

105TH CONGRESS
2^D SESSION

S. 852

AN ACT

To establish nationally uniform requirements regarding the titling and registration of salvage, nonrepairable, and rebuilt vehicles.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “National Salvage
5 Motor Vehicle Consumer Protection Act of 1998”.

1 **SEC. 2. MOTOR VEHICLE TITLING AND DISCLOSURE RE-**
 2 **QUIREMENTS.**

3 (a) AMENDMENT TO TITLE 49, UNITED STATES
 4 CODE.—Subtitle VI of title 49, United States Code, is
 5 amended by inserting a new chapter at the end:

6 **“CHAPTER 333—AUTOMOBILE SAFETY**
 7 **AND TITLE DISCLOSURE REQUIREMENTS**

“Sec.

“33301. Definitions.

“33302. Passenger motor vehicle titling.

“33303. Disclosure and label requirements on transfer of rebuilt Federal sal-
 vage vehicles.

“33304. Report on funding.

“33305. Effect on State law.

“33306. Civil penalties.

“33307. Actions by States.

8 **“§ 33301. Definitions**

9 “(a) DEFINITIONS.—For the purposes of this chap-
 10 ter:

11 “(1) PASSENGER MOTOR VEHICLE.—The term
 12 ‘passenger motor vehicle’ has the same meaning
 13 given such term by section 32101(10), except, not-
 14 withstanding section 32101(9), it includes a multi-
 15 purpose passenger vehicle (constructed on a truck
 16 chassis or with special features for occasional off-
 17 road operation), a truck, other than a truck referred
 18 to in section 32101(10)(B), and a pickup truck
 19 when that vehicle or truck is rated by the manufac-
 20 turer of such vehicle or truck at not more than
 21 10,000 pounds gross vehicle weight, and it only in-

1 includes a vehicle manufactured primarily for use on
2 public streets, roads, and highways.

3 “(2) FEDERAL SALVAGE VEHICLE.—The term
4 ‘Federal salvage vehicle’ means any passenger motor
5 vehicle, other than a flood vehicle or a nonrepairable
6 vehicle, which—

7 “(A) is a late model vehicle which has been
8 wrecked, destroyed, or damaged, to the extent
9 that the total cost of repairs to rebuild or re-
10 construct the passenger motor vehicle to its
11 condition immediately before it was wrecked,
12 destroyed, or damaged, and for legal operation
13 on the roads or highways, exceeds 75 percent of
14 the retail value of the passenger motor vehicle;

15 “(B) is a late model vehicle which has been
16 wrecked, destroyed, or damaged, and to which
17 an insurance company acquires ownership pur-
18 suant to a damage settlement (except in the
19 case of a settlement in connection with a recov-
20 ered stolen vehicle, unless such vehicle sus-
21 tained damage sufficient to meet the damage
22 threshold prescribed by subparagraph (A)); or

23 “(C) the owner wishes to voluntarily des-
24 ignate as a Federal salvage vehicle by obtaining
25 a salvage title, without regard to the level of

1 damage, age, or value of such vehicle or any
2 other factor, except that such designation by
3 the owner shall not impose on the insurer of the
4 passenger motor vehicle or on an insurer proc-
5 essing a claim made by or on behalf of the
6 owner of the passenger motor vehicle any obli-
7 gation or liability.

8 Notwithstanding any other provision of this chapter,
9 a State may use the term ‘older model salvage vehi-
10 cle’ to designate a wrecked, destroyed, or damaged
11 vehicle that does not meet the definition of a late
12 model vehicle in paragraph (9). If a State, as of the
13 date of enactment of the National Salvage Motor
14 Vehicle Consumer Protection Act of 1998, has estab-
15 lished a salvage definition at a lesser percentage
16 than provided under subparagraph (A), then that
17 definition shall not be considered to be inconsistent
18 with the provisions of this chapter.

19 “(3) FEDERAL SALVAGE TITLE.—The term
20 ‘Federal salvage title’ means a passenger motor ve-
21 hicle ownership document issued by the State to the
22 owner of a Federal salvage vehicle. A Federal sal-
23 vage title shall be conspicuously labeled with the
24 words ‘Federal salvage’ across the front.

1 “(4) FEDERAL REBUILT SALVAGE VEHICLE.—

2 The term ‘Federal rebuilt salvage vehicle’ means—

3 “(A) any passenger motor vehicle which

4 was previously issued a Federal salvage title,

5 has passed State anti-theft inspection, has been

6 issued a certificate indicating that the pas-

7 senger motor vehicle has passed the required

8 anti-theft inspection, has passed the State safe-

9 ty inspection in those States requiring a safety

10 inspection pursuant to section 33302(b)(8), has

11 been issued a certificate indicating that the pas-

12 senger motor vehicle has passed the required

13 safety inspection in those States requiring such

14 a safety inspection pursuant to section

15 33302(b)(8), and has a decal stating ‘Federal

16 Rebuilt Salvage Vehicle—Anti-theft and Safety

17 Inspections Passed’ affixed to the driver’s door

18 jamb; or

19 “(B) any passenger motor vehicle which

20 was previously issued a Federal salvage title,

21 has passed a State anti-theft inspection, has

22 been issued a certificate indicating that the pas-

23 senger motor vehicle has passed the required

24 anti-theft inspection, and has, affixed to the

25 driver’s door jamb, a decal stating ‘Federal Re-

1 built Salvage Vehicle—Anti-theft Inspection
2 Passed/No Safety Inspection Pursuant to Na-
3 tional Criteria’ in those States not requiring a
4 safety inspection pursuant to section
5 33302(b)(8).

