

1 HB168  
2 115292-3  
3 By Representative Martin  
4 RFD: Commerce  
5 First Read: 12-JAN-10

2  
3  
4  
5  
6  
7  
8 SYNOPSIS: This bill would authorize the owner of a  
9 salvage vehicle to apply for an inspection for  
10 title purposes if the owner submits a prior  
11 registration or other documentation which shows  
12 that he or she owned the vehicle prior to the  
13 salvage title being issued and would authorize the  
14 department to allow an owner to apply for an  
15 inspection in certain cases where the supporting  
16 paperwork is incomplete or unavailable. The bill  
17 would specify the salvage vehicle disclosure and  
18 the title branding requirements for junk vehicles.  
19 This bill would eliminate the provisions requiring  
20 the Department of Revenue to approve nationally  
21 recognized indexes and databases of retail values  
22 for the purpose of salvage vehicle valuations. The  
23 bill would require a scrap metal processor who  
24 acquires a motor vehicle for recycling to surrender  
25 the title to the department and to maintain certain  
26 records concerning the transaction and would  
27 provide penalties for violations. The bill would

1 also increase the penalties for various violations  
2 of the act.

3 Amendment 621 of the Constitution of Alabama  
4 of 1901, now appearing as Section 111.05 of the  
5 Official Recompilation of the Constitution of  
6 Alabama of 1901, as amended, prohibits a general  
7 law whose purpose or effect would be to require a  
8 new or increased expenditure of local funds from  
9 becoming effective with regard to a local  
10 governmental entity without enactment by a 2/3 vote  
11 unless: it comes within one of a number of  
12 specified exceptions; it is approved by the  
13 affected entity; or the Legislature appropriates  
14 funds, or provides a local source of revenue, to  
15 the entity for the purpose.

16 The purpose or effect of this bill would be  
17 to require a new or increased expenditure of local  
18 funds within the meaning of the amendment. However,  
19 the bill does not require approval of a local  
20 governmental entity or enactment by a 2/3 vote to  
21 become effective because it comes within one of the  
22 specified exceptions contained in the amendment.

23  
24 A BILL  
25 TO BE ENTITLED  
26 AN ACT  
27

1           To amend Section 32-8-87, Code of Alabama 1975, to  
2 provide an exception from the requirement that the owner of a  
3 salvage vehicle be a licensed rebuilder in order to apply for  
4 an inspection if the owner submits a prior registration or  
5 other documentation which shows that he or she owned the  
6 vehicle prior to the salvage title being issued; to specify  
7 the salvage vehicle disclosure and the title branding  
8 requirements for junk vehicles; to eliminate the provisions  
9 requiring the Department of Revenue to approve nationally  
10 recognized indexes and databases of retail values for the  
11 purpose of salvage vehicle valuations; to authorize an  
12 individual owner of a salvage vehicle to apply for an  
13 inspection in certain cases where the supporting paperwork is  
14 incomplete or unavailable; to further regulate the acquisition  
15 of motor vehicles by scrap metal processors and provide  
16 penalties for violations; to increase the penalties for  
17 certain violations; and in connection therewith would have as  
18 its purpose or effect the requirement of a new or increased  
19 expenditure of local funds within the meaning of Amendment 621  
20 of the Constitution of Alabama of 1901, now appearing as  
21 Section 111.05 of the Official Recompilation of the  
22 Constitution of Alabama of 1901, as amended.

23 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

24           Section 1. Section 32-8-87, Code of Alabama 1975, is  
25 amended to read as follows:

26           "§32-8-87.

1           "(a) Each owner of a motor vehicle and each person  
2 mentioned as owner in the last certificate of title who  
3 scraps, dismantles, destroys, or changes the motor vehicle in  
4 such a manner that it is not the same motor vehicle described  
5 in the certificate of origin or certificate of title shall as  
6 soon as practicable cause the certificate of origin or  
7 certificate of title, if any, and any other documents or  
8 information required by the department to be mailed or  
9 delivered to the department for processing. The department  
10 shall, with the consent of any holder of liens noted on the  
11 surrendered certificate, enter a cancellation upon its  
12 records. Upon cancellation of a certificate of origin or  
13 certificate of title in the manner prescribed by this section,  
14 the department shall cancel all certificates of origin or  
15 certificates of title ~~and all memorandum certificates~~ in that  
16 chain of title. A certificate of title for the vehicle shall  
17 not again be issued except upon application containing the  
18 information the department requires, accompanied by a  
19 certificate of inspection in the form and content as specified  
20 in this section.

