

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: HB1419**

**Bill Subtitle: TO AMEND THE UNIFORM MOTOR VEHICLE ADMINISTRATION, CERTIFICATE OF TITLE, AND ANTITHEFT ACT, § 27-14-101 ET SEQ.**

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### **Basic Change :**

**Sponsor: Representative Payton**

Under current law, the threshold of physical damage for which a motor vehicle must be issued a salvage title is equal or exceeding seventy percent (70%) of its average retail value. HB1419 would change the threshold to damage totaling at least four thousand dollars (\$4,000) and at least seventy percent (70%) of its average retail value. The bill also states that a vehicle having damage of one hundred and twenty percent (120%) will be a "parts only salvage vehicle for tax purposes".

Under current law, if a person other than an insurer owns a salvage vehicle for which a salvage vehicle title has not been issued, the owner shall surrender the certificate of title for the salvage vehicle to the Office of Motor Vehicle within thirty (30) days following the date that the motor vehicle became a salvage vehicle. This bill appears to no longer require an owner to surrender their title within 30 days and obtain a salvage title and therefore may allow a salvage vehicle to be on the roadways without a salvage title being issued. The bill also puts the burden on the owner to disclose that the vehicle is salvage if they assign the certificate of title to a person licensed under § 27-14-2001. This bill will also take the responsibility off the insurer to report a salvage vehicle if they delegate to a servicing organization or a buyer who is licensed under § 27-14-2001 as a dealer or wrecker.

### **Revenue Impact :**

If the intent of the bill is to make the issuance of a salvage title no longer required, this bill may decrease approximately 172,000 less titles being printed and a decrease in \$1,720,000.00 revenue. The bill may also decrease the amount of "parts only" titles issued on vehicles.

### **Taxpayer Impact :**

Although the intent of the bill is unclear, certain owners of salvage vehicles may no longer be required to surrender the title of a damaged vehicle and be issued a salvage title.

### **Resources Required :**

No additional resources required.

### **Time Required :**

Implementation date of November 13, 2017 is requested.

### **Procedural Changes :**

None.

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### Other Comments :

None.

### Legal Analysis :

HB1419 amends salvage title procedures to allow insurance companies and other dealers/wreckers to obtain salvage title for damaged vehicles in their possession. The bill provides that a motor vehicle that has damage of at least 120% of its average retail value as listed in the current southwestern regional NADA Official Used Car Guide is considered a "parts-only salvage vehicle for tax purposes." This new language is contained within the definitions statute of § 27-14-2301 for "salvage vehicle". It is unclear as to why the "for tax purposes" language is inserted into this definition. Current law does not have a definition for "parts only", so it may be recommended that a separate definition for "parts only" be incorporated in to § 27-14-2301.