

House Study Bill 528 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON COWNIE)

A BILL FOR

1 An Act relating to wrecked or salvage motor vehicles, and
2 making penalties applicable.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 321.52, subsection 4, paragraphs b and e,
2 Code 2018, are amended to read as follows:

3 b. (1) A vehicle rebuilder or a person engaged in the
4 business of buying, selling, or exchanging vehicles of a type
5 required to be registered in this state, upon acquisition of
6 a wrecked or salvage vehicle, shall surrender the certificate
7 of title or manufacturer's or importer's statement of origin
8 properly assigned, together with an application for a salvage
9 certificate of title, to the county treasurer of the county of
10 residence of the purchaser or transferee within thirty days
11 after the date of assignment of the certificate of title for
12 the wrecked or salvage motor vehicle. **This subsection** applies
13 only to vehicles with a fair market value of five hundred
14 dollars or more, based on the value before the vehicle became
15 wrecked or salvage. Upon payment of a fee of ten dollars, the
16 county treasurer shall issue a salvage certificate of title
17 which shall bear the word "SALVAGE" stamped or printed on the
18 face of the title in a manner prescribed by the department. A
19 salvage certificate of title may be assigned to an educational
20 institution, a new motor vehicle dealer licensed under chapter
21 322, a person engaged in the business of purchasing bodies,
22 parts of bodies, frames, or component parts of vehicles for
23 sale as scrap metal, a salvage pool, or an authorized vehicle
24 recycler licensed under **chapter 321H**. An authorized vehicle
25 recycler licensed under **chapter 321H** or a new motor vehicle
26 dealer licensed under **chapter 322** may assign or reassign an
27 Iowa salvage certificate of title or a salvage certificate of
28 title from another state to any person, and the provisions of
29 section 321.24, subsection 5, requiring issuance of an Iowa
30 salvage certificate of title shall not apply.

31 (2) A vehicle on which ownership has transferred to an
32 insurer of the vehicle as a result of a settlement with the
33 owner of the vehicle arising out of damage to, or unrecovered
34 theft of, the vehicle shall be deemed to be a wrecked or
35 salvage vehicle and the insurer shall comply with this

1 subsection to obtain a salvage certificate of title within
2 thirty days after the date of assignment of the certificate of
3 title of the vehicle. If the cost of repair of the vehicle does
4 not exceed seventy-five percent of the fair market value of the
5 vehicle as determined pursuant to paragraph "e", the insurer's
6 application for a salvage certificate of title shall contain a
7 statement in substantially the following form:

8 This vehicle has been acquired by an insurance company as a
9 result of a claim settlement and the cost to repair the vehicle
10 does not exceed seventy-five percent of the fair market value
11 of the vehicle prior to sustaining the damage for which the
12 claim was paid.

13 (3) A determination that the cost of repair of the vehicle
14 does not exceed seventy-five percent of the fair market value
15 of the vehicle as determined pursuant to paragraph "e" shall
16 not affect the right of an insurer or vehicle owner to make an
17 economic or safety-related decision not to repair the vehicle.

18 e. For purposes of **this subsection**, *"wrecked or salvage*
19 *vehicle"* means a damaged motor vehicle subject to registration
20 for which the cost of repair exceeds ~~fifty~~ seventy-five percent
21 of the fair market value of the vehicle, as determined in
22 accordance with rules adopted by the department, before ~~it~~
23 the vehicle became damaged. The calculation of the cost of
24 repair shall not include costs associated with towing, storage,
25 vehicle rental, cosmetic damage repairs, or tax on labor and
26 materials used to repair the vehicle. For purposes of this
27 paragraph, "cosmetic damage repairs" means repairs done only for
28 the sake of appearance, including for decorative, ornamental,
29 or superficial purposes, that if left unrepaired would not
30 impact the functionality of the vehicle or render the vehicle
31 unsafe or unable to operate. "Cosmetic damage repairs" includes
32 costs for vehicle refinishing materials and repairs relating
33 to external trim molding and fascia; molded, nonmetal bumper
34 covers; grilles; entertainment systems; audiovisual, telephone,
35 and mapping equipment; emblems, stripes, and decals; hubcaps

1 and wheel covers; interior carpet; upholstery other than for
2 the driver seat; and interior door trim panels. "Cosmetic
3 damage repairs" does not include the cost of labor other than
4 labor associated with vehicle refinishing, or the cost of any
5 repair necessary to pass a safety inspection required by law.

6 EXPLANATION

7 The inclusion of this explanation does not constitute agreement with
8 the explanation's substance by the members of the general assembly.

9 Under current law, a vehicle on which ownership has
10 transferred to an insurer as a result of a settlement
11 with the owner of the vehicle arising out of damage to, or
12 unrecovered theft of, the vehicle is deemed to be a wrecked
13 or salvage vehicle and the insurer is required to obtain a
14 salvage certificate of title within 30 days after the date of
15 assignment of the certificate of title of the vehicle. This
16 bill provides that if the cost of repair of the vehicle does
17 not exceed 75 percent of the fair market value of the vehicle,
18 the insurer's application for a salvage certificate of title
19 must contain a statement in substantially the following form:
20 "This vehicle has been acquired by an insurance company as a
21 result of a claim settlement and the cost to repair the vehicle
22 does not exceed seventy-five percent of the fair market value
23 of the vehicle prior to sustaining the damage for which the
24 claim was paid."

25 The bill also provides that a determination that the cost of
26 repair of the vehicle does not exceed 75 percent of the fair
27 market value of the vehicle shall not affect the right of an
28 insurer or vehicle owner to make an economic or safety-related
29 decision not to repair the vehicle.

30 Under current law, a wrecked or salvage vehicle means a
31 damaged vehicle for which the cost of repair exceeds 50 percent
32 of the fair market value of the vehicle. The bill increases
33 the cost of repair threshold to 75 percent of the fair market
34 value of the vehicle and prohibits the calculation of the cost
35 of repair from including costs associated with towing, storage,

1 vehicle rental, cosmetic damage repairs, or tax on labor
2 and materials used to repair the vehicle. The bill defines
3 "cosmetic damage repairs" to mean repairs done only for the
4 sake of appearance, including for decorative, ornamental, or
5 superficial purposes, that if left unrepaired would not impact
6 the functionality of the vehicle or render the vehicle unsafe
7 or unable to operate. The bill specifies that "cosmetic damage
8 repairs" includes costs for vehicle refinishing materials
9 and repairs relating to external trim molding and fascia;
10 molded, nonmetal bumper covers; grilles; entertainment systems;
11 audiovisual, telephone, and mapping equipment; emblems,
12 stripes, and decals; hubcaps and wheel covers; interior carpet;
13 upholstery other than for the driver seat; and interior door
14 trim panels. The bill further specifies that "cosmetic damage
15 repairs" does not include the cost of labor other than labor
16 associated with vehicle refinishing or the cost of any repair
17 necessary to pass a safety inspection required by law.
18 Under current law, a violation of Code section 321.52 is
19 punishable by a scheduled fine of \$100.