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

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A BILL FOR AN ACT CONCERNING THE USE OF TITLE DOCUMENTS TO GIVE NOTICE OF CHARACTERISTICS OF MOTOR VEHICLES THAT AFFECT A

103 VEHICLE'S VALUE.

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 http://www.leg.state.co.us/billsummaries.)

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

! Is nonrepairable;

- ! 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 **add** (1.7), (6.1), (6.4), (11.2), and (11.3) as follows: 4 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; 17 (e) HAS HAD ITS ODOMETER TAMPERED WITH;

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1	(1) HAS AN INCORRECT ODOMETER; OR
2	(g) HAS A DESIGNATION PLACED ON THE TITLE BY ANOTHER
3	JURISDICTION.
4	(6.1) (a) "Flood damaged" means a motor vehicle was
5	SUBMERGED IN WATER TO THE POINT THAT RISING WATER HAS REACHED
6	OVER THE DOORSILL AND ENTERED THE PASSENGER COMPARTMENT AND
7	DAMAGED ELECTRICAL, COMPUTER, OR MECHANICAL COMPONENTS.
8	(b) A MOTOR VEHICLE IS NOT "FLOOD DAMAGED" IF AN INSPECTION
9	CONDUCTED BY AN INSURANCE CLAIM REPRESENTATIVE OR MOTOR
10	VEHICLE REPAIRER INDICATES THAT THE FOLLOWING COMPONENTS
11	DAMAGED BY WATER HAVE BEEN REPAIRED OR REPLACED:
12	(I) ELECTRICAL;
13	(II) COMPUTER; OR
14	(III) MECHANICAL.
15	(6.4) "JUNK" MEANS A VEHICLE THAT IS INCAPABLE OF OPERATING
16	ON ROADS AND IS NO LONGER A VEHICLE BECAUSE IT HAS BEEN
17	DESTROYED, DISMANTLED, OR CHANGED. THESE VEHICLES MAY NOT BE
18	ISSUED A CERTIFICATE OF TITLE, AND ANY TITLE SECURED IN THE
19	PURCHASE OF SUCH A VEHICLE IS TO BE SURRENDERED TO THE
20	DEPARTMENT, WHICH SHALL CANCEL THE VEHICLE IDENTIFICATION
21	NUMBER AND REMOVE THE VEHICLE FROM THE MOTOR VEHICLE SYSTEM.
22	(11.2) "Nonrepairable" means a motor vehicle that:
23	(a) IS INCAPABLE OF SAFE OPERATION ON THE ROAD AND THAT HAS
24	NO RESALE VALUE EXCEPT AS SCRAP OR AS A SOURCE OF PARTS; OR
25	(b) THE OWNER HAS DESIGNATED AS SCRAP OR AS A SOURCE OF
26	PARTS.
27	(11.3) "Nonrepairable title" means a title document issued

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

BY THE DIRECTOR OR AUTHORIZED AGENT TO INDICATE OWNERSHIP OF A

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require, the certificates OF TITLE must contain the make and model of the 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.

(III) IF A VEHICLE SHOWS A BRAND IN ITS TITLE HISTORY, OR IF THE VEHICLE IS SUBJECT TO A BRAND, THE DEPARTMENT SHALL PLACE THE APPROPRIATE BRAND ON THE CERTIFICATE OF TITLE. IF THE VEHICLE HAS MULTIPLE BRANDS, THE DEPARTMENT SHALL PLACE THE MOST RECENT

BRAND ON THE CERTIFICATE OF TITLE AND THE NOTICE "OTHER BRANDS

11 EXIST". IF THE BRAND IS FROM A CERTIFICATE OF TITLE ISSUED IN ANOTHER

12 JURISDICTION, THE BRAND MUST BE CARRIED FORWARD TO THE COLORADO

CERTIFICATE OF TITLE ALONG WITH THE NAME OF THE JURISDICTION

14 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.

SECTION 3. In Colorado Revised Statutes, 42-6-110 **add** (1.5) as follows:

42-6-110. Certificate of title - transfer. (1.5) (a) If an insurer, as defined in section 10-1-102 (13), C.R.S., or a salvage pool authorized by an insurer is unable to obtain the properly endorsed certificate of ownership or other evidence of ownership acceptable to the department within thirty days following oral or written acceptance by the owner of an offer of settlement of a total loss, that insurer or salvage pool may request, on a form provided by the department and signed under

