

Second Regular Session  
Sixty-eighth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 12-0358.01 Jery Payne x2157

HOUSE BILL 12-1098

---

HOUSE SPONSORSHIP

Balmer, Liston

SENATE SPONSORSHIP

Jahn,

---

House Committees  
Transportation

Senate Committees

---

A BILL FOR AN ACT

101 CONCERNING THE SALE OF MOTOR VEHICLES THAT HAVE BEEN  
102 DAMAGED TO SUCH AN EXTENT THAT THE COST OF THE REPAIRS  
103 EXCEEDS THE FAIR MARKET VALUE OF THE VEHICLE.

---

Bill Summary

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)*

**Section 2** of the bill prohibits a salvage vehicle pool from selling a salvaged vehicle unless it is sold to a licensed dealer or recycler. **Section 3** requires that specific warnings be placed on each certificate of title for a salvage vehicle. A person who fails to obtain a salvage title is

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

subject to punishment of a fine of \$10 to \$500, imprisonment for 10 days to 6 months, or both.

---

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 12-6-102, **amend**  
3 (16.7); **add** (16.8); and **add with relocated provisions** (16.9) as follows:

4 **12-6-102. Definitions.** As used in this part 1 and in part 5 of this  
5 article, unless the context or section 12-6-502 otherwise requires:

6 (16.7) ~~"Site control provision" means an agreement that applies~~  
7 ~~to real property owned or leased by the franchisee and that gives a motor~~  
8 ~~vehicle or powersports vehicle manufacturer, distributor, or manufacturer~~  
9 ~~representative the right to:~~

10 (a) ~~Control the use and development of the real property;~~

11 (b) ~~Require the franchisee to establish or maintain an exclusive~~  
12 ~~dealership facility at the real property; or~~

13 (c) ~~Restrict the franchisee from transferring, selling, leasing,~~  
14 ~~developing, or changing the use of the real property~~ "SALVAGE VEHICLE

15 DEALER" MEANS A MOTOR VEHICLE DEALER OR USED MOTOR VEHICLE  
16 DEALER WHO ACQUIRES DAMAGED MOTOR VEHICLES OR RECOVERED  
17 STOLEN MOTOR VEHICLES FOR THE PURPOSE OF RESELLING THE VEHICLES  
18 OR PARTS OF THE VEHICLES.

19 (16.8) "SALVAGE VEHICLE POOL" MEANS A PERSON ENGAGED IN  
20 THE BUSINESS OF SELLING, TRANSFERRING, OR DISPOSING OF TOTAL LOSS,  
21 SALVAGE, OR DAMAGED MOTOR VEHICLES OR RECOVERED STOLEN MOTOR  
22 VEHICLES ON BEHALF OF OWNERS, INSURANCE COMPANIES, AUTHORIZED  
23 ADJUSTORS, LEASING COMPANIES, SELF-INSURED PERSONS, OR FINANCIAL  
24 INSTITUTIONS.

25 (16.9) **[Formerly (16.7)]** "Site control provision" means an

1 agreement that applies to real property owned or leased by the franchisee  
2 and that gives a motor vehicle or powersports vehicle manufacturer,  
3 distributor, or manufacturer representative the right to:

4 (a) Control the use and development of the real property;

5 (b) Require the franchisee to establish or maintain an exclusive  
6 dealership facility at the real property; or

7 (c) Restrict the franchisee from transferring, selling, leasing,  
8 developing, or changing the use of the real property.

9 **SECTION 2.** In Colorado Revised Statutes, **add** 12-6-120.1 as  
10 follows:

11 **12-6-120.1. Salvage vehicle pools.** A SALVAGE VEHICLE POOL  
12 SHALL NOT SELL A SALVAGED MOTOR VEHICLE UNLESS THE BUYER IS A  
13 SALVAGE VEHICLE DEALER, PERSON LICENSED UNDER THIS ARTICLE, OR AN  
14 AUTOMOTIVE RECYCLER LICENSED OR PERMITTED UNDER A MUNICIPAL  
15 ORDINANCE.

16 **SECTION 3.** In Colorado Revised Statutes, 42-6-136, **amend** (3)  
17 (a) as follows:

18 **42-6-136. Surrender and cancellation of certificate - penalty**  
19 **for violation.** (3) (a) (I) An owner of a salvage motor vehicle that has  
20 been made roadworthy who applies for a certificate of title as provided in  
21 section 42-6-116 shall include such information regarding the vehicle as  
22 the director may require by rule. The owner shall provide to the director  
23 evidence of ownership that satisfies the director that the applicant is  
24 entitled to filing of a certificate of title.

25 (II) WHEN ISSUING A SALVAGE TITLE, the director or the authorized  
26 agent shall ~~designate in a conspicuous place in the record for a vehicle~~  
27 ~~that it is a salvage vehicle that has been made roadworthy~~ Such

1 ~~designation shall include the words "REBUILT FROM SALVAGE" and~~  
2 ~~shall become a permanent part of the certificate of title for such vehicle~~  
3 ~~and shall appear on all subsequent certificates of title for such vehicle~~  
4 PLACE A STAMP CONTAINING THE FOLLOWING DISCLAIMER ON THE  
5 CERTIFICATE OF TITLE: "SALVAGE VEHICLE – NOT FOR RESALE  
6 WITHOUT DISCLOSURE. WARNING: A SALVAGE VEHICLE MAY  
7 NOT BE SAFE FOR OPERATION, AND SOME STATES PROHIBIT  
8 REGISTRATION OF CERTAIN SALVAGE TITLE VEHICLES OR  
9 REQUIRE INSPECTIONS BEFORE A VEHICLE MAY BE  
10 REGISTERED. SOME STATES MAY REQUIRE THIS VEHICLE TO  
11 BE PERMANENTLY BRANDED. MANY INSURANCE COMPANIES  
12 WILL NOT INSURE SALVAGE VEHICLES OR MAY DO SO ONLY  
13 AT A DIMINISHED VALUE FOR PAYMENT OF A CLAIM." THE  
14 DEPARTMENT SHALL PLACE THE STAMP ON THE FRONT OF THE CERTIFICATE  
15 OF TITLE, CENTRALLY ALIGNED IMMEDIATELY ABOVE THE SIGNATURE  
16 LINE, IN CAPITAL LETTERS AND IN TWELVE-POINT, BOLD-FACED, ARIAL  
17 FONT.

18 (III) A PERSON WHO SELLS OR TRANSFERS A SALVAGE VEHICLE TO  
19 ANOTHER PERSON WITHOUT OBTAINING A SALVAGE TITLE IN ACCORDANCE  
20 WITH THIS SECTION IS GUILTY OF A MISDEMEANOR AND IS SUBJECT TO A  
21 FINE OF NOT LESS THAN TEN DOLLARS NOR MORE THAN FIVE HUNDRED  
22 DOLLARS, BY IMPRISONMENT IN THE COUNTY JAIL FOR NOT LESS THAN TEN  
23 DAYS NOR MORE THAN SIX MONTHS, OR BY BOTH.

24 **SECTION 4. Effective date - applicability.** This act takes effect  
25 July 1, 2012, and applies to offenses committed on or after said date.

26 **SECTION 5. Safety clause.** The general assembly hereby finds,

- 1 determines, and declares that this act is necessary for the immediate
- 2 preservation of the public peace, health, and safety.