MARKING
8	ON A MOTOR VEHICLE'S TITLE, ASSOCIATED WITH THE VEHICLE
9	IDENTIFICATION NUMBER, THAT CONVEYS INFORMATION ABOUT THE
10	VALUE OF THE VEHICLE OR INDICATES THAT THE VEHICLE:
11	(a) IS A SALVAGE VEHICLE;
12	(b) IS REBUILT FROM SALVAGE;
13	
14	(c) IS NONREPAIRABLE;
15	
16	(d) IS FLOOD DAMAGED;

1 (e) HAS HAD ITS ODOMETER TAMPERED WITH; OR 2 3 (f) HAS A DESIGNATION PLACED ON THE TITLE BY ANOTHER 4 JURISDICTION. 5 (6.1) "FLOOD DAMAGED" MEANS A MOTOR VEHICLE WAS 6 SUBMERGED IN WATER TO THE POINT THAT RISING WATER HAS REACHED 7 OVER THE DOORSILL AND ENTERED THE PASSENGER COMPARTMENT AND 8 DAMAGED ELECTRICAL, COMPUTER, OR MECHANICAL COMPONENTS. 9 10 (6.4) "JUNK" MEANS A VEHICLE THAT IS INCAPABLE OF OPERATING 11 ON ROADS AND IS NO LONGER A VEHICLE BECAUSE IT HAS BEEN 12 DESTROYED, DISMANTLED, OR CHANGED. THESE VEHICLES MAY NOT BE 13 ISSUED A CERTIFICATE OF TITLE, AND ANY TITLE SECURED IN THE 14 PURCHASE OF SUCH A VEHICLE IS TO BE SURRENDERED TO THE 15 DEPARTMENT, WHICH SHALL CANCEL THE VEHICLE IDENTIFICATION 16 NUMBER AND REMOVE THE VEHICLE FROM THE MOTOR VEHICLE SYSTEM. 17 (11.2) "NONREPAIRABLE" MEANS A MOTOR VEHICLE THAT: 18 (a) IS INCAPABLE OF SAFE OPERATION ON THE ROAD AND THAT HAS 19 NO RESALE VALUE EXCEPT AS SCRAP OR AS A SOURCE OF PARTS; OR 20 (b) THE OWNER HAS DESIGNATED AS SCRAP OR AS A SOURCE OF 21 PARTS. 22 (11.3) "NONREPAIRABLE TITLE" MEANS A TITLE DOCUMENT ISSUED 23 BY THE DIRECTOR OR AUTHORIZED AGENT TO INDICATE OWNERSHIP OF A 24 NONREPAIRABLE VEHICLE. 25 (17) (a) (I) "Salvage vehicle" means: 26 (A) A FLOOD-DAMAGED VEHICLE; 27 (B) A VEHICLE BRANDED AS A SALVAGE VEHICLE BY ANOTHER

-3-

1100

1 STATE; OR

2 (C) A vehicle that is damaged by collision, fire, flood, accident, 3 trespass, or other occurrence, excluding hail damage, to the extent that the 4 cost of repairing the vehicle to a roadworthy condition and for legal 5 operation on the highways exceeds the vehicle's retail fair market value 6 immediately prior to the damage, as determined by the person who owns 7 the vehicle at the time of the occurrence or by the insurer or other person 8 acting on behalf of the owner. 9 SECTION 2. In Colorado Revised Statutes, 42-6-102, amend 10 (17) (c) as follows: 11 **42-6-102.** Definitions. As used in this part 1, unless the context 12 otherwise requires: 13 (17) (c) This subsection (17) shall DOES not apply to a vehicle 14 whose model year of manufacture is six years or older at the time of 15 damage UNLESS THE VEHICLE IS A FLOOD-DAMAGED VEHICLE OR HAS BEEN 16 BRANDED AS A SALVAGE VEHICLE BY ANOTHER STATE. 17 **SECTION 3.** In Colorado Revised Statutes, 42-6-107, **amend** (1) 18 (a) as follows: 19 **42-6-107.** Certificates of title - contents - rules. (1) (a) (I) The 20 department or authorized agent shall mail or deliver certificates of title to 21 motor or off-highway vehicles issued under this part 1 to the applicant, 22 except as provided in section 42-6-124, and the director shall retain and 23 appropriately index and file information appearing and concerning the 24 issuance of the certificates of title. The certificates may be electronic 25 records in compliance with rules adopted by the director. 26 (II) In addition to other information that the director may by rule 27 require, the certificates OF TITLE must contain the make and model of the

-4-

motor or off-highway vehicle described in the record, if the information
is available, together with the motor and any other serial number of the
vehicle, and a description of any other marks or symbols placed upon the
vehicle by the vehicle manufacturer for identification purposes.

