

F I N A L R E P O R T

## TITLES OF JUNKED, WRECKED AND SALVAGED VEHICLES STUDY COMMITTEE

May, 1988

BACKGROUND INFORMATION

The Titles of Junked, Wrecked and Salvaged Vehicles Study Committee was established by the Legislative Council for the purpose of studying and making recommendations regarding the titles and transfer of junked, wrecked and salvaged vehicles.

Members of the Study Committee were:

Senator Kenneth Scott, Co-chairperson  
Representative James J. Cooper, Co-chairperson  
Senator Donald Gettings  
Senator Richard Vande Hoef  
Representative Wayne Bennett  
Representative Dennis Renaud

MEETINGS

The Study Committee conducted two meetings. In the meeting held on September 21, 1987, the Study Committee heard presentations and received testimony from Mr. John Kelley, State Department of Transportation; Mr. Leon Vaughn, Iowa Automobile Dealers Association; Mr. Dan Kruse, Pontiac, Inc.; Mr. Ewin Barnett, CARFAX; and Mr. Dirk Van Gorp, Iowa Automotive Dismantlers and Recyclers.

At the November 2, 1987 meeting, the Study Committee received testimony and comments from Mr. William Brauch, Assistant Attorney General, Consumer Protection Division, and discussed and adopted its recommendations.

Much of the concern of the testimony centered on the issue of Iowa being a title-washing state for vehicles which have been issued branded titles in other states. Two states bordering Iowa which issue branded titles are Illinois and Missouri. One study showed that 1 out of 27 vehicles which were being

registered in Iowa had previous titles in other states. Since Iowa does not have a brand on its vehicles' titles, branded vehicles from another state could be registered in Iowa and then sold or transferred with "clean" titles.

#### RECOMMENDATION

The bill which represents the recommendation of the Study Committee is attached. The bill requires that certificates of titles issued to foreign vehicles which have been registered outside of Iowa indicate the name of the state or country in which the vehicles were last registered prior to being registered in Iowa.

The bill limits insurance companies, which obtain a vehicle as the result of a settlement with the owner of the vehicle arising out of damage to or unrecovered theft of the vehicle, to being able to transfer the title of the vehicle to only licensed vehicle recyclers or the owner from whom they obtained the title of the vehicle.

The bill requires applicants for a certificate of title for a repaired or rebuilt wrecked or salvaged vehicle to have an assessment of the replaced or repaired component parts according to a point value system. Vehicles which are assessed fifty or more points shall have certificates of title issued with the word "REBUILT" in bold letters on the face of the certificates. However, these provisions do not apply to any vehicle with a fair market value of less than five hundred dollars based on the value of the vehicle before it became wrecked or salvaged and do not apply to any antiquated vehicle being specially registered under section 321.115 of the Iowa Code.

The bill requires people licensed as new or used vehicle dealers under chapter 322 to be licensed as authorized vehicle recyclers under chapter 321H (with certain exceptions) if they wish to be in the business of selling, wrecking, or rebuilding in one calendar year six or more wrecked or salvaged vehicles subject to registration.

The bill also requires the State Department of Transportation to adopt rules so that authorized vehicle recyclers may apply for transporter plats.

SENATE FILE \_\_\_\_\_  
 BY (PROPOSED TITLES OF JUNKED,  
 WRECKED, AND SALVAGED  
 VEHICLES STUDY COMMITTEE  
 BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
 Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
 Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to certificates of title and transfer of  
 2 ownership of foreign, wrecked, and salvage vehicles and making  
 3 penalties applicable and providing effective dates.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 321.23, subsection 1, Code 1987, is  
2 amended to read as follows:

3 1. If the vehicle to be registered is a specially  
4 constructed, reconstructed, remanufactured or foreign vehicle,  
5 such fact shall be stated in the application. A fee of ten  
6 dollars shall be paid by the person making the application  
7 upon issuance of a certificate of title by the county  
8 treasurer. If the vehicle is a foreign vehicle which has been  
9 registered outside of this state, the county treasurer shall  
10 indicate on the certificate of title the name of the state or  
11 country in which the vehicle was last registered prior to  
12 being registered in this state and the county treasurer shall  
13 continue to indicate the name of such state or country on all  
14 subsequent certificates of title issued for the vehicle. With  
15 reference to every specially constructed or reconstructed  
16 motor vehicle subject to registration the application shall be  
17 accompanied by a statement from the department authorizing the  
18 motor vehicle to be titled and registered in this state. The  
19 department shall cause a physical inspection to be made of all  
20 specially constructed or reconstructed motor vehicles, upon  
21 application for a certificate of title by the owner, to  
22 determine whether the motor vehicle is in a safe operating  
23 condition and that the integral component parts are properly  
24 identified and that the rightful ownership is established  
25 before issuing the owner the authority to have the motor  
26 vehicle registered and titled. With reference to every  
27 foreign vehicle which has been registered outside of this  
28 state the owner shall surrender to the treasurer all  
29 registration plates, registration cards, and certificates of  
30 title, or, if the vehicle to be registered is from a nontitle  
31 state, the evidence of foreign registration and ownership as  
32 may be prescribed by the department except as provided in  
33 subsection 2.