21           "No motor vehicle for which a salvage or junk  
22 certificate has been issued by this state or any other state  
23 shall be driven or operated on the highways or other public  
24 places of this state. A vehicle which is in this state and for  
25 which a salvage certificate has been issued, and the vehicle  
26 is being restored to its operating condition which existed  
27 prior to the event which caused the salvage certificate of

1 title to issue, may be moved to and from repair points as  
2 necessary by the rebuilder to complete the restoration or may  
3 be moved as permitted by the Department of Revenue for  
4 inspection or for any other purpose. A valid Alabama dealer  
5 license plate shall be displayed on the vehicle during its  
6 movement. A person who violates this subsection shall, upon  
7 conviction, be guilty of a Class € A misdemeanor and shall be  
8 punishable as required by law.

9 "(b) When the frame or engine is removed from a  
10 motor vehicle and not immediately replaced by another frame or  
11 engine, or when an insurance company has paid money or made  
12 other monetary settlement as compensation for a total loss of  
13 any motor vehicle, the motor vehicle shall be considered to be  
14 salvage. The owner of every motor vehicle in which total loss  
15 or salvage has occurred in this state, shall, within 72 hours  
16 after the total loss or salvage occurs, make application for a  
17 salvage certificate of title and forward to the department the  
18 certificate of origin or certificate of title to the motor  
19 vehicle, whereupon the department shall process the  
20 certificate of origin or certificate of title in a manner  
21 prescribed by law or regulation. An insurance company which  
22 pays money or makes other monetary settlement as compensation  
23 for total loss of a motor vehicle shall at the time of payment  
24 or monetary settlement obtain the vehicle's certificate of  
25 origin or certificate of title and, as soon as practicable  
26 after receiving them, shall forward them along with their  
27 application for a salvage certificate, to the department for

1 processing. In the event the payment or monetary settlement  
2 was made because of the theft of the vehicle, which shall be  
3 considered a total loss as defined in this section, the  
4 insurance company shall forward the vehicle's properly  
5 assigned certificate of origin or certificate of title as  
6 provided herein, to the department as soon as practicable  
7 after the vehicle is recovered. When a stolen motor vehicle  
8 has been reported to the department in compliance with this  
9 section and is later recovered, and for which a salvage  
10 certificate has been issued, the owner recorded on the salvage  
11 certificate shall assign that certificate to the purchaser. A  
12 person who violates this subsection shall, upon conviction, be  
13 guilty of a Class C misdemeanor and shall be punishable as  
14 required by law.

15 "(c) If an insurance company acquires a motor  
16 vehicle in settlement of an insurance claim and holds the  
17 vehicle for resale and procures the certificate of origin or  
18 certificate of title from the owner or lienholder within 15  
19 days after delivery of the vehicle to the insurance company,  
20 and if the vehicle was not a total loss as defined by this  
21 section, the insurance company need not send the certificate  
22 of origin or certificate of title to the department but, upon  
23 transferring the vehicle to another person, other than by the  
24 creation of a security interest, the insurance company shall  
25 complete an affidavit of acquisition and disposition of the  
26 motor vehicle on a form prescribed by the department and  
27 deliver the certificate of origin or certificate of title,

1 affidavit, and any other documents required by the department  
2 to the transferee at the time of delivery of the motor  
3 vehicle.