5 (III) IF A VEHICLE SHOWS A BRAND IN ITS TITLE HISTORY, OR IF THE 6 VEHICLE IS SUBJECT TO A BRAND, THE DEPARTMENT SHALL PLACE THE 7 APPROPRIATE BRAND ON THE CERTIFICATE OF TITLE. IF THE VEHICLE HAS 8 MULTIPLE BRANDS, THE DEPARTMENT SHALL PLACE THE MOST RECENT 9 BRAND ON THE CERTIFICATE OF TITLE AND THE NOTICE "OTHER BRANDS 10 EXIST". IF THE BRAND IS FROM A CERTIFICATE OF TITLE ISSUED IN ANOTHER 11 JURISDICTION, THE BRAND MUST BE CARRIED FORWARD TO THE COLORADO 12 CERTIFICATE OF TITLE ALONG WITH THE NAME OF THE JURISDICTION 13 ORIGINATING THE BRAND.

(IV) The year listed on the certificate of title of a kit vehicle is the
year of manufacture of the kit from which the vehicle was assembled, as
indicated in the manufacturer's statement of origin.

17 SECTION <u>4.</u> In Colorado Revised Statutes, 42-6-110 add (1.5)
18 as follows:

19 **42-6-110.** Certificate of title - transfer. (1.5) (a) IF AN INSURER, 20 AS DEFINED IN SECTION 10-1-102 (13), C.R.S., OR A SALVAGE POOL 21 AUTHORIZED BY AN INSURER IS UNABLE TO OBTAIN THE PROPERLY 22 ENDORSED CERTIFICATE OF OWNERSHIP OR OTHER EVIDENCE OF 23 OWNERSHIP ACCEPTABLE TO THE DEPARTMENT WITHIN THIRTY DAYS 24 FOLLOWING ORAL OR WRITTEN ACCEPTANCE BY THE OWNER OF AN OFFER 25 OF SETTLEMENT OF A TOTAL LOSS, THAT INSURER OR SALVAGE POOL MAY 26 REQUEST, ON A FORM PROVIDED BY THE DEPARTMENT AND SIGNED UNDER 27 PENALTY OF PERJURY, THE DEPARTMENT TO ISSUE A SALVAGE OR

NONREPAIRABLE TITLE FOR THE VEHICLE. THE REQUEST MUST INCLUDE
 INFORMATION DECLARING THAT THE INSURER OR SALVAGE POOL HAS
 MADE AT LEAST TWO WRITTEN ATTEMPTS TO OBTAIN THE CERTIFICATE OF
 OWNERSHIP OR OTHER ACCEPTABLE EVIDENCE OF TITLE AND MUST
 INCLUDE THE FEE FOR A DUPLICATE TITLE. THE FORM REQUESTING A
 SALVAGE OR NONREPAIRABLE TITLE IS THE ONLY EVIDENCE REQUIRED TO
 OBTAIN A SALVAGE OR NONREPAIRABLE TITLE.

8 (b) UPON RECEIVING THE FEE FOR A DUPLICATE TITLE AND THE
9 CERTIFICATE OF OWNERSHIP, OTHER EVIDENCE OF TITLE, OR A PROPERLY
10 EXECUTED REQUEST DESCRIBED IN PARAGRAPH (a) OF THIS SUBSECTION,
11 THE DEPARTMENT SHALL ISSUE THE SALVAGE OR NONREPAIRABLE TITLE
12 FOR THE VEHICLE.

13 SECTION <u>5.</u> In Colorado Revised Statutes, amend 42-6-136 as
14 follows:

15 42-6-136. Surrender and cancellation of certificate - penalty 16 for violation. (1) (a) The owner of a motor or off-highway vehicle for 17 which a Colorado certificate of title has been issued, upon the destruction 18 or dismantling of the vehicle OR upon its being changed so that it is no 19 longer a motor or off-highway vehicle, or upon its being sold or otherwise 20 disposed of as salvage, shall surrender the certificate of title to the vehicle 21 to the director or the authorized agent to be canceled or notify the director 22 or the authorized agent on director-approved forms indicating the loss, 23 destruction, or dismantling. or sale for salvage. UPON RECEIVING THE 24 SURRENDERED CERTIFICATE OF TITLE OR THE NOTICE OF LOSS, 25 DESTRUCTION, OR DISMANTLING, THE DIRECTOR OR AUTHORIZED AGENT 26 SHALL CLASSIFY THE VEHICLE AS JUNK.