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1	PENALTY OF PERJURY, THE DEPARTMENT TO ISSUE A SALVAGE OR
2	NONREPAIRABLE TITLE FOR THE VEHICLE. THE REQUEST MUST INCLUDE
3	INFORMATION DECLARING THAT THE INSURER OR SALVAGE POOL HAS
4	MADE AT LEAST TWO WRITTEN ATTEMPTS TO OBTAIN THE CERTIFICATE OF
5	OWNERSHIP OR OTHER ACCEPTABLE EVIDENCE OF TITLE AND MUST
6	INCLUDE THE FEE FOR A DUPLICATE TITLE. THE FORM REQUESTING A
7	SALVAGE OR NONREPAIRABLE TITLE IS THE ONLY EVIDENCE REQUIRED TO
8	OBTAIN A SALVAGE OR NONREPAIRABLE TITLE.
9	(b) Upon receiving the fee for a duplicate title and the
10	CERTIFICATE OF OWNERSHIP, OTHER EVIDENCE OF TITLE, OR A PROPERLY
11	EXECUTED REQUEST DESCRIBED IN PARAGRAPH (a) OF THIS SUBSECTION,
12	THE DEPARTMENT SHALL ISSUE THE SALVAGE OR NONREPAIRABLE TITLE
13	FOR THE VEHICLE.
14	SECTION 4. In Colorado Revised Statutes, amend 42-6-136 as
15	follows:
16	42-6-136. Surrender and cancellation of certificate - penalty
17	for violation. (1) (a) The owner of a motor or off-highway vehicle for
18	which a Colorado certificate of title has been issued, upon the destruction
19	or dismantling of the vehicle OR upon its being changed so that it is no
20	longer a motor or off-highway vehicle, or upon its being sold or otherwise
21	disposed of as salvage, shall surrender the certificate of title to the vehicle
22	to the director or the authorized agent to be canceled or notify the director
23	or the authorized agent on director-approved forms indicating the loss,
24	destruction, or dismantling. or sale for salvage. UPON RECEIVING THE
25	SURRENDERED CERTIFICATE OF TITLE OR THE NOTICE OF LOSS,
26	DESTRUCTION, OR DISMANTLING, THE DIRECTOR OR AUTHORIZED AGENT
27	SHALL CLASSIFY THE VEHICLE AS JUNK.

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(b) The department shall not issue a certificate of title to 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.

- (c) Upon the owner's procuring the consent of the holders of unreleased mortgages or liens noted on or recorded as part of the certificate of title, the director or authorized agent shall cancel the 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.
- (2) (a) 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, as defined in section 42-6-102 (17), the purchaser or transferee shall apply for a salvage certificate of title. The owner of such a motor vehicle may apply for a salvage certificate of title before the sale or transfer of such vehicle. An owner applying for a salvage certificate of title shall provide the director evidence of ownership that satisfies the director of the right of the applicant to have a salvage certificate of title filed in favor of the owner When a motor vehicle owner determines that a motor vehicle for which a Colorado certificate of title filed in favor of the owner When a motor vehicle owner of the vehicle shall apply for a nonrepairable, the owner of the vehicle shall apply for a nonrepairable title. To be issued a nonrepairable title, an applicant must provide the director with evidence of ownership that satisfies the director of the applicant must provide the director with evidence of ownership that satisfies the director of the applicant must provide the director with evidence of ownership that satisfies the director of the applicant must provide the director of the applicant to have a nonrepairable title filed in the applicant to have a nonrepairable title filed in the applicant to have a nonrepairable title filed in the applicant to have a nonrepairable title filed in the applicant to have a nonrepairable title filed in the applicant to have a nonrepairable title for which and the applicant to have a nonrepairable title filed in the applicant to have a nonrepairable title filed in the applicant to have a nonrepairable title for which and the applicant to have a nonrepairable title for which and the applicant to have a nonrepairable title the applicant