4 "(d) For the purposes of this section, a total loss  
5 shall occur when an insurance company or any other person pays  
6 or makes other monetary settlement to a person when a vehicle  
7 is damaged and the damage to the vehicle is greater than or  
8 equal to 75 percent of the fair retail value of the vehicle  
9 prior to damage as set forth in a current edition of a  
10 nationally recognized compilation of retail values, including  
11 automated data bases, ~~as approved by the department~~. The  
12 compensation for total loss as defined in this subsection  
13 shall not include payments by an insurer or other person for  
14 medical care, bodily injury, vehicle rental, or for anything  
15 other than the amount paid for the actual damage to the motor  
16 vehicle. A vehicle that has sustained minor damage as a result  
17 of theft or vandalism shall not be considered a total loss.  
18 Any person acquiring ownership of a damaged motor vehicle that  
19 meets the definition of total loss for which a salvage title  
20 has not been issued shall apply for a salvage title, other  
21 than a scrap metal processor acquiring such vehicle for  
22 purposes of recycling into metallic scrap for remelting  
23 purposes only. This application shall be made before the  
24 vehicle is further transferred, but in any event, within 30  
25 days after ownership is acquired.

26 "(e) It shall be unlawful for the owner of any  
27 junkyard, salvage yard, or motor vehicle dismantler and parts



1       recycler or his or her agents or employees to have in their  
2       possession any motor vehicle which is junk or salvage or a  
3       total loss when the manufacturer's vehicle identification  
4       number plate or plates, authorized replacement vehicle  
5       identification number plate or plates, or serial plate or  
6       plates have been removed, unless previously required to be  
7       removed by a statute or law of this state or another  
8       jurisdiction. A person who violates this subsection shall,  
9       upon conviction, be guilty of a Class C misdemeanor and  
10      shall be punishable as required by law.

11               "(f) It shall be unlawful for a person, firm, or  
12      corporation to possess, sell or exchange, offer to sell or  
13      exchange, or to give away any certificate of origin,  
14      certificate of title, salvage certificate of title,  
15      manufacturer's identification number plate or plates,  
16      authorized replacement vehicle identification number plate or  
17      plates, serial plate or plates, or motor vehicle license plate  
18      or plates of any motor vehicle which has been scrapped,  
19      dismantled, or sold as junk or salvage or as a total loss  
20      contrary to this section, and every officer, agent, or  
21      employee of a person, firm, or corporation, and every person  
22      who shall authorize, direct, aid in or consent to the  
23      possession, sale or exchange, or offer to sell, exchange, or  
24      give away such certificate of origin, certificate of title,  
25      salvage certificate of title, manufacturer's vehicle  
26      identification number plate or plates, authorized replacement  
27      vehicle identification number plate or plates, serial plate or

1 plates, or motor vehicle license plate or plates contrary to  
2 this section, shall, upon conviction, be guilty of a Class € A  
3 misdemeanor and shall be punishable as required by law.

4 "(g) The department is authorized to issue a salvage  
5 certificate of title for a fee of ~~€15.00~~ fifteen dollars  
6 (\$15), on a form prescribed by the department which shall  
7 provide for assignments of this title. The salvage certificate  
8 of title is to replace a certificate of origin or certificate  
9 of title required to be surrendered by this section. The  
10 department shall prescribe necessary forms and procedures to  
11 comply with this subsection.

12 "(h) It shall be unlawful for a person to sign as  
13 assignor or for a person to have in his or her possession a  
14 salvage certificate of title which has been signed by the  
15 owner as assignor without the name of the assignee and other  
16 information called for on the form prescribed by the  
17 department. A person who violates this subsection, upon  
18 conviction, shall be guilty of a Class € A misdemeanor and  
19 shall be punishable as required by law.

20 "(i) Every owner of a salvage or junk motor vehicle  
21 who sells or transfers the vehicle to any person ~~other than to~~  
22 ~~a scrap metal processor for purposes of recycling into~~  
23 ~~metallic scrap for remelting purposes only,~~ shall provide at  
24 the time of the sale or transfer a properly executed  
25 assignment and warranty of title to the transferee in the  
26 space provided therefor on the salvage certificate of title or  
27 junk certificate of title or as the department prescribes. A

1 person who willfully violates this subsection shall, upon  
2 conviction, be guilty of a Class C A misdemeanor and shall be  
3 punishable as required by law.