27 (b) THE DEPARTMENT SHALL NOT ISSUE A CERTIFICATE OF TITLE TO

1100

A VEHICLE CLASSIFIED AS JUNK. THE HOLDER OF A LIEN OR MORTGAGE
 SECURED BY THE VEHICLE'S TITLE FOR THE PURCHASE SHALL SURRENDER
 THE TITLE TO THE DEPARTMENT. THE DEPARTMENT SHALL CANCEL THE
 TITLE AND REMOVE THE VEHICLE IDENTIFICATION NUMBER FROM THE
 MOTOR VEHICLE DATABASE.

6 (c) Upon the owner's procuring the consent of the holders of 7 unreleased mortgages or liens noted on or recorded as part of the 8 certificate of title, the director or authorized agent shall cancel the 9 certificate.

(d) A person who violates this section commits a class 1 petty
offense and shall be punished as provided in section 18-1.3-503, C.R.S.

12 (2) (a) Upon the sale or transfer of a motor vehicle for which a 13 current Colorado certificate of title has been issued or filed and that has 14 become a salvage vehicle, as defined in section 42-6-102 (17), the 15 purchaser or transferee shall apply for a salvage certificate of title. The 16 owner of such a motor vehicle may apply for a salvage certificate of title 17 before the sale or transfer of such vehicle. An owner applying for a 18 salvage certificate of title shall provide the director evidence of 19 ownership that satisfies the director of the right of the applicant to have 20 a salvage certificate of title filed in favor of the owner WHEN A MOTOR 21 VEHICLE OWNER DETERMINES THAT A MOTOR VEHICLE FOR WHICH A 22 COLORADO CERTIFICATE OF TITLE HAS BEEN ISSUED IS NONREPAIRABLE, 23 THE OWNER OF THE VEHICLE SHALL APPLY FOR A NONREPAIRABLE TITLE. 24 TO BE ISSUED A NONREPAIRABLE TITLE, AN APPLICANT MUST PROVIDE THE 25 DIRECTOR WITH EVIDENCE OF OWNERSHIP THAT SATISFIES THE DIRECTOR 26 OF THE APPLICANT'S RIGHT TO HAVE A NONREPAIRABLE TITLE FILED IN THE 27 APPLICANT'S FAVOR. IF A MOTOR VEHICLE IS NONREPAIRABLE, THE

-7-

DIRECTOR OR AUTHORIZED AGENT SHALL ISSUE THE VEHICLE A
 NONREPAIRABLE TITLE.

3 (b) UPON THE OWNER'S PROCURING THE CONSENT OF THE
4 HOLDER OF AN UNRELEASED MORTGAGE OR LIEN NOTED ON THE
5 CERTIFICATE OF TITLE, THE DIRECTOR OR AUTHORIZED AGENT SHALL
6 CANCEL THE VEHICLE'S REGISTRATION.

7 (3) (a) An owner of a salvage motor vehicle that has been made 8 roadworthy who applies for a certificate of title as provided in section 9 42-6-116 shall include such information regarding the vehicle as the 10 director may require by rule. The owner shall provide to the director 11 evidence of ownership that satisfies the director that the applicant is 12 entitled to filing of a certificate of title. The director or the authorized 13 agent shall designate in a conspicuous place in the record for a vehicle 14 that it is a salvage vehicle that has been made roadworthy. Such 15 designation shall include the words "REBUILT FROM SALVAGE" and 16 shall become a permanent part of the certificate of title for such vehicle 17 and shall appear on all subsequent certificates of title for such vehicle.

(b) (I) An owner of a salvage motor vehicle that has been made
 roadworthy who applies for a certificate of title as provided in section
 42-6-116 shall include a certified VIN inspection, DR2704, performed by
 a law enforcement officer certified as a VIN inspector.