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1	APPLICANT'S FAVOR. IF A MOTOR VEHICLE IS NONREPAIRABLE, THE
2	DIRECTOR OR AUTHORIZED AGENT SHALL ISSUE THE VEHICLE A
3	NONREPAIRABLE TITLE.
4	(b) UPON THE OWNER'S PROCURING THE CONSENT OF THE
5	HOLDER OF AN UNRELEASED MORTGAGE OR LIEN NOTED ON THE
6	CERTIFICATE OF TITLE, THE DIRECTOR OR AUTHORIZED AGENT SHALL
7	CANCEL THE VEHICLE'S REGISTRATION.
8	(3) (a) An owner of a salvage motor vehicle that has been made
9	roadworthy who applies for a certificate of title as provided in section
10	42-6-116 shall include such information regarding the vehicle as the
11	director may require by rule. The owner shall provide to the director
12	evidence of ownership that satisfies the director that the applicant is
13	entitled to filing of a certificate of title. The director or the authorized
14	agent shall designate in a conspicuous place in the record for a vehicle
15	that it is a salvage vehicle that has been made roadworthy. Such
16	designation shall include the words "REBUILT FROM SALVAGE" and
17	shall become a permanent part of the certificate of title for such vehicle
18	and shall appear on all subsequent certificates of title for such vehicle.
19	(b) (I) An owner of a salvage motor vehicle that has been made
20	roadworthy who applies for a certificate of title as provided in section
21	42-6-116 shall include a certified VIN inspection, DR2704, performed by
22	a law enforcement officer certified as a VIN inspector.
23	(II) Prior to the inspection, the applicant shall stamp into the
24	motor vehicle the words "REBUILT FROM SALVAGE" with each letter
25	being not less than one-fourth inch in size. Such words shall be a salvage
26	brand and be stamped in the following locations:
27	(A) In a motorcycle, on the frame in a visible location;

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1	(B) In a class A manufactured motor home, on the main entrance
2	door jamb;
3	(C) In a trailer, adjacent to the public vehicle identification
4	number;
5	(D) In all other motor vehicles, on the body post to which the
6	driver's door latches, also known as the driver's door B pillar.
7	(III) The law enforcement officer shall not complete the
8	inspection required by this paragraph (b) unless the salvage brand
9	complies with this paragraph (b).
10	(c) (I) Except as provided in subparagraph (II) of this paragraph
11	(c), a person commits a class 1 misdemeanor and, upon conviction, shall
12	be punished as provided in section 18-1.3-501, C.R.S., if such person:
13	(A) Intentionally removes or alters a salvage brand; or
14	(B) Possesses a motor vehicle without retitling the vehicle with a
15	salvage brand for forty-five days after learning that the motor vehicle's
16	salvage brand may have been removed or altered.
17	(II) A person may remove or alter a salvage brand if necessary to
18	legitimately repair a motor vehicle. Such person shall provide evidence
19	of such repair to the investigating law enforcement authority, including
20	pre-repair and post-repair photographs of the affected motor vehicle part
21	and the salvage brand and a signed affidavit describing the repairs. Upon
22	repair, or subsequent repair, the vehicle shall be restamped.
23	SECTION 5. In Colorado Revised Statutes, add 42-6-136.5 as
24	follows:
25	42-6-136.5. Salvage title. (1) Upon the sale or transfer of a
26	MOTOR VEHICLE FOR WHICH A CURRENT COLORADO CERTIFICATE OF TITLE
27	HAS BEEN ISSUED OR FILED AND THAT HAS BECOME A SALVAGE VEHICLE,

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1	THE PURCHASER OR TRANSFEREE SHALL APPLY FOR A SALVAGE
2	CERTIFICATE OF TITLE. THE OWNER OF THE VEHICLE MAY APPLY FOR A
3	SALVAGE CERTIFICATE OF TITLE BEFORE THE SALE OR TRANSFER OF THE
4	VEHICLE. TO BE ISSUED A SALVAGE TITLE, AN OWNER APPLYING FOR A
5	SALVAGE CERTIFICATE OF TITLE MUST PROVIDE THE DIRECTOR WITH
6	EVIDENCE OF OWNERSHIP THAT SATISFIES THE DIRECTOR OF THE
7	APPLICANT'S RIGHT TO HAVE A SALVAGE CERTIFICATE OF TITLE FILED IN
8	THE APPLICANT'S FAVOR.
9	(2) (a) AN OWNER OF A SALVAGE MOTOR VEHICLE THAT HAS BEEN
10	MADE ROADWORTHY WHO APPLIES FOR A CERTIFICATE OF TITLE AS
11	PROVIDED IN SECTION 42-6-116 SHALL INCLUDE THE INFORMATION
12	REGARDING THE VEHICLE AS THE DIRECTOR MAY REQUIRE BY RULE. TO BE
13	ISSUED A SALVAGE TITLE, THE OWNER MUST PROVIDE TO THE DIRECTOR
14	EVIDENCE OF OWNERSHIP THAT SATISFIES THE DIRECTOR THAT THE
15	APPLICANT IS ENTITLED TO FILE A CERTIFICATE OF TITLE. THE DIRECTOR
16	SHALL PLACE A DESIGNATION IN A CONSPICUOUS PLACE IN THE RECORD
17	WHEN A SALVAGE VEHICLE HAS BEEN MADE ROADWORTHY. THE DIRECTOR
18	SHALL INCLUDE THE WORDS "REBUILT FROM SALVAGE" AND SHALL
19	MAKE THE DESIGNATION A PERMANENT PART OF THE CERTIFICATE OF TITLE
20	FOR THE VEHICLE, SO THAT THE PHRASE APPEARS ON ALL SUBSEQUENT
21	CERTIFICATES OF TITLE FOR THE VEHICLE.
22	(b) (I) AN OWNER OF A SALVAGE MOTOR VEHICLE THAT HAS BEEN
23	MADE ROADWORTHY WHO APPLIES FOR A CERTIFICATE OF TITLE IN
24	ACCORDANCE WITH SECTION 42-6-116 SHALL INCLUDE A CERTIFIED VIN
25	INSPECTION IN ACCORDANCE WITH SECTION 42-5-202 by a CERTIFIED VIN
26	INSPECTOR.
27	(II) TO PASS THE VIN INSPECTION REQUIRED BY THIS PARAGRAPH