4 "(j) The department may issue a certificate of title  
5 to any motor vehicle for which a salvage certificate has been  
6 issued by this or any other state, and the vehicle has, in  
7 this state, been completely restored to its operating  
8 condition which existed prior to the event which caused the  
9 salvage certificate of title to issue, provided that all  
10 requirements of this section have been met. ~~No certificate of  
11 title shall be issued for any motor vehicle for which a "junk"  
12 certificate has been issued or for a vehicle which is sold  
13 "for parts only."~~ The department may issue a certificate of  
14 title for any motor vehicle for which a salvage certificate of  
15 title has been issued by this or any other state or when the  
16 department has evidence that a salvage title should have been  
17 issued by this or any other state, and the vehicle has been  
18 completely restored outside of this state to its operating  
19 condition which existed prior to the event which caused the  
20 salvage certificate of title to be issued provided the  
21 department is satisfied that the vehicle was rebuilt in the  
22 other state in accordance with that state's salvage rebuilding  
23 laws. Any motor vehicle for which a certificate of title has  
24 been issued by any state with the notation of "junk," "parts  
25 car," "parts only," "nonrebuildable," or when a certificate of  
26 destruction or bill of sale has been issued for transfer of  
27 the vehicle with similar language shall be considered to be a

1 "junk" vehicle and shall not be titled in this state. In  
2 addition, no certificate of title may be issued for any  
3 vehicle where the frame or the majority of the major component  
4 parts were obtained from a junk vehicle as previously defined.

5 "(k) Every owner of a salvage motor vehicle  
6 designated a 1975 year model and all models subsequent thereto  
7 which is in this state and which has been restored in this  
8 state to its operating condition which existed prior to the  
9 event which caused the salvage certificate of title to issue  
10 shall make application to the department for an inspection of  
11 the vehicle in the form and content as determined by the  
12 department. Each application for inspection of a salvage  
13 vehicle which has been so restored shall be accompanied by all  
14 of the following:

15 "(1) The outstanding salvage certificate or  
16 out-of-state title previously issued for the salvage vehicle.

17 "(2) Notarized bills of sale evidencing acquisition  
18 of all major component parts (listing the manufacturer's  
19 vehicle identification number of the vehicle from which the  
20 parts were removed, if parts contain or should contain the  
21 manufacturer's vehicle identification number) used to restore  
22 the vehicle and bills of sale evidencing acquisition of all  
23 minor component parts. Notarization shall not be required on  
24 bills of sale for minor component parts; provided that a  
25 notarized bill of sale which lists the manufacturer's vehicle  
26 identification number of the vehicle from which the parts were  
27 removed, if parts contain or should contain the manufacturer's

1 vehicle identification number, shall be required for a  
2 transmission.

3 "(3) Evidence that the owner is a licensed motor  
4 vehicle rebuilder as defined in Section 40-12-390 unless  
5 otherwise exempt from the licensing requirement by Chapter 12  
6 of Title 40. Notwithstanding the foregoing, where an owner  
7 acquires an Alabama salvage certificate of title to his or her  
8 own vehicle from his or her insurance company in settlement of  
9 a claim, a prior registration or other documentation that  
10 shows that the owner owned the vehicle prior to the salvage  
11 title being issued may be submitted in lieu of a rebuilder's  
12 license.

13 "(4) The owner shall also provide a written  
14 affirmation which states the following:

15 ~~"a. That the owner has rebuilt the vehicle or~~  
16 ~~supervised its rebuilders, and what has been done~~ The actions  
17 taken to restore the vehicle to its operating condition which  
18 existed prior to the event which caused the salvage  
19 certificate to issue.

20 "b. That the owner personally inspected the  
21 completed vehicle and it complies with all safety requirements  
22 set forth by the State of Alabama and any regulations  
23 promulgated thereunder.

24 "c. That the identification numbers of the restored  
25 vehicle and its parts have not, to the knowledge of the owner,  
26 been removed, destroyed, falsified, altered, or defaced.

1 "d. That the salvage certificate document or  
2 out-of-state title certificate attached to the application has  
3 not to the knowledge of the owner been forged, falsified,  
4 altered, or counterfeited.

5 "e. That all information contained on the  
6 application and its attachments is true and correct to the  
7 knowledge of the owner.

