

Second Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 14-0395.01 Jery Payne x2157

HOUSE BILL 14-1100

HOUSE SPONSORSHIP

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House Committees

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A BILL FOR AN ACT

101 CONCERNING THE USE OF TITLE DOCUMENTS TO GIVE NOTICE OF
102 CHARACTERISTICS OF MOTOR VEHICLES THAT AFFECT A
103 VEHICLE'S VALUE.

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>.)

Currently, the title of a motor vehicle that has been rebuilt from salvage must be branded. The bill expands branding to include a vehicle that:

! Is nonrepairable;

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.

- ! Is built from 2 or more vehicles;
- ! Is flood damaged;
- ! Has had its odometer tampered with;
- ! Has an incorrect odometer; or
- ! Has a designation placed on the title by another jurisdiction.

These brands are carried forward to all subsequent titles. Brands from other states are carried forward in Colorado.

If a vehicle is classified as junk, its title is canceled and cannot be reissued. If a vehicle is nonrepairable, the owner must apply for a nonrepairable title and the vehicle must be sold for parts or scrap. When the part is sold, a copy of the nonrepairable title shows ownership of the part.

The salvage brand statute is moved to its own section.

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

2 **SECTION 1.** In Colorado Revised Statutes, 42-6-102, **amend**
3 (17) (a) (I) and (17) (c); and **add** (1.7), (6.1), (6.4), (11.2), and (11.3) as
4 follows:

5 **42-6-102. Definitions.** As used in this part 1, unless the context
6 otherwise requires:

7 (1.7) "BRAND" MEANS A PERMANENT DESIGNATION OR MARKING
8 ON A MOTOR VEHICLE'S TITLE, ASSOCIATED WITH THE VEHICLE
9 IDENTIFICATION NUMBER, THAT CONVEYS INFORMATION ABOUT THE
10 VALUE OF THE VEHICLE OR INDICATES THAT THE VEHICLE:

- 11 (a) IS A SALVAGE VEHICLE;
- 12 (b) IS REBUILT FROM SALVAGE;
- 13 (c) IS JUNK;
- 14 (d) IS NONREPAIRABLE;
- 15 (e) IS A REBUILT VEHICLE AS DEFINED BY SECTION 42-5-201;
- 16 (f) IS FLOOD DAMAGED;
- 17 (g) HAS HAD ITS ODOMETER TAMPERED WITH;

- 1 (h) HAS AN INCORRECT ODOMETER; OR
2 (i) HAS A DESIGNATION PLACED ON THE TITLE BY ANOTHER
3 JURISDICTION.

4 (6.1) (a) "FLOOD DAMAGED" MEANS A MOTOR VEHICLE WAS
5 SUBMERGED IN WATER THAT ENTERED THE PASSENGER OR TRUNK
6 COMPARTMENT AND DAMAGED ELECTRICAL, COMPUTER, OR MECHANICAL
7 COMPONENTS.

8 (b) A MOTOR VEHICLE IS NOT "FLOOD DAMAGED" IF AN INSPECTION
9 CONDUCTED BY AN INSURANCE CLAIM REPRESENTATIVE OR MOTOR
10 VEHICLE REPAIRER INDICATES THAT THE FOLLOWING COMPONENTS
11 DAMAGED BY WATER HAVE BEEN REPAIRED:

- 12 (I) ELECTRICAL;
13 (II) COMPUTER; OR
14 (III) MECHANICAL.

15 (6.4) "JUNK" MEANS A VEHICLE THAT IS INCAPABLE OF OPERATING
16 ON ROADS AND IS NO LONGER A VEHICLE BECAUSE IT HAS BEEN
17 DESTROYED, DISMANTLED, OR CHANGED.

18 (11.2) "NONREPAIRABLE" MEANS A MOTOR VEHICLE THAT:

19 (a) IS INCAPABLE OF SAFE OPERATION ON THE ROAD AND THAT HAS
20 NO RESALE VALUE EXCEPT AS SCRAP OR AS A SOURCE OF PARTS; OR

21 (b) THE OWNER HAS DESIGNATED AS SCRAP OR AS A SOURCE OF
22 PARTS.

23 (11.3) "NONREPAIRABLE TITLE" MEANS A TITLE DOCUMENT ISSUED
24 BY THE DIRECTOR OR AUTHORIZED AGENT TO INDICATE OWNERSHIP OF A
25 NONREPAIRABLE VEHICLE.