6 “(5) FEDERAL REBUILT SALVAGE TITLE.—The
7 term ‘Federal rebuilt salvage title’ means the pas-
8 senger motor vehicle ownership document issued by
9 the State to the owner of a Federal rebuilt salvage
10 vehicle. A Federal rebuilt salvage title shall be con-
11 spicuously labeled either with the words ‘Federal Re-
12 built Salvage Vehicle—Anti-theft and Safety Inspec-
13 tions Passed’ or ‘Federal Rebuilt Salvage Vehicle—
14 Anti-theft Inspection Passed/No Safety Inspection
15 Pursuant to National Criteria’, as appropriate,
16 across the front.

17 “(6) FEDERAL NONREPAIRABLE VEHICLE.—
18 The term ‘Federal nonrepairable vehicle’ means any
19 passenger motor vehicle, other than a Federal flood
20 vehicle, which is incapable of safe operation for use
21 on roads or highways and which has no resale value
22 except as a source of parts or scrap only or which
23 the owner irreversibly designates as a source of
24 parts or scrap. Such passenger motor vehicle shall

1 be issued a Federal nonrepairable vehicle certificate
2 and shall never again be titled or registered.

3 “(7) FEDERAL NONREPAIRABLE VEHICLE CER-
4 TIFICATE.—The term ‘Federal nonrepairable vehicle
5 certificate’ means a passenger motor vehicle owner-
6 ship document issued by the State to the owner of
7 a Federal nonrepairable vehicle. A Federal non-
8 repairable vehicle certificate shall be conspicuously
9 labeled with the words ‘Federal nonrepairable’
10 across the front.

11 “(8) SECRETARY.—The term ‘Secretary’ means
12 the Secretary of Transportation.

13 “(9) LATE MODEL VEHICLE.—The term ‘Late
14 Model Vehicle’ means any passenger motor vehicle
15 which—

16 “(A) has a manufacturer’s model year des-
17 ignation of or later than the year in which the
18 vehicle was wrecked, destroyed, or damaged, or
19 any of the six preceding years; or

20 “(B) has a retail value of more than
21 \$7,500.

22 The Secretary shall adjust such retail value on an
23 annual basis in accordance with changes in the con-
24 sumer price index.

1 “(10) RETAIL VALUE.—The term ‘retail value’
2 means the actual cash value, fair market value, or
3 retail value of a passenger motor vehicle as—

4 “(A) set forth in a current edition of any
5 nationally recognized compilation (to include
6 automated databases) of retail values; or

7 “(B) determined pursuant to a market sur-
8 vey of comparable vehicles with regard to condi-
9 tion and equipment.

10 “(11) COST OF REPAIRS.—The term ‘cost of re-
11 pairs’ means the estimated retail cost of parts need-
12 ed to repair the vehicle or, if the vehicle has been
13 repaired, the actual retail cost of the parts used in
14 the repair, and the cost of labor computed by using
15 the hourly labor rate and time allocations that are
16 reasonable and customary in the automobile repair
17 industry in the community where the repairs are to
18 be performed.

19 “(12) FEDERAL FLOOD VEHICLE.—

20 “(A) IN GENERAL.—The term ‘flood vehi-
21 cle’ means any passenger motor vehicle that—

22 “(i) has been acquired by an insur-
23 ance company as part of a damage settle-
24 ment due to water damage; or

1 “(ii) has been submerged in water to
2 the point that rising water has reached
3 over the door sill, has entered the pas-
4 senger or trunk compartment, and has ex-
5 posed any electrical, computerized, or me-
6 chanical component to water, except where
7 a passenger motor vehicle which, pursuant
8 to an inspection conducted by an insurance
9 adjuster or estimator, a motor vehicle re-
10 pairer or motor vehicle dealer in accord-
11 ance with inspection guidelines or proce-
12 dures established by the Secretary or the
13 State, is determined—

14 “(I) to have no electrical, com-
15 puterized or mechanical components
16 which were damaged by water; or

17 “(II) to have one or more elec-
18 trical, computerized or mechanical
19 components which were damaged by
20 water and where all such damaged
21 components have been repaired or re-
22 placed.

23 “(B) INSPECTION NOT REQUIRED FOR ALL
24 FEDERAL FLOOD VEHICLES.—No inspection
25 under subparagraph (A) shall be required un-

1 less the owner or insurer of the passenger
 2 motor vehicle is seeking to avoid a brand of
 3 ‘Federal Flood’ pursuant to this chapter.

4 “(C) EFFECT OF DISCLOSURE.—Disclosing
 5 a passenger motor vehicle’s status as a Federal
 6 flood vehicle or conducting an inspection pursu-
 7 ant to subparagraph (A) shall not impose on
 8 any person any liability for damage to (except
 9 in the case of damage caused by the inspector
 10 at the time of the inspection) or reduced value
 11 of a passenger motor vehicle.

12 “(b) CONSTRUCTION.—The definitions set forth in
 13 subsection (a) only apply to vehicles in a State which are
 14 wrecked, destroyed, or otherwise damaged on or after the
 15 date on which such State complies with the requirements
 16 of this chapter and the rule promulgated pursuant to sec-
 17 tion 33302(b).