34 Sec. 2. Section 321.24, unnumbered paragraph 3, Code  
35 Supplement 1987, is amended to read as follows:

1 The certificate of title shall contain upon its face the  
2 identical information required upon the face of the  
3 registration receipt. In addition, the certificate of title  
4 shall contain a statement of the owner's title, the amount of  
5 tax paid pursuant to section 423.7, the name and address of  
6 the previous owner, and a statement of all security interests  
7 and encumbrances as shown in the application, upon the vehicle  
8 described including the nature of the security interest, date  
9 of notation, and name and address of the secured party. If  
10 the vehicle has been previously registered outside of this  
11 state, the certificate of title shall contain the name of the  
12 last such state or country in which the vehicle was  
13 registered. The certificate shall bear the seal of the county  
14 treasurer or of the department, and the signature of the  
15 county treasurer, the deputy county treasurer, or the  
16 department director or deputy designee. The certificate shall  
17 provide space for the signature of the owner. The owner shall  
18 sign the certificate of title in the space provided with pen  
19 and ink upon its receipt. The certificate of title shall  
20 contain upon the reverse side a form for assignment of title  
21 or interest and warranty by the owner, for reassignments by a  
22 licensed dealer, and for application for a new certificate of  
23 title by the transferee as provided in this chapter. However,  
24 titles for mobile homes shall not be reassigned by licensed  
25 dealers. All certificates of title shall be typewritten or  
26 printed by other mechanical means.

27 Sec. 3. Section 321.52, subsection 4, Code 1987, is  
28 amended to read as follows:

29 4. a. A vehicle rebuilder or a motor vehicle dealer  
30 licensed under chapter 322, upon acquisition of a wrecked or  
31 salvage vehicle, shall surrender the certificate of title and  
32 registration receipt or manufacturer's or importer's statement  
33 of origin properly assigned, together with an application for  
34 a salvage certificate of title to the county treasurer of the  
35 county of residence of the purchaser or transferee within

S.F. \_\_\_\_\_ H.F. \_\_\_\_\_

1 fourteen days after the date of assignment of the certificate  
2 of title for the wrecked or salvage motor vehicle. This  
3 subsection applies only to vehicles with a fair market value  
4 of five hundred dollars or more, based on the value before the  
5 vehicle became wrecked or salvage. Upon payment of a fee of  
6 two dollars, the county treasurer shall issue a salvage  
7 certificate of title which shall bear the word "SALVAGE"  
8 stamped on the face of the title in bold letters and coded in  
9 a manner prescribed by the department. A salvage certificate  
10 of title may be assigned to any person.

11 b. Notwithstanding any other provisions in this section a  
12 vehicle on which ownership has transferred to an insurer of  
13 the vehicle, as a result of a settlement with the owner of the  
14 vehicle arising out of damage to, or unrecovered theft of the  
15 vehicle, shall be deemed to be a wrecked or salvage vehicle  
16 and the insurer shall comply with this subsection to obtain a  
17 salvage certificate of title within fourteen days after the  
18 date of assignment of the certificate of title of the vehicle.  
19 The insurer shall not transfer title of the vehicle except to  
20 an authorized vehicle recycler licensed under chapter 321H, an  
21 authorized vehicle recycler licensed in another state, or the  
22 owner from whom the vehicle was transferred to the insured.

23 c. When a wrecked or salvage vehicle has been repaired or  
24 rebuilt, that person shall make application for a certificate  
25 of title to the county treasurer of the county of residence of  
26 the owner, and shall surrender the salvage certificate of  
27 title issued for the vehicle. A-verification Verification of  
28 the vehicle identification number of the vehicle and an  
29 assessment of the vehicle's replaced or repaired component  
30 parts total point value in accordance with section 321.52A  
31 shall be made by a peace officer of the state department of  
32 transportation, the department of public safety, county  
33 sheriff or police department of cities with a population  
34 exceeding five thousand persons, or a person designated by the  
35 director of public safety or the director of transportation.