26 (17) (a) (I) "Salvage vehicle" means:

27 (A) A FLOOD-DAMAGED VEHICLE;

1 (B) A VEHICLE BRANDED AS A SALVAGE VEHICLE BY ANOTHER
2 STATE; OR

3 (C) A vehicle that is damaged by collision, fire, flood, accident,
4 trespass, or other occurrence, excluding hail damage, to the extent that the
5 cost of repairing the vehicle to a roadworthy condition and for legal
6 operation on the highways exceeds the vehicle's retail fair market value
7 immediately prior to the damage, as determined by the person who owns
8 the vehicle at the time of the occurrence or by the insurer or other person
9 acting on behalf of the owner.

10 (c) This subsection (17) ~~shall~~ DOES not apply to a vehicle whose
11 model year of manufacture is six years or older at the time of damage
12 UNLESS THE VEHICLE IS A FLOOD-DAMAGED VEHICLE OR HAS BEEN
13 BRANDED AS A SALVAGE VEHICLE BY ANOTHER STATE.

14 **SECTION 2.** In Colorado Revised Statutes, 42-6-107, **amend** (1)
15 (a) as follows:

16 **42-6-107. Certificates of title - contents - rules.** (1) (a) (I) The
17 department or authorized agent shall mail or deliver certificates of title to
18 motor or off-highway vehicles issued under this part 1 to the applicant,
19 except as provided in section 42-6-124, and the director shall retain and
20 appropriately index and file information appearing and concerning the
21 issuance of the certificates of title. The certificates may be electronic
22 records in compliance with rules adopted by the director.

23 (II) In addition to other information that the director may by rule
24 require, the certificates OF TITLE must contain the make and model of the
25 motor or off-highway vehicle described in the record, if the information
26 is available, together with the motor and any other serial number of the
27 vehicle, and a description of any other marks or symbols placed upon the

1 vehicle by the vehicle manufacturer for identification purposes.

2 (III) IF A VEHICLE SHOWS A BRAND IN ITS TITLE HISTORY, OR IF THE
3 VEHICLE IS SUBJECT TO A BRAND, THE DEPARTMENT SHALL PLACE THE
4 APPROPRIATE BRAND ON THE CERTIFICATE OF TITLE. IF THE VEHICLE HAS
5 MULTIPLE BRANDS, THE DEPARTMENT SHALL PLACE THE MOST RECENT
6 BRAND ON THE CERTIFICATE OF TITLE AND THE NOTICE "OTHER BRANDS
7 EXIST". IF THE BRAND IS FROM A CERTIFICATE OF TITLE ISSUED IN ANOTHER
8 JURISDICTION, THE BRAND MUST BE CARRIED FORWARD TO THE COLORADO
9 CERTIFICATE OF TITLE ALONG WITH THE NAME OF THE JURISDICTION
10 ORIGINATING THE BRAND.

11 (IV) The year listed on the certificate of title of a kit vehicle is the
12 year of manufacture of the kit from which the vehicle was assembled, as
13 indicated in the manufacturer's statement of origin.

14 **SECTION 3.** In Colorado Revised Statutes, **amend** 42-6-136 as
15 follows:

16 **42-6-136. Surrender and cancellation of certificate - penalty**
17 **for violation.** (1) (a) The owner of a motor or off-highway vehicle for
18 which a Colorado certificate of title has been issued, upon the destruction
19 or dismantling of the vehicle OR upon its being changed so that it is no
20 longer a motor or off-highway vehicle, ~~or upon its being sold or otherwise~~
21 ~~disposed of as salvage,~~ shall surrender the certificate of title to the vehicle
22 to the director or the authorized agent ~~to be canceled~~ or notify the director
23 or the authorized agent on director-approved forms indicating the loss,
24 destruction, or dismantling. ~~or sale for salvage.~~ UPON RECEIVING THE
25 SURRENDERED CERTIFICATE OF TITLE OR THE NOTICE OF LOSS,
26 DESTRUCTION, OR DISMANTLING, THE DIRECTOR OR AUTHORIZED AGENT
27 SHALL CLASSIFY THE VEHICLE AS JUNK.

1 (b) THE DEPARTMENT SHALL NOT ISSUE A CERTIFICATE OF TITLE TO
2 A VEHICLE CLASSIFIED AS JUNK. THE HOLDER OF A LIEN OR MORTGAGE
3 SECURED BY THE VEHICLE'S TITLE FOR THE PURCHASE SHALL SURRENDER
4 THE TITLE TO THE DEPARTMENT. THE DEPARTMENT SHALL CANCEL THE
5 TITLE AND REMOVE THE VEHICLE IDENTIFICATION NUMBER FROM THE
6 MOTOR VEHICLE DATABASE.