8 "f. The owner as specified in subsection (r) shall  
9 be required to post a bond in accordance with Section 32-8-36  
10 in the event that the owner cannot provide any information  
11 required in subsection (k) or any other information specified  
12 by the department.

13 "(1) The application fee for each inspection of a  
14 restored vehicle shall be ~~\$75.00~~ seventy-five dollars (\$75),  
15 payable ~~by certified funds~~ to the department in a manner as  
16 prescribed by the department, which shall accompany the  
17 application.

18 "(1) All application fees and title fees received by  
19 the department pursuant to this subsection shall be applied  
20 toward the personnel and maintenance costs of the vehicle  
21 inspection program and the vehicle inspection program shall be  
22 conducted by the office of investigations and inspections of  
23 the department. Upon receipt of the application for  
24 inspection, application fee of ~~\$75.00~~ seventy-five dollars  
25 (\$75), its supporting documents, and title fee of ~~\$15.00~~  
26 fifteen dollars (\$15), payable ~~by certified funds~~ to the  
27 department in a manner as prescribed by the department, the

1 department shall require an inspection to be made of the title  
2 and the vehicle by qualified agents or law enforcement  
3 officers of the department.

4 "(2) The inspection and certification shall include  
5 an examination of the vehicle and its parts to determine that  
6 the identification numbers of the vehicle or its parts have  
7 not been removed, falsified, altered, defaced, destroyed, or  
8 tampered with; that the vehicle information contained in the  
9 application for certificate of title and supporting documents  
10 is true and correct; and that there are no indications that  
11 the vehicle or any of its parts are stolen. The certification  
12 shall not attest to the roadworthiness or safety condition of  
13 the vehicle.

14 "(m) Component parts are defined as:

15 "(1) PASSENGER VEHICLES.

16 "a. Major components:

17 "1. Motor or engine.

18 "2. Trunk floor pan or rear section and roof.

19 "3. Frame or any portion thereof (except frame  
20 horn), or, in the case of a unitized body, the supporting  
21 structure which serves as the frame, except when it is a part  
22 of the trunk floor pan, or rear section and roof.

23 "4. Cowl, firewall, or any portion thereof.

24 "5. Roof assembly.

25 "b. Minor components:

26 "1. Each door allowing entrance to or egress from  
27 the passenger compartment.

1                   "2. Hood.

2                   "3. Each front fender or each rear fender when used  
3 with a rear section and roof.

4                   "4. Deck lid, tailgate, or hatchback (whichever is  
5 present).

6                   "5. Each quarter panel.

7                   "6. Each bumper.

8                   "7. T-tops, moon roof, or whichever is present.

9                   "8. Transmission or trans-axle.

10                  "(2) TRUCK, TRUCK TYPE, OR BUS TYPE VEHICLES.

11                  "a. Major components:

12                   "1. Motor or engine.

13                   "2. Transmission or trans-axle.

14                   "3. Frame or any portion thereof (except frame  
15 horn), or, in the case of a unitized body, the supporting  
16 structure which serves as the frame.

17                   "4. Cab.

18                   "5. Cowl or firewall or any portion thereof.

19                   "6. Roof assembly.

20                   "7. Cargo compartment floor panel or passenger  
21 compartment floor pan.

22                  "b. Minor components:

23                   "1. Each door.

24                   "2. Hood.

25                   "3. Grill, except on one ton or smaller trucks.

26                   "4. Each bumper.

27                   "5. Each front fender.



- 1 "6. Roof panel and rear cab panel.
- 2 "7. Each rear fender or side panel.
- 3 "8. Pickup box.
- 4 "9. Body or bed.

5 "(3) MOTORCYCLE: COMPONENT PARTS.

- 6 "a. Engine or motor.
- 7 "b. Transmission or trans-axle.
- 8 "c. Frame.
- 9 "d. Front fork.
- 10 "e. Crankcase.

11 "(n) A salvage vehicle which has been restored in  
12 this state to its operating condition which existed prior to  
13 the event which caused the salvage certificate of title to  
14 issue shall be issued a certificate of title which shall  
15 contain the word "rebuilt."