18 **“§ 33302. Passenger motor vehicle titling**

19 “(a) CARRY-FORWARD OF STATE INFORMATION.—
 20 For any passenger motor vehicle, the ownership of which
 21 is transferred on or after the date that is 1 year after
 22 the date of the enactment of the National Salvage Motor
 23 Vehicle Consumer Protection Act of 1998, each State re-
 24 ceiving funds, either directly or indirectly, appropriated
 25 under section 30503(c) of this title after the date of the

1 enactment of that Act, in licensing such vehicle for use,
2 shall disclose in writing on the certificate of title whenever
3 records readily accessible to the State indicate that the
4 passenger motor vehicle was previously issued a title that
5 bore any word or symbol signifying that the vehicle was
6 ‘salvage’, ‘older model salvage’, ‘unrebuildable’, ‘parts
7 only’, ‘scrap’, ‘junk’, ‘nonrepairable’, ‘reconstructed’, ‘re-
8 built’, or any other symbol or word of like kind, or that
9 it has been damaged by flood, and the name of the State
10 that issued that title, or that the vehicle was a ‘Federal
11 salvage vehicle’, ‘Federal rebuilt salvage vehicle’, ‘Federal
12 flood vehicle’, or ‘Federal nonrepairable vehicle’.

13 “(b) **NATIONALLY UNIFORM TITLE STANDARDS AND**
14 **CONTROL METHODS.**—Not later than 18 months after the
15 date of the enactment of the National Salvage Motor Vehi-
16 cle Consumer Protection Act of 1998, the Secretary shall
17 by rule require each State receiving funds, either directly
18 or indirectly, appropriated under section 30503(c) of this
19 title after the date of the enactment of that Act, in licens-
20 ing any passenger motor vehicle where ownership of such
21 passenger motor vehicle is transferred more than 2 years
22 after publication of such final rule, to apply uniform
23 standards, procedures, and methods for the issuance and
24 control of titles for motor vehicles and for information to
25 be contained on such titles. Such titling standards, control

1 procedures, methods, and information shall include the
2 following requirements:

3 “(1) A State shall conspicuously indicate on the
4 face of the title or certificate for a passenger motor
5 vehicle, as applicable, if the passenger motor vehicle
6 is a Federal salvage vehicle, a Federal nonrepairable
7 vehicle, a Federal rebuilt salvage vehicle, or a Fed-
8 eral flood vehicle, or if records readily available to
9 the State indicate that the passenger motor vehicle
10 was previously issued a title that bore any word or
11 symbol referred to in subsection (a).

12 “(2) Such information concerning a passenger
13 motor vehicle’s status shall be conveyed on any sub-
14 sequent title, including a duplicate or replacement
15 title, for the passenger motor vehicle issued by the
16 original titling State or any other State.

17 “(3) The title documents, the certificates, and
18 decals required by section 33301(4), and the issuing
19 system shall meet security standards minimizing the
20 opportunities for fraud.

21 “(4) The certificate of title shall include the
22 passenger motor vehicle make, model, body type,
23 year, odometer disclosure, and vehicle identification
24 number.

1 “(5) The title documents shall maintain a uni-
2 form layout, to be established in consultation with
3 the States or an organization representing them.

4 “(6) A passenger motor vehicle designated as
5 Federal nonrepairable shall be issued a nonrepair-
6 able vehicle certificate and shall not be retitled.

7 “(7) No rebuilt salvage title shall be issued to
8 a salvage vehicle unless, after the salvage vehicle is
9 repaired or rebuilt, it complies with the requirements
10 for a Federal rebuilt salvage vehicle pursuant to sec-
11 tion 33301(4). Any State inspection program operat-
12 ing under this paragraph shall be subject to continu-
13 ing review by and approval of the Secretary. Any
14 such anti-theft inspection program shall include the
15 following:

16 “(A) A requirement that the owner of any
17 passenger motor vehicle submitting such vehicle
18 for an anti-theft inspection provide a completed
19 document identifying the vehicle’s damage prior
20 to being repaired, a list of replacement parts
21 used to repair the vehicle, and proof of owner-
22 ship of such replacement parts, as may be evi-
23 denced by bills of sale, invoices, or, if such doc-
24 uments are not available, other proof of owner-
25 ship for the replacement parts. The owner shall

1 also include an affirmation that the information
2 in the declaration is complete and accurate and
3 that, to the knowledge of the declarant, no sto-
4 len parts were used during the rebuilding.

5 “(B) A requirement to inspect the pas-
6 senger motor vehicle or any major part or any
7 major replacement part required to be marked
8 under section 33102 for signs of such mark or
9 vehicle identification number being illegally al-
10 tered, defaced, or falsified. Any such passenger
11 motor vehicle or any such part having a mark
12 or vehicle identification number that has been
13 illegally altered, defaced, or falsified, and that
14 cannot be identified as having been legally ob-
15 tained (through bills of sale, invoices, or other
16 ownership documentation), shall be contraband
17 and subject to seizure. The Secretary, in con-
18 sultation with the Attorney General, shall, as
19 part of the rule required by this section, estab-
20 lish procedures for dealing with those parts
21 whose mark or vehicle identification number is
22 normally removed during industry accepted re-
23 manufacturing or rebuilding practices, which
24 parts shall be deemed identified for purposes of
25 this section if they bear a conspicuous mark of

1 a type, and applied in such a manner, as des-
2 ignated by the Secretary, indicating that they
3 have been rebuilt or remanufactured. With re-
4 spect to any vehicle part, the Secretary's rule,
5 as required by this section, shall acknowledge
6 that a mark or vehicle identification number on
7 such part may be legally removed or altered as
8 provided for in section 511 of title 18, United
9 States Code, and shall direct inspectors to
10 adopt such procedures as may be necessary to
11 prevent the seizure of a part from which the
12 mark or vehicle identification number has been
13 legally removed or altered.