(II) Prior to the inspection, the applicant shall stamp into the
 motor vehicle the words "REBUILT FROM SALVAGE" with each letter
 being not less than one-fourth inch in size. Such words shall be a salvage
 brand and be stamped in the following locations:

26 (A) In a motorcycle, on the frame in a visible location;

27 (B) In a class A manufactured motor home, on the main entrance

-8-

1 door jamb;

- 2 (C) In a trailer, adjacent to the public vehicle identification
  3 number;
- 4 (D) In all other motor vehicles, on the body post to which the
  5 driver's door latches, also known as the driver's door B pillar.
- 6 (III) The law enforcement officer shall not complete the
  7 inspection required by this paragraph (b) unless the salvage brand
  8 complies with this paragraph (b).
- 9 (c) (I) Except as provided in subparagraph (II) of this paragraph
  10 (c), a person commits a class 1 misdemeanor and, upon conviction, shall
  11 be punished as provided in section 18-1.3-501, C.R.S., if such person:
- 12 (A) Intentionally removes or alters a salvage brand; or
- (B) Possesses a motor vehicle without retitling the vehicle with a
   salvage brand for forty-five days after learning that the motor vehicle's
   salvage brand may have been removed or altered.
- (II) A person may remove or alter a salvage brand if necessary to
   legitimately repair a motor vehicle. Such person shall provide evidence
   of such repair to the investigating law enforcement authority, including
   pre-repair and post-repair photographs of the affected motor vehicle part
   and the salvage brand and a signed affidavit describing the repairs. Upon
   repair, or subsequent repair, the vehicle shall be restamped.
- 22 SECTION <u>6.</u> In Colorado Revised Statutes, add 42-6-136.5 as
  23 follows:

42-6-136.5. Salvage title. (1) UPON THE SALE OR TRANSFER OF A
MOTOR VEHICLE FOR WHICH A CURRENT COLORADO CERTIFICATE OF TITLE
HAS BEEN ISSUED OR FILED AND THAT HAS BECOME A SALVAGE VEHICLE,
THE PURCHASER OR TRANSFEREE SHALL APPLY FOR A SALVAGE

1100

CERTIFICATE OF TITLE. THE OWNER OF THE VEHICLE MAY APPLY FOR A
 SALVAGE CERTIFICATE OF TITLE BEFORE THE SALE OR TRANSFER OF THE
 VEHICLE. TO BE ISSUED A SALVAGE TITLE, AN OWNER APPLYING FOR A
 SALVAGE CERTIFICATE OF TITLE MUST PROVIDE THE DIRECTOR WITH
 EVIDENCE OF OWNERSHIP THAT SATISFIES THE DIRECTOR OF THE
 APPLICANT'S RIGHT TO HAVE A SALVAGE CERTIFICATE OF TITLE FILED IN
 THE APPLICANT'S FAVOR.

8 (2) (a) AN OWNER OF A SALVAGE MOTOR VEHICLE THAT HAS BEEN 9 MADE ROADWORTHY WHO APPLIES FOR A CERTIFICATE OF TITLE AS 10 PROVIDED IN SECTION 42-6-116 SHALL INCLUDE THE INFORMATION 11 REGARDING THE VEHICLE AS THE DIRECTOR MAY REQUIRE BY RULE. TO BE 12 ISSUED A SALVAGE TITLE, THE OWNER MUST PROVIDE TO THE DIRECTOR 13 EVIDENCE OF OWNERSHIP THAT SATISFIES THE DIRECTOR THAT THE 14 APPLICANT IS ENTITLED TO FILE A CERTIFICATE OF TITLE. THE DIRECTOR 15 SHALL PLACE A DESIGNATION IN A CONSPICUOUS PLACE IN THE RECORD 16 WHEN A SALVAGE VEHICLE HAS BEEN MADE ROADWORTHY. THE DIRECTOR 17 SHALL INCLUDE THE WORDS "REBUILT FROM SALVAGE" AND SHALL 18 MAKE THE DESIGNATION A PERMANENT PART OF THE CERTIFICATE OF TITLE 19 FOR THE VEHICLE, SO THAT THE PHRASE APPEARS ON ALL SUBSEQUENT 20 CERTIFICATES OF TITLE FOR THE VEHICLE.

(b) (I) AN OWNER OF A SALVAGE MOTOR VEHICLE THAT HAS BEEN
MADE ROADWORTHY WHO APPLIES FOR A CERTIFICATE OF TITLE IN
ACCORDANCE WITH SECTION 42-6-116 SHALL INCLUDE A CERTIFIED VIN
INSPECTION IN ACCORDANCE WITH SECTION 42-5-202 BY A CERTIFIED VIN
INSPECTOR.