16 "(o) (1) Each salvage vehicle restored or rebuilt in  
17 this state which is required to be inspected by the department  
18 pursuant to subsection (1) and for which a certificate of  
19 title may be issued pursuant to subsection (n) shall be issued  
20 a decal, plate, or other emblem as prescribed by the  
21 department to reflect that the vehicle is rebuilt. The decal,  
22 plate, or other emblem shall be attached to the vehicle in a  
23 place and in a manner prescribed by the department.

24 "(2) A person who willfully removes, mutilates,  
25 tampers with, obliterates, or destroys a decal, plate, or  
26 other emblem issued and attached to a salvage vehicle pursuant

1 to this subsection is guilty of a Class A misdemeanor  
2 punishable as provided by law.

3 "(p) Each person who sells, exchanges, delivers, or  
4 otherwise transfers any interest in any vehicle for which a  
5 title bearing the designation "salvage" or "rebuilt" has been  
6 issued shall disclose in writing the existence of this title  
7 to the prospective purchaser, recipient in exchange, recipient  
8 by donation, or recipient by other act of transfer. The  
9 disclosure, which shall be made at the time of or prior to the  
10 completion of the sale, exchange, donation, or other act of  
11 transfer, shall contain the following information in no  
12 smaller than 10 point type: "This vehicle's title contains the  
13 designation 'salvage' or 'rebuilt'."

14 "(q) (1) Any motor vehicle for which an insurance  
15 company has paid a total loss due, in part, to being damaged  
16 by water shall be deemed a flood vehicle. The motor vehicle's  
17 certificate of title and every subsequent certificate of title  
18 shall contain the designation "flood vehicle."

19 "(2) Each person who sells, exchanges, donates,  
20 delivers, or otherwise transfers any interest for which a  
21 certificate of title bearing the designation "flood vehicle"  
22 has been issued shall disclose in writing the existence of  
23 this designation to the prospective purchaser, recipient in  
24 exchange, recipient by donation, or recipient by other act of  
25 transfer. The disclosure shall be made at the time of or prior  
26 to the completion of the sale, exchange, donation, delivery,  
27 or other act of transfer and shall contain the following

1 information in no smaller than 10 point type: The certificate  
2 of title of this motor vehicle contains the designation "flood  
3 vehicle."

4 "(r) If an owner acquires a salvage vehicle for  
5 which a previous insurer or owner did not properly obtain a  
6 salvage title from this or any other state, the current owner  
7 may proceed as provided in subsection (k) and apply for an  
8 inspection of the vehicle. In any case where the department  
9 has determined that an insurer or prior owner did not properly  
10 obtain a salvage certificate of title, a prior registration or  
11 other documentation that shows that the owner owned the  
12 vehicle prior to the notification by the department may be  
13 submitted in lieu of a rebuilder's license.

14 "(s) A scrap metal processor who acquires a motor  
15 vehicle for the purpose of recycling it into metallic scrap  
16 for remelting purposes shall surrender the certificate of  
17 title to the department for cancellation in a manner as  
18 prescribed by the department. Each scrap metal processor shall  
19 maintain records of every motor vehicle acquired for the  
20 purpose of recycling into metallic scrap for remelting  
21 purposes. The records shall be maintained by the scrap metal  
22 processor for a period of not less than five years and shall  
23 include the vehicle identification number, name and address of  
24 the seller, copy of seller's state issued driver's license or  
25 identification card, the date of sale, and a copy of the  
26 certificate of title surrendered to the department. A person  
27 who violates this subsection shall, upon conviction, be guilty

1 of a Class A misdemeanor and shall be punishable as required  
2 by law."

3           Section 2. Although this bill would have as its  
4 purpose or effect the requirement of a new or increased  
5 expenditure of local funds, the bill is excluded from further  
6 requirements and application under Amendment 621, now  
7 appearing as Section 111.05 of the Official Recompilation of  
8 the Constitution of Alabama of 1901, as amended, because the  
9 bill defines a new crime or amends the definition of an  
10 existing crime.

11           Section 3. All laws or parts of laws which conflict  
12 with this act are repealed.

13           Section 4. This act shall become effective on the  
14 first day of the second month following its passage and  
15 approval by the Governor, or its otherwise becoming law.