14 “(8) Any safety inspection for a Federal rebuilt
15 salvage vehicle performed pursuant to this chapter
16 shall be performed in accordance with nationally uni-
17 form safety inspection criteria established by the
18 Secretary. A State may determine whether to con-
19 duct such safety inspection itself, contract with one
20 or more third parties, or permit self-inspection by a
21 person licensed by such State in an automotive-relat-
22 ed business, all subject to criteria promulgated by
23 the Secretary hereunder. Any State inspection pro-
24 gram operating under this paragraph shall be sub-
25 ject to continuing review by and approval of the Sec-

1 retary. A State requiring such safety inspection may
2 require the payment of a fee for the privilege of such
3 inspection or the processing thereof.

4 “(9) No duplicate or replacement title shall be
5 issued unless the word ‘duplicate’ is clearly marked
6 on the face thereof and unless the procedures for
7 such issuance are substantially consistent with Rec-
8 ommendation three of the Motor Vehicle Titling,
9 Registration and Salvage Advisory Committee.

10 “(10) A State shall employ the following titling
11 and control methods:

12 “(A) If an insurance company is not in-
13 volved in a damage settlement involving a Fed-
14 eral salvage vehicle or a Federal nonrepairable
15 vehicle, the passenger motor vehicle owner shall
16 apply for a Federal salvage title or Federal
17 nonrepairable vehicle certificate, whichever is
18 applicable, before the passenger motor vehicle is
19 repaired or the ownership of the passenger
20 motor vehicle is transferred, but in any event
21 within 30 days after the passenger motor vehi-
22 cle is damaged.

23 “(B) If an insurance company, pursuant to
24 a damage settlement, acquires ownership of a
25 passenger motor vehicle that has incurred dam-

1 age requiring the vehicle to be titled as a sal-
2 vage vehicle or Federal nonrepairable vehicle,
3 the insurance company or salvage facility or
4 other agent on its behalf shall apply for a Fed-
5 eral salvage title or Federal nonrepairable vehi-
6 cle certificate within 30 days after the title is
7 properly assigned by the owner to the insurance
8 company and delivered to the insurance com-
9 pany or Federal salvage facility or other agent
10 on its behalf with all liens released.

11 “(C) If an insurance company does not as-
12 sume ownership of an insured’s or claimant’s
13 passenger motor vehicle that has incurred dam-
14 age requiring the vehicle to be titled as a Fed-
15 eral salvage vehicle or Federal nonrepairable ve-
16 hicle, the insurance company shall notify the
17 owner of the owner’s obligation to apply for a
18 Federal salvage title or Federal nonrepairable
19 vehicle certificate for the passenger motor vehi-
20 cle and notify the State passenger motor vehicle
21 titling office that a Federal salvage title or Fed-
22 eral nonrepairable vehicle certificate should be
23 issued for the vehicle, except to the extent such
24 notification is prohibited by State insurance
25 law.

1 “(D) If a leased passenger motor vehicle
2 incurs damage requiring the vehicle to be titled
3 as a Federal salvage vehicle or Federal non-
4 repairable vehicle, the lessor shall apply for a
5 Federal salvage title or Federal nonrepairable
6 vehicle certificate within 21 days after being no-
7 tified by the lessee that the vehicle has been so
8 damaged, except when an insurance company,
9 pursuant to a damage settlement, acquires own-
10 ership of the vehicle. The lessee of such vehicle
11 shall inform the lessor that the leased vehicle
12 has been so damaged within 30 days after the
13 occurrence of the damage.

14 “(E) Any person acquiring ownership of a
15 damaged passenger motor vehicle that meets
16 the definition of a Federal salvage or Federal
17 nonrepairable vehicle for which a Federal sal-
18 vage title or Federal nonrepairable vehicle cer-
19 tificate has not been issued, shall apply for a
20 Federal salvage title or Federal nonrepairable
21 vehicle certificate, whichever is applicable. This
22 application shall be made before the vehicle is
23 further transferred, but in any event, within 30
24 days after ownership is acquired. The require-
25 ments of this subparagraph shall not apply to

1 any scrap metal processor which acquires a pas-
2 senger motor vehicle for the sole purpose of
3 processing it into prepared grades of scrap and
4 which so processes such vehicle.

5 “(F) State records shall note when a non-
6 repairable vehicle certificate is issued. No State
7 shall issue a Federal nonrepairable vehicle cer-
8 tificate after 2 transfers of ownership.

9 “(G) When a passenger motor vehicle has
10 been flattened, baled, or shredded, whichever
11 comes first, the title or Federal nonrepairable
12 vehicle certificate for the vehicle shall be sur-
13 rendered to the State within 30 days. If the
14 second transferee on a Federal nonrepairable
15 vehicle certificate is unequipped to flatten, bale,
16 or shred the vehicle, such transferee shall, at
17 the time of final disposal of the vehicle, use the
18 services of a professional automotive recycler or
19 professional scrap processor who is hereby au-
20 thorized to flatten, bale, or shred the vehicle
21 and to effect the surrender of the Federal non-
22 repairable vehicle certificate to the State on be-
23 half of such second transferee. State records
24 shall be updated to indicate the destruction of
25 such vehicle and no further ownership trans-

1 actions for the vehicle will be permitted. If dif-
2 ferent than the State of origin of the title or
3 Federal nonrepairable vehicle certificate, the
4 State of surrender shall notify the State of ori-
5 gin of the surrender of the title or Federal non-
6 repairable vehicle certificate and of the destruc-
7 tion of such vehicle.