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1	(b), THE APPLICANT MUST STAMP A MOTOR VEHICLE WITH A SALVAGE
2	BRAND USING THE WORDS "REBUILT FROM SALVAGE" WITH EACH
3	LETTER BEING NOT LESS THAN ONE-FOURTH INCH IN HEIGHT. THE BRAND
4	MUST BE PLACED IN THE FOLLOWING LOCATIONS:
5	(A) IN A MOTORCYCLE, ON THE FRAME IN A VISIBLE LOCATION;
6	(B) IN A CLASS A MANUFACTURED MOTOR HOME, ON THE MAIN
7	ENTRANCE DOOR JAMB;
8	(C) IN A TRAILER, ADJACENT TO THE PUBLIC VEHICLE
9	IDENTIFICATION NUMBER; AND
10	(D) IN ALL OTHER MOTOR VEHICLES, ON THE BODY POST TO WHICH
11	THE DRIVER'S DOOR LATCHES, ALSO KNOWN AS THE DRIVER'S DOOR B
12	PILLAR.
13	(c) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
14	PARAGRAPH (c), A PERSON COMMITS A CLASS 1 MISDEMEANOR AND, UPON
15	CONVICTION, SHALL BE PUNISHED AS PROVIDED IN SECTION 18-1.3-501,
16	C.R.S., IF THE PERSON:
17	(A) INTENTIONALLY REMOVES OR ALTERS A SALVAGE BRAND; OR
18	(B) Possesses a motor vehicle without retitling the
19	VEHICLE WITH A SALVAGE BRAND FOR FORTY-FIVE DAYS AFTER LEARNING
20	THAT THE MOTOR VEHICLE'S SALVAGE BRAND MAY HAVE BEEN REMOVED
21	OR ALTERED.
22	(II) A PERSON MAY REMOVE OR ALTER A SALVAGE BRAND IF
23	NECESSARY TO LEGITIMATELY REPAIR A MOTOR VEHICLE. TO QUALIFY FOR
24	THIS EXCEPTION, THE PERSON MUST PROVIDE EVIDENCE OF THE REPAIR TO
25	THE INVESTIGATING LAW ENFORCEMENT AUTHORITY. THE EVIDENCE MUST
26	INCLUDE PRE-REPAIR AND POST-REPAIR PHOTOGRAPHS OF THE AFFECTED
27	MOTOR VEHICLE PART AND THE SALVAGE BRAND AND A SIGNED AFFIDAVIT

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1	DESCRIBING THE REPAIRS. UPON REPAIR, OR SUBSEQUENT REPAIR, THE
2	PERSON OR OWNER MUST RESTAMP THE VEHICLE.
3	SECTION 6. In Colorado Revised Statutes, add 42-12-105 as
4	follows:
5	42-12-105. Evidence of ownership of parts - copy of
6	nonrepairable title. The director shall accept a copy of the
7	NONREPAIRABLE TITLE AS EVIDENCE OF OWNERSHIP OF A PART WHEN THE
8	PART IS USED TO RESTORE ANOTHER VEHICLE UNDER THIS ARTICLE.
9	SECTION 7. Act subject to petition - effective date -
10	applicability. (1) This act takes effect at 12:01 a.m. on the day following
11	the expiration of the ninety-day period after final adjournment of the
12	general assembly (August 6, 2014, if adjournment sine die is on May 7,
13	2014); except that, if a referendum petition is filed pursuant to section 1
14	(3) of article V of the state constitution against this act or an item, section,
15	or part of this act within such period, then the act, item, section, or part
16	will not take effect unless approved by the people at the general election
17	to be held in November 2014 and, in such case, will take effect on the
18	date of the official declaration of the vote thereon by the governor.
19	(2) This act applies to acts committed on or after January 1, 2015.

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