1 The person making application for the certificate of title  
2 shall provide a photograph of the vehicle showing its damaged  
3 condition prior to its repair or rebuilding to aid in the  
4 assessment of the vehicle's replaced or repaired component  
5 parts total point value. The applicant shall also provide a  
6 list of the component parts of the vehicle which were replaced  
7 or repaired and shall provide documentation of replaced parts  
8 showing where they were obtained and, if a replacement part is  
9 used, the applicant shall provide the vehicle identification  
10 number of the vehicle from which the replacement part  
11 originated. If an applicant fails to provide the photograph,  
12 list, or necessary documentation, the vehicle shall be deemed  
13 to have a replaced or repaired component parts total point  
14 value of fifty points or more.

15 PARAGRAPH DIVIDED. The verification and assessment shall  
16 be made on forms provided by the department and signed by the  
17 peace officer or the appropriately designated person and the  
18 verification and assessment form shall be surrendered by the  
19 owner to the county treasurer at the time application is made  
20 for a certificate of title. Upon payment of the appropriate  
21 fees and surrender of the appropriate documents the county  
22 treasurer shall issue a certificate of title to the person  
23 making application. If the vehicle's replaced or repaired  
24 component parts total point value equals or exceeds fifty  
25 points, the certificate of title and each subsequently issued  
26 certificate of title for the vehicle shall bear the word  
27 "REBUILT" stamped on the face of the title in bold letters.

28 The assessment provisions of this lettered paragraph do not  
29 apply to vehicles being registered under section 321.115 and  
30 the certificate of title issued to such vehicles shall not  
31 bear the word "REBUILT" stamped on the face of the title.

32 d. For purposes of this subsection a "wrecked or salvage  
33 vehicle" means a damaged vehicle for which the cost of repair  
34 exceeds fifty percent of the fair market value of the vehicle  
35 before it became damaged.

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1     Sec. 4. NEW SECTION. 321.52A POINT SYSTEM FOR  
 2 DETERMINING DESIGNATION OF REBUILT VEHICLES.

3     1. When a person makes application for a certificate of  
 4 title for a wrecked or salvage vehicle which has been repaired  
 5 or rebuilt, an assessment shall be made of the replaced or  
 6 repaired component parts total point value in accordance with  
 7 this section.

8     2. Except as point values are modified under subsection 5,  
 9 a frame type vehicle which is a motor truck registered for a  
 10 combined gross weight of three tons or less or an automobile  
 11 shall be assessed points for component parts which are  
 12 replaced or repaired as follows:

13 <u>Component Part</u>	<u>Point Value</u>
14 Windshield	1
15 Dash	2
16 Interior seats	2
17 Motor	4
18 Transmission	1
19 Rear end	1
20 Glass other than windshield	0
21 Front end assembly	25
22 Header	2
23 Grille	2
24 Front bumper	2
25 Fender assembly	5
26 Hood	5
27 Radiator support	2
28 Radiator	2
29 Air condenser	1
30 Cowl	15
31 Cowl side	10
32 Complete frame less suspension	10
33 Front 1/2 frame	7
34 Rear 1/2 frame	5
35 Side rail of frame	5

S.F. \_\_\_\_\_ H.F. \_\_\_\_\_

1	Repair frame	5
2	Front suspension parts	
3	Lower control	1
4	Upper control	1
5	Spindle	1
6	Center pillar door	5
7	Rocker panel	5
8	Rear clip with roof	25
9	Roof	2
10	Short rear clip	18
11	Quarter panel	12
12	Deck lid	2
13	Tail light per side	1
14	Rear bumper	2
15	Tail gate	2
16	Door (4-door vehicle)	10
17	Door (2-door vehicle)	15
18	3. Except as point values are modified under subsection 5,	
19	a unit body vehicle which is a motor truck registered for a	
20	combined gross weight of three tons or less or an automobile	
21	shall be assessed points for component parts which are	
22	replaced or repaired as follows:	
23	<u>Component Part</u>	<u>Point Value</u>
24	Windshield	1
25	Dash	2
26	Interior seats	2
27	Motor	4
28	Transaxle	2
29	Glass other than windshield	0
30	Front end assembly (with cowl)	50
31	Front end assembly (cut forward	
32	of cowl behind spring tower)	30
33	Front end assembly (cut forward	
34	of spring tower behind	
35	radiator support)	25