26 (II) TO PASS THE VIN INSPECTION REQUIRED BY THIS PARAGRAPH27 (b), THE APPLICANT MUST STAMP A MOTOR VEHICLE WITH A SALVAGE

-10-

BRAND USING THE WORDS "REBUILT FROM SALVAGE" WITH EACH
 LETTER BEING NOT LESS THAN ONE-FOURTH INCH IN HEIGHT. THE BRAND
 MUST BE PLACED IN THE FOLLOWING LOCATIONS:

4 (A) IN A MOTORCYCLE, ON THE FRAME IN A VISIBLE LOCATION;

5 (B) IN A CLASS A MANUFACTURED MOTOR HOME, ON THE MAIN
6 ENTRANCE DOOR JAMB;

7 (C) IN A TRAILER, ADJACENT TO THE PUBLIC VEHICLE 8 IDENTIFICATION NUMBER; AND

9 (D) IN ALL OTHER MOTOR VEHICLES, ON THE BODY POST TO WHICH 10 THE DRIVER'S DOOR LATCHES, ALSO KNOWN AS THE DRIVER'S DOOR B 11 PILLAR.

(c) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
PARAGRAPH (c), A PERSON COMMITS A CLASS 1 MISDEMEANOR AND, UPON
CONVICTION, SHALL BE PUNISHED AS PROVIDED IN SECTION 18-1.3-501,
C.R.S., IF THE PERSON:

16 (A) INTENTIONALLY REMOVES OR ALTERS A SALVAGE BRAND; OR
17 (B) POSSESSES A MOTOR VEHICLE WITHOUT RETITLING THE
18 VEHICLE WITH A SALVAGE BRAND FOR FORTY-FIVE DAYS AFTER LEARNING
19 THAT THE MOTOR VEHICLE'S SALVAGE BRAND MAY HAVE BEEN REMOVED
20 OR ALTERED.

(II) A PERSON MAY REMOVE OR ALTER A SALVAGE BRAND IF
NECESSARY TO LEGITIMATELY REPAIR A MOTOR VEHICLE. TO QUALIFY FOR
THIS EXCEPTION, THE PERSON MUST PROVIDE EVIDENCE OF THE REPAIR TO
THE INVESTIGATING LAW ENFORCEMENT AUTHORITY. THE EVIDENCE MUST
INCLUDE PRE-REPAIR AND POST-REPAIR PHOTOGRAPHS OF THE AFFECTED
MOTOR VEHICLE PART AND THE SALVAGE BRAND AND A SIGNED AFFIDAVIT
DESCRIBING THE REPAIRS. UPON REPAIR, OR SUBSEQUENT REPAIR, THE

1 PERSON OR OWNER MUST RESTAMP THE VEHICLE.

2 SECTION <u>7.</u> In Colorado Revised Statutes, add 42-12-105 as
3 follows:

4 42-12-105. Evidence of ownership of parts - copy of
5 nonrepairable title. The DIRECTOR <u>MAY</u> ACCEPT A COPY OF THE
6 NONREPAIRABLE TITLE AS EVIDENCE OF OWNERSHIP OF A PART WHEN THE
7 PART IS USED TO RESTORE ANOTHER VEHICLE UNDER THIS ARTICLE.

8 **SECTION 8.** Appropriation. (1) In addition to any other 9 appropriation, there is hereby appropriated, out of any moneys in the 10 Colorado state titling and registration account of the highway users tax 11 fund created in section 42-1-211 (2), Colorado Revised Statutes, not 12 otherwise appropriated, to the department of revenue, for the fiscal year 13 beginning July 1, 2014, the sum of \$97,850, or so much thereof as may 14 be necessary, to be allocated to the information technology division for 15 the purchase of computer programming services related to the 16 implementation of this act.

In addition to any other appropriation, there is hereby 17 (2)18 appropriated to the governor - lieutenant governor - state planning and 19 budgeting, for the fiscal year beginning July 1, 2014, the sum of \$97,850, 20 or so much thereof as may be necessary, for allocation to the office of 21 information technology, for the provision of computer center services for 22 the department of revenue related to the implementation of this act. Said 23 sum is from reappropriated funds received from the department of 24 revenue out of the appropriation made in subsection (1) of this section.

25 SECTION <u>9.</u> Act subject to petition - effective date applicability. (1) Except as otherwise provided in this section, this act
 takes effect at 12:01 a.m. on the day following the expiration of the

ninety-day period after final adjournment of the general assembly (August 1 2 6, 2014, if adjournment sine die is on May 7, 2014); except that, if a 3 referendum petition is filed pursuant to section 1 (3) of article V of the 4 state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect 5 6 unless approved by the people at the general election to be held in 7 November 2014 and, in such case, will take effect on the date of the 8 official declaration of the vote thereon by the governor.

- 9 (2) Section 2 of this act does not take effect if House Bill 14-1299
- 10 <u>becomes law.</u>

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(3) This act applies to acts committed on or after January 1, 2015.