8 “(H) When a Federal salvage title is
9 issued, the State records shall so note. No State
10 shall permit the retitling for registration pur-
11 poses or issuance of a rebuilt Federal salvage
12 title for a passenger motor vehicle with a Fed-
13 eral salvage title without a certificate of inspec-
14 tion, which complies with the security and
15 guideline standards established by the Secretary
16 pursuant to paragraphs (3), (7), and (8), as ap-
17 plicable, indicating that the vehicle has passed
18 the inspections required by the State. This sub-
19 paragraph does not preclude the issuance of a
20 new Federal salvage title for a Federal salvage
21 vehicle after a transfer of ownership.

22 “(I) After a passenger motor vehicle titled
23 with a Federal salvage title has passed the in-
24 spections required by the State, the inspection
25 official will affix the secure decal required pur-

1 suant to section 33301(4) to the driver's door
2 jamb of the vehicle and issue to the owner of
3 the vehicle a certificate indicating that the pas-
4 senger motor vehicle has passed the inspections
5 required by the State. The decal shall comply
6 with the permanency requirements established
7 by the Secretary.

8 “(J) The owner of a passenger motor vehi-
9 cle titled with a salvage title may obtain a Fed-
10 eral rebuilt salvage title or vehicle registration,
11 or both, by presenting to the State the Federal
12 salvage title, properly assigned, if applicable,
13 along with the certificate that the vehicle has
14 passed the inspections required by the State.
15 With such proper documentation and upon re-
16 quest, a Federal rebuilt salvage title or registra-
17 tion, or both, shall be issued to the owner.
18 When a Federal rebuilt salvage title is issued,
19 the State records shall so note.

20 “(11) A seller of a passenger motor vehicle that
21 becomes a flood vehicle shall, prior to the time of
22 transfer of ownership of the vehicle, give the trans-
23 feree a written notice that the vehicle has been dam-
24 aged by flood, provided such person has actual
25 knowledge that such vehicle has been damaged by

1 flood. At the time of the next title application for
2 the vehicle, disclosure of the flood status shall be
3 provided to the applicable State with the properly
4 assigned title and the words 'Federal Flood' shall be
5 conspicuously labeled across the front of the new
6 title.

7 “(12) In the case of a leased passenger motor
8 vehicle, the lessee, within 15 days of the occurrence
9 of the event that caused the vehicle to become a
10 flood vehicle, shall give the lessor written disclosure
11 that the vehicle is a Federal flood vehicle.

12 “(13) Ownership of a passenger motor vehicle
13 may be transferred on a Federal salvage title, how-
14 ever, a passenger motor vehicle for which a Federal
15 salvage title has been issued shall not be registered
16 for use on the roads or highways unless it has been
17 issued a rebuilt salvage title.

18 “(14) Ownership of a passenger motor vehicle
19 may be transferred on a Federal rebuilt salvage title,
20 and a passenger motor vehicle for which a Federal
21 rebuilt salvage title has been issued may, if per-
22 mitted by State law, be registered for use on the
23 roads and highways.

24 “(15) Ownership of a passenger motor vehicle
25 may only be transferred 2 times on a Federal non-

1 repairable vehicle certificate. A passenger motor ve-
2 hicle for which a Federal nonrepairable vehicle cer-
3 tificate has been issued can never be titled or reg-
4 istered for use on roads or highways.

5 “(c) CONSUMER NOTICE IN NONCOMPLIANT
6 STATES.—Any State receiving, either directly or indi-
7 rectly, funds appropriated under section 30503(c) of this
8 title after the date of enactment of the National Salvage
9 Motor Vehicle Consumer Protection Act of 1998 and not
10 complying with the requirements of subsections (a) and
11 (b) of this section, shall conspicuously print the following
12 notice on all titles or ownership certificates issued for pas-
13 senger motor vehicles in such State until such time as
14 such State is in compliance with the requirements of sub-
15 sections (a) and (b) of this section: ‘NOTICE: This State
16 does not conform to the uniform Federal requirements of
17 the National Salvage Motor Vehicle Consumer Protection
18 Act of 1998.’.

19 “(d) ELECTRONIC PROCEDURES.—A State may em-
20 ploy electronic procedures in lieu of paper documents
21 whenever such electronic procedures provide the same in-
22 formation, function, and security otherwise required by
23 this section.

1 **“§ 33303. Disclosure and label requirements on trans-**
2 **fer of Federal rebuilt salvage vehicles**

3 “(a) WRITTEN DISCLOSURE REQUIREMENTS.—

4 “(1) GENERAL RULE.—Under regulations pre-
5 scribed by the Secretary of Transportation, a person
6 transferring ownership of a Federal rebuilt salvage
7 vehicle shall, prior to the time of transfer of owner-
8 ship of the vehicle, give the transferee a written dis-
9 closure that the vehicle is a Federal rebuilt salvage
10 vehicle when such person has actual knowledge of
11 the status of such vehicle.