S.F. \_\_\_\_\_ H.F. \_\_\_\_\_

1	Front bumper	2
2	Header or front panel	2
3	Grille	2
4	Air condenser	1
5	Radiator	2
6	Radiator support	3
7	Hood	5
8	Fender	3
9	Upper fender support	2
10	Lower frame side rail	4
11	Front crossmember	2
12	McPherson strut	1
13	Upper control	1
14	Lower control	1
15	Spindle	1
16	Cowl	20
17	Cowl side	1
18	1/2 Cowl	15
19	Door (2-door vehicle)	10
20	Door (4-door vehicle)	10
21	Center pillar post door	5
22	Rocker panel	5
23	Center body pan	5
24	Engine cradle	3
25	Rear clip complete (includes	
26	roof, deck lid, tail lights,	
27	rear bumper)	25
28	Short rear clip	20
29	Quarter panel	12
30	Rear trunk pan	3
31	Deck lid	2
32	Tail lights per side	1
33	Rear bumper	1
34	Roof	2
35	4. The department shall adopt rules designating component	

1 part point values for vehicles not included in subsections 2  
2 and 3.

3 5. The department may adopt rules modifying the component  
4 part point values for vehicles under subsections 2 and 3. The  
5 department shall adopt the rules so that the point system  
6 accurately reflects the value of the structural components of  
7 the vehicle.

8 Sec. 5. Section 321H.3, unnumbered paragraph 1, Code 1987,  
9 is amended to read as follows:

10 Except for educational institutions, ~~people-licensed-as-new~~  
11 ~~or-used-vehicle-dealers-under-chapter-322~~, people engaged in a  
12 hobby not for profit, people engaged in the business of  
13 purchasing bodies, parts of bodies, frames or component parts  
14 of vehicles only for sale as scrap metal or a person licensed  
15 under the provisions of this chapter as an authorized vehicle  
16 recycler, a person in this state shall not engage in the  
17 business of:

18 Sec. 6. The state department of transportation shall adopt  
19 rules which allow authorized vehicle recyclers, as defined in  
20 chapter 321H, to meet the definition of transporter, as  
21 defined in chapter 321, so that transporter plates may be  
22 issued for authorized vehicle recyclers.

23 Sec. 7. Sections 1, 2, 5, and 6 of this Act take effect  
24 July 1 following its enactment. Sections 3 and 4 of this Act  
25 take effect January 1 following its enactment. However, the  
26 state department of transportation shall adopt rules as  
27 required for implementation of sections 3 and 4 of this Act  
28 prior to January 1 following this Act's enactment.

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#### EXPLANATION

30 Sections 1 and 2 of this bill require certificates of  
31 titles issued to foreign vehicles which have been registered  
32 outside of this state to indicate the name of the state or  
33 country in which the vehicle was last registered prior to  
34 being registered in this state.

35 Section 3 limits insurance companies, which obtain a

S.F. \_\_\_\_\_ H.F. \_\_\_\_\_

1 vehicle as the result of a settlement with the owner of the  
2 vehicle arising out of damage to or unrecovered theft of the  
3 vehicle, to being able to transfer the title of the vehicle to  
4 only licensed vehicle recyclers or the owner from whom they  
5 obtained the title of the vehicle.

6 Sections 3 and 4 require applicants for a certificate of  
7 title for a repaired or rebuilt wrecked or salvage vehicle to  
8 have an assessment of the replaced or repaired component parts  
9 according to a point value system. Vehicles which are  
10 assessed fifty or more points shall have certificates of title  
11 issued with the word "REBUILT" in bold letters on the face of  
12 the certificates. Sections 3 and 4 do not apply to any  
13 vehicle with a fair market value of less than five hundred  
14 dollars based on the value of the vehicle before it became  
15 wrecked or salvage. Sections 3 and 4 also do not apply to  
16 antiquated vehicles being specially registered under section  
17 321.115.

18 Section 5 requires people licensed as new or used vehicle  
19 dealers under chapter 322 to be licensed as authorized vehicle  
20 recyclers under chapter 321H (with certain exceptions) if they  
21 wish to be in the business of selling, wrecking, or rebuilding  
22 in one calendar year six or more wrecked or salvage vehicles  
23 subject to registration.

24 Section 6 requires the state department of transportation  
25 to adopt rules so that authorized vehicle recyclers may apply  
26 for transporter plates.

27 Sections 1, 2, 5, and 6 take effect July 1 following  
28 enactment; sections 3 and 4 take effect January 1 following  
29 enactment. However, the state department of transportation is  
30 required to adopt rules to allow implementation of sections 3  
31 and 4 prior to the January 1 effective date.

32 This bill creates and internally cites new section 321.52A.

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COMPANION TO LSB 7126IS

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LSB 7721SI 72