

AUTHORITY FOR COMMITTEE TO  
MEET

COMMITTEE ON FOREIGN RELATIONS

Mr. GRAMM. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Monday, October 5, 1998, at 2 p.m. to hold a hearing.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

NATIONAL SALVAGE MOTOR VEHICLE  
CONSUMER PROTECTION  
ACT

• Mr. LEVIN. Mr. President, I am pleased Senators LOTT and GORTON have accepted my amendment to the substitute to S. 852, the National Salvage Motor Vehicle Consumer Protection Act of 1998. Senators FEINSTEIN and BRYAN have joined me in offering this amendment which will remedy concerns that the substitute bill would have preempted state laws that provide greater consumer protection with regard to the titling of salvage vehicles.

My colleagues may have heard from the state attorneys general about their opposition to the state preemption impact of the substitute bill. Mr. President, I have worked with the state attorneys general to address their concern. Simply put, my amendment will allow states with higher standards to keep them.

S. 852 without my amendment would establish national titling standards that act as a ceiling rather than a floor because, except for a few narrow exceptions, the legislation would have preempted existing tougher state standards for when a vehicle must be declared salvage, rebuilt salvage, non-repairable or flood damaged.

For example, Michigan has a stronger consumer protection standard for when a vehicle must be declared "non-repairable" which would be preempted by S. 852. In Michigan, if a vehicle is damaged 91 percent or more of its value, its title must be branded "scrap" or non-repairable.

S. 852 defines non-repairable as a vehicle which has no resale value except as a source of parts or scrap and it excludes flood vehicles. That is considered a weaker and more subjective definition than Michigan's, but under the substitute to S. 852 without my amendment, Michigan must accept the lower or weaker national standard.

In addition, Michigan's salvage definition includes motorcycles, motor homes, and flood vehicles and S. 852 exempts them. Again, the substitute legislation would force Michigan to abide by a standard that excludes these types of vehicles. My amendment would allow Michigan to retain these provisions of its vehicle titling code.

To avoid the preemption of state laws providing greater vehicle titling protection to consumers, my amendment would establish a national or fed-

eral standard for when a vehicle's title must be branded with the term "salvage", "rebuilt salvage", "non-repairable", and "flood" damaged. Under my amendment, the federally required standard would become a floor because no state opting in would be allowed to have a lower standard. However, my amendment would allow states that choose to provide more protection to consumers to retain or enact standards that may be considered more stringent.

Therefore, under the substitute, with my amendment, consumers would be protected against unscrupulous people who take the title of a vehicle that has been in a wreck to a state with lower standards in order to give the vehicle a clean title to hide the fact that it was damaged. There will now be a national standard that each participating state will have to meet. But it will be a national floor rather than a ceiling because states can retain or enact tougher standards if they so wish. Establishing a federal standard leaves state salvage law intact and not preempted.

I view this legislation, as amended, as a big step forward in protecting the consumer from the unscrupulous practice known as "title washing" because it gives us a relatively high national standard that did not previously exist. At the same time, it is not watering down any state standard that may be even more protective of the consumer than the federal standard established by this legislation.

I would have preferred that the federal standard contain a tougher measurement for when a damaged vehicle would be declared "salvage". However, the majority of states that have a percentage based salvage definition use the 75% number contained in this legislation and it is appropriate we go with the definition of the majority of states.

This legislation, as amended, does not preempt state law and the national standard that it sets is where the majority of states are, in terms of the percentage used in the definition of "salvage" vehicle.

Mr. President, few would dispute the need to stop the current practice of selling rebuilt wrecks to unsuspecting buyers. The objective of this legislation is to make it more difficult for the unscrupulous seller to conceal the fact that a vehicle has been in an accident by transferring the vehicle's title in a state with lower standards than where the vehicle is ultimately sold. This legislation, as amended, accomplishes this objective and with my amendment, it represents important consumer protection. •

• Mrs. FEINSTEIN. Mr. President, I rise in support of the Salvage Motor Vehicle legislation as it has been amended by the Levin/Feinstein amendment.

The sale of rebuilt vehicles that have been wrecked in accidents has become a major national problem. According to the National Association of Independent Insurers, about 2.5 million vehicles are involved in accidents so severe that they are declared a total loss.

Yet, more than a million of these vehicles are rebuilt and put back on the road.

In many cases, "totaled" cars are sold at auction, refurbished to conceal prior damage, and resold to consumers without disclosure of the previous condition of the car. The structural integrity of these vehicles has been so severely weakened that the potential for serious injury in an accident is greatly increased.

This bill seeks to address the problem by requiring vehicle owners to disclose that the car has been salvaged if it has sustained damage valued at more than 75% of its retail value. The problem with this approach is that it sets a ceiling rather than a floor for consumer protection. States who may already have stronger definitions of salvage vehicles would be preempted.

The amendment that I have offered with the senior Senator from Michigan will eliminate this flaw in the bill. Our amendment says specifically that nothing in this bill will effect a state law that provides more stringent consumer protection relating to the inspection, titling or any other action dealing with salvage vehicles. We believe that this is the best possible outcome. A minimum level of consumer protection will be set at the federal level, but the bill now authorizes states to provide greater or more comprehensive protection if they wish.

Protection for consumers in my state of California will be greatly enhanced by the Levin/Feinstein amendment. California law does not set a percentage value for salvage vehicles. Instead it says that a vehicle is salvaged when the owners determines that repairing the vehicle is "uneconomical". Our amendment will allow California to maintain that definition as well as states with other protections. California law is also more comprehensive in terms of what vehicles are covered. California's law covers all vehicles including large trucks, motorcycles, and motor homes which would not be covered under the federal law.

I believe we now have a good bill. By setting a federal level of consumer protection that is a floor rather than a ceiling, we will achieve the goal of protecting consumers from fraud while at the same time giving states the flexibility to implement a stricter definition for salvage vehicles.

I want to thank the Senator from Michigan. Together we have crafted an amendment that will protect the residents of our states and many others. I also want to thank the Majority Leader for his willingness to work with us to improve the bill. •

TRIBUTE TO COMMANDER LILIA L.  
RAMIREZ, US NAVY

• Mr. D'AMATO. Mr. President, I welcome this opportunity to pay tribute to Commander Lilia L. Ramirez, U.S. Navy, who is retiring after eighteen