12 “(2) FALSE STATEMENT.—A person making a
13 written disclosure required by a regulation pre-
14 scribed under paragraph (1) of this subsection may
15 not make a false statement in the disclosure.

16 “(3) COMPLETENESS.—A person acquiring a
17 Federal rebuilt salvage vehicle for resale may accept
18 a disclosure under paragraph (1) only if it is com-
19 plete.

20 “(4) REGULATIONS.—The regulations pre-
21 scribed by the Secretary shall provide the way in
22 which information is disclosed and retained under
23 paragraph (1).

24 “(b) LABEL REQUIREMENTS.—

25 “(1) IN GENERAL.—The Secretary shall by reg-
26 ulation require that a label be affixed to the wind-

1 shield or window of a Federal rebuilt salvage vehicle
2 before its first sale at retail containing such infor-
3 mation regarding that vehicle as the Secretary may
4 require. The label shall be affixed by the individual
5 who conducts the applicable State anti-theft inspec-
6 tion in a participating State.

7 “(2) REMOVAL, ALTERATION, OR ILLEGIBILITY
8 OF REQUIRED LABEL.—No person shall willfully re-
9 move, alter, or render illegible any label required by
10 paragraph (1) affixed to a Federal rebuilt salvage
11 vehicle before the vehicle is delivered to the actual
12 custody and possession of the first retail purchaser.

13 “(c) LIMITATION.—The requirements of subsections
14 (a) and (b) shall only apply to a transfer of ownership
15 of a Federal rebuilt salvage vehicle where such transfer
16 occurs in a State which, at the time of the transfer, is
17 complying with subsections (a) and (b) of section 33302.

18 **“§ 33304. Report on funding**

19 “The Secretary shall, contemporaneously with the
20 issuance of a final rule pursuant to section 33302(b), re-
21 port to appropriate committees of Congress whether the
22 costs to the States of compliance with such rule can be
23 met by user fees for issuance of titles, issuance of registra-
24 tions, issuance of duplicate titles, inspection of rebuilt ve-
25 hicles, or for the State services, or by earmarking any

1 moneys collected through law enforcement action to en-
2 force requirements established by such rule.

3 **“§ 33305. Effect on State law**

4 “(a) IN GENERAL.—Unless a State is in compliance
5 with subsection (c) of section 33302, effective on the date
6 the rule promulgated pursuant to section 33302 becomes
7 effective, the provisions of this chapter shall preempt all
8 State laws in States receiving funds, either directly or in-
9 directly, appropriated under section 30503(c) of this title
10 after the date of the enactment of the National Salvage
11 Motor Vehicle Consumer Protection Act of 1998, to the
12 extent they are inconsistent with the provisions of this
13 chapter or the rule promulgated pursuant to section
14 33302, which—

15 “(1) set forth the form of the passenger motor
16 vehicle title;

17 “(2) define, in connection with a passenger
18 motor vehicle (but not in connection with a pas-
19 senger motor vehicle part or part assembly separate
20 from a passenger motor vehicle), any term defined
21 in section 33301 or the terms ‘Federal salvage’,
22 ‘Federal nonrepairable’, or ‘Federal flood’, or apply
23 any of those terms to any passenger motor vehicle
24 (but not to a passenger motor vehicle part or part

1 assembly separate from a passenger motor vehicle);
2 or

3 “(3) set forth titling, recordkeeping, anti-theft
4 inspection, or control procedures in connection with
5 any Federal salvage vehicle, Federal rebuilt salvage
6 vehicle, Federal nonrepairable vehicle, or Federal
7 flood vehicle.

8 “(b) EXCEPTIONS.—

9 “(1) PASSENGER MOTOR VEHICLE; OLDER
10 MODEL SALVAGE.—Subsection (a)(2) does not pre-
11 empt State use of the term—

12 “(A) ‘passenger motor vehicle’ in statutes
13 not related to titling, recordkeeping, anti-theft
14 inspection, or control procedures in connection
15 with any salvage vehicle, rebuilt salvage vehicle,
16 nonrepairable vehicle, or flood vehicle; or

17 “(B) ‘older model salvage’ to designate a
18 wrecked, destroyed, or damaged vehicle that is
19 older than a late model vehicle.

20 “(2) CONSUMER LAW ACTIONS.—Nothing in
21 this chapter may be construed to affect any private
22 right of action under State law.

23 “(c) CONSTRUCTION.—Additional disclosures of a
24 passenger motor vehicle’s title status or history, in addi-
25 tion to the terms defined in section 33301, shall not be

1 deemed inconsistent with the provisions of this chapter.
2 Such disclosures shall include disclosures made on a cer-
3 tificate of title. When used in connection with a passenger
4 motor vehicle (but not in connection with a passenger
5 motor vehicle part or part assembly separate from a pas-
6 senger motor vehicle), any definition of a term defined in
7 section 33301 which is different than the definition in that
8 section or any use of any term listed in subsection (a),
9 but not defined in section 33301, shall be deemed incon-
10 sistent with the provisions of this chapter. Nothing in this
11 chapter shall preclude a State from disclosing on a rebuilt
12 national salvage title that a Federal rebuilt national sal-
13 vage vehicle has passed a State safety inspection which
14 differed from the nationally uniform criteria to be promul-
15 gated pursuant to section 33302(b)(8).

16 “(d) STATUTORY CONSTRUCTION.—Except as spe-
17 cifically provided in this chapter, nothing in this chapter
18 is intended to affect any State law—

19 “(1) relating to the inspection or titling of, dis-
20 closure, or other action concerning salvage, rebuilt
21 salvage, flood, or nonrepairable motor vehicles; or

22 “(2) that provides for more stringent protection
23 of a purchaser of a used motor vehicle.

1 **“§ 33306. Civil penalties**

2 “(a) PROHIBITED ACTS.—It is unlawful for any per-
3 son knowingly to—

4 “(1) make or cause to be made any false state-
5 ment on an application for a title (or duplicate title)
6 for a passenger motor vehicle or any disclosure made
7 pursuant to section 33303;

8 “(2) fail to apply for a Federal salvage title
9 when such an application is required;

10 “(3) alter, forge, or counterfeit a certificate of
11 title (or an assignment thereof), a Federal non-
12 repairable vehicle certificate, a certificate verifying
13 an anti-theft inspection or an anti-theft and safety
14 inspection, a decal affixed to a passenger motor vehi-
15 cle pursuant to section 33302(b)(10)(I), or any dis-
16 closure made pursuant to section 33303;

17 “(4) falsify the results of, or provide false infor-
18 mation in the course of, an inspection conducted
19 pursuant to section 33302(b)(7) or (8);

20 “(5) offer to sell any Federal salvage vehicle or
21 Federal nonrepairable vehicle as a Federal rebuilt
22 salvage vehicle;

23 “(6) fail to make any disclosure required by
24 section 33302(b)(11);

25 “(7) fail to make any disclosure required by
26 section 33303;

1 “(8) violate a regulation prescribed under this
2 chapter;

3 “(9) move a vehicle or a vehicle title in inter-
4 state commerce for the purpose of avoiding the ti-
5 tling requirements of this chapter; or

6 “(10) conspire to commit any of the acts enu-
7 merated in paragraph (1), (2), (3), (4), (5), (6), (7),
8 (8), or (9).

9 “(b) CIVIL PENALTY.—Any person who commits an
10 unlawful act as provided in subsection (a) of this section
11 shall be fined a civil penalty of up to \$2,000 per offense.
12 A separate violation occurs for each passenger motor vehi-
13 cle involved in the violation.

14 **“§ 33307. Actions by States**

15 “(a) IN GENERAL.—When a person violates any pro-
16 vision of this chapter, the chief law enforcement officer
17 of the State in which the violation occurred may bring an
18 action—

19 “(1) to restrain the violation;

20 “(2) recover amounts for which a person is lia-
21 ble under section 33306; or

22 “(3) to recover the amount of damage suffered
23 by any resident in that State who suffered damage
24 as a result of the knowing commission of an unlaw-
25 ful act under section 33306(a) by another person.

1 “(b) STATUTE OF LIMITATIONS.—An action under
2 subsection (a) shall be brought in any court of competent
3 jurisdiction within 2 years after the date on which the vio-
4 lation occurs.

5 “(c) NOTICE.—The State shall serve prior written no-
6 tice of any action under subsection (a) or (f)(2) upon the
7 Attorney General of the United States and provide the At-
8 torney General with a copy of its complaint, except that
9 if it is not feasible for the State to provide such prior no-
10 tice, the State shall serve such notice immediately upon
11 instituting such action. Upon receiving a notice respecting
12 an action, the Attorney General shall have the right—

13 “(1) to intervene in such action;

14 “(2) upon so intervening, to be heard on all
15 matters arising therein; and

16 “(3) to file petitions for appeal.

17 “(d) CONSTRUCTION.—For purposes of bringing any
18 action under subsection (a), nothing in this Act shall pre-
19 vent an attorney general from exercising the powers con-
20 ferred on the attorney general by the laws of such State
21 to conduct investigations or to administer oaths or affir-
22 mations or to compel the attendance of witnesses or the
23 production of documentary and other evidence.

24 “(e) VENUE; SERVICE OF PROCESS.—Any action
25 brought under subsection (a) in a district court of the

1 United States may be brought in the district in which the
 2 defendant is found, is an inhabitant, or transacts business
 3 or wherever venue is proper under section 1391 of title
 4 28, United States Code. Process in such an action may
 5 be served in any district in which the defendant is an in-
 6 habitant or in which the defendant may be found.

7 “(f) ACTIONS BY STATE OFFICIALS.—

8 “(1) Nothing contained in this section shall
 9 prohibit an attorney general of a State or other au-
 10 thorized State official from proceeding in State court
 11 on the basis of an alleged violation of any civil or
 12 criminal statute of such State.

13 “(2) In addition to actions brought by an attor-
 14 ney general of a State under subsection (a), such an
 15 action may be brought by officers of such State who
 16 are authorized by the State to bring actions in such
 17 State on behalf of its residents.”.

18 (b) CONFORMING AMENDMENT.—The table of chap-
 19 ters for part C at the beginning of subtitle VI of title 49,
 20 United States Code, is amended by inserting at the end
 21 the following new item:

“333. AUTOMOBILE SAFETY AND TITLE DISCLOSURE RE-
 QUIREMENTS 33301”.

22 **SEC. 3. AMENDMENTS TO CHAPTER 305.**

23 (a) DEFINITIONS.—

1 (1) Section 30501(4) of title 49, United States
2 Code, is amended to read as follows:

3 “(4) ‘Federal nonrepairable vehicle’, ‘Federal
4 salvage vehicle’, and ‘Federal rebuilt salvage vehicle’
5 have the same meanings given those terms in section
6 33301 of this title.”.

7 (2) Section 30501(5) of such title is amended
8 by striking “junk automobiles” and inserting “Fed-
9 eral nonrepairable vehicles”.

10 (3) Section 30501(8) of such title is amended
11 by striking “salvage automobiles” and inserting
12 “Federal salvage vehicles”.

13 (4) Section 30501 of such title is amended by
14 striking paragraph (7) and redesignating paragraphs
15 (8) and (9) as paragraphs (7) and (8), respectively.

16 (b) NATIONAL MOTOR VEHICLE TITLE INFORMA-
17 TION SYSTEM.—

18 (1) Section 30502(d)(3) of title 49, United
19 States Code, is amended to read as follows:

20 “(3) whether an automobile known to be titled
21 in a particular State—

22 “(A) is or has been a Federal nonrepair-
23 able vehicle, a Federal rebuilt salvage vehicle,
24 or a Federal salvage vehicle; or

1 “(B) was previously issued a title that bore
2 any word or symbol signifying that the vehicle
3 was ‘salvage’, ‘unrebuildable’, ‘parts only’,
4 ‘scrap’, ‘junk’, or any other symbol or word of
5 like kind, or that the vehicle has been damaged
6 by flood.”.

7 (2) Section 30502(d)(5) of title 49, United
8 States Code, is amended to read as follows:

9 “(5) whether—

10 “(A) an automobile bearing a known vehi-
11 cle identification number has been reported as
12 a Federal nonrepairable vehicle, a Federal re-
13 built salvage vehicle, or a Federal salvage vehi-
14 cle under section 30504 of this title; or

15 “(B) the vehicle was previously issued a
16 title that bore any word or symbol signifying
17 that the vehicle was ‘salvage’, ‘unrebuildable’,
18 ‘parts only’, ‘scrap’, ‘junk’, or any other symbol
19 or word of like kind, or that the vehicle has
20 been damaged by flood.”.

21 (c) STATE PARTICIPATION.—Section 30503 of title
22 49, United States Code, is amended to read as follows:

23 **“§ 30503. State participation**

24 “(a) STATE INFORMATION.—Each State receiving
25 funds appropriated under subsection (c) shall make titling

1 information maintained by that State available for use in
2 operating the National Motor Vehicle Title Information
3 System established or designated under section 30502 of
4 this title.

5 “(b) VERIFICATION CHECKS.—Each State receiving
6 funds appropriated under subsection (c) shall establish a
7 practice of performing an instant title verification check
8 before issuing a certificate of title to an individual or en-
9 tity claiming to have purchased an automobile from an
10 individual or entity in another State. The check shall con-
11 sist of—

12 “(1) communicating to the operator—

13 “(A) the vehicle identification number of
14 the automobile for which the certificate of title
15 is sought;

16 “(B) the name of the State that issued the
17 most recent certificate of title for the auto-
18 mobile; and

19 “(C) the name of the individual or entity
20 to whom the certificate of title was issued; and

21 “(2) giving the operator an opportunity to com-
22 municate to the participating State the results of a
23 search of the information.

24 “(c) GRANTS TO STATES.—

1 “(1) In cooperation with the States and not
2 later than January 1, 1994, the Attorney General
3 shall—

4 “(A) conduct a review of systems used by
5 the States to compile and maintain information
6 about the titling of automobiles; and

7 “(B) determine for each State the cost of
8 making titling information maintained by that
9 State available to the operator to meet the re-
10 quirements of section 30502(d) of this title.

11 “(2) The Attorney General may make reason-
12 able and necessary grants to participating States to
13 be used in making titling information maintained by
14 those States available to the operator.

15 “(d) REPORT TO CONGRESS.—Not later than Octo-
16 ber 1, 1998, the Attorney General shall report to Congress
17 on which States have met the requirements of this section.
18 If a State has not met the requirements, the Attorney
19 General shall describe the impediments that have resulted
20 in the State’s failure to meet the requirements.”.

21 (d) REPORTING REQUIREMENTS.—Section 30504 of
22 title 49, United States Code, is amended by striking “junk
23 automobiles or salvage automobiles” every place it appears
24 and inserting “Federal nonrepairable vehicles, Federal re-
25 built salvage vehicles, or Federal salvage vehicles”.

1 **SEC. 4. DEALER NOTIFICATION PROGRAM FOR PROHIB-**
2 **ITED SALE OF NONQUALIFYING VEHICLES**
3 **FOR USE AS SCHOOLBUSES.**

4 Section 30112 of title 49, United States Code, is
5 amended by adding at the end thereof the following:

6 “(c) NOTIFICATION PROGRAM FOR DEALERS CON-
7 CERNING SALES OF VEHICLES AS SCHOOLBUSES.—Not
8 later than September 1, 1998, the Secretary shall develop
9 and implement a program to notify dealers and distribu-
10 tors in the United States that subsection (a) prohibits the
11 sale or delivery of any vehicle for use as a schoolbus (as
12 that term is defined in section 30125(a)(1) of this title)
13 that does not meet the standards prescribed under section
14 30125(b) of this title.”.

Passed the Senate October 2, 1998.

Attest:

Secretary.

105TH CONGRESS
2^D SESSION

S. 852

AN ACT

To establish nationally uniform requirements regarding the titling and registration of salvage, nonrepairable, and rebuilt vehicles.

S 852 ES—2

S 852 ES—3

S 852 ES—4

S 852 ES—5