7 (c) Upon the owner's procuring the consent of the holders of
8 unreleased mortgages or liens noted on or recorded as part of the
9 certificate of title, the director or authorized agent shall cancel the
10 certificate.

11 (d) A person who violates this section commits a class 1 petty
12 offense and shall be punished as provided in section 18-1.3-503, C.R.S.

13 ~~(2) (a) Upon the sale or transfer of a motor vehicle for which a~~
14 ~~current Colorado certificate of title has been issued or filed and that has~~
15 ~~become a salvage vehicle, as defined in section 42-6-102 (17), the~~
16 ~~purchaser or transferee shall apply for a salvage certificate of title. The~~
17 ~~owner of such a motor vehicle may apply for a salvage certificate of title~~
18 ~~before the sale or transfer of such vehicle. An owner applying for a~~
19 ~~salvage certificate of title shall provide the director evidence of~~
20 ~~ownership that satisfies the director of the right of the applicant to have~~
21 ~~a salvage certificate of title filed in favor of the owner~~ WHEN A MOTOR
22 VEHICLE OWNER DETERMINES THAT A MOTOR VEHICLE FOR WHICH A
23 COLORADO CERTIFICATE OF TITLE HAS BEEN ISSUED IS NONREPAIRABLE,
24 THE OWNER OF THE VEHICLE SHALL APPLY FOR A NONREPAIRABLE TITLE.
25 TO BE ISSUED A NONREPAIRABLE TITLE, AN APPLICANT MUST PROVIDE THE
26 DIRECTOR WITH EVIDENCE OF OWNERSHIP THAT SATISFIES THE DIRECTOR
27 OF THE APPLICANT'S RIGHT TO HAVE A NONREPAIRABLE TITLE FILED IN THE

1 APPLICANT'S FAVOR. IF A MOTOR VEHICLE IS NONREPAIRABLE, THE
2 DIRECTOR OR AUTHORIZED AGENT SHALL ISSUE THE VEHICLE A
3 NONREPAIRABLE TITLE.

4 (b) UPON THE SALE OF PARTS FROM A VEHICLE THAT IS
5 NONREPAIRABLE, THE OWNER SHALL PROVIDE TO THE PURCHASER OR
6 TRANSFEREE A COPY OF THE NONREPAIRABLE TITLE AS PROOF OF
7 OWNERSHIP OF THE PART. UPON THE OWNER'S PROCURING THE CONSENT
8 OF THE HOLDER OF AN UNRELEASED MORTGAGE OR LIEN NOTED ON THE
9 CERTIFICATE OF TITLE, THE DIRECTOR OR AUTHORIZED AGENT SHALL
10 CANCEL THE VEHICLE'S REGISTRATION.

11 ~~(3) (a) An owner of a salvage motor vehicle that has been made~~
12 ~~roadworthy who applies for a certificate of title as provided in section~~
13 ~~42-6-116 shall include such information regarding the vehicle as the~~
14 ~~director may require by rule. The owner shall provide to the director~~
15 ~~evidence of ownership that satisfies the director that the applicant is~~
16 ~~entitled to filing of a certificate of title. The director or the authorized~~
17 ~~agent shall designate in a conspicuous place in the record for a vehicle~~
18 ~~that it is a salvage vehicle that has been made roadworthy. Such~~
19 ~~designation shall include the words "REBUILT FROM SALVAGE" and~~
20 ~~shall become a permanent part of the certificate of title for such vehicle~~
21 ~~and shall appear on all subsequent certificates of title for such vehicle.~~

22 ~~(b) (I) An owner of a salvage motor vehicle that has been made~~
23 ~~roadworthy who applies for a certificate of title as provided in section~~
24 ~~42-6-116 shall include a certified VIN inspection, DR2704, performed by~~
25 ~~a law enforcement officer certified as a VIN inspector.~~

26 ~~(II) Prior to the inspection, the applicant shall stamp into the~~
27 ~~motor vehicle the words "REBUILT FROM SALVAGE" with each letter~~

1 being not less than one-fourth inch in size. Such words shall be a salvage
2 brand and be stamped in the following locations:

3 (A) ~~In a motorcycle, on the frame in a visible location;~~

4 (B) ~~In a class A manufactured motor home, on the main entrance
5 door jamb;~~

6 (C) ~~In a trailer, adjacent to the public vehicle identification
7 number;~~

8 (D) ~~In all other motor vehicles, on the body post to which the
9 driver's door latches, also known as the driver's door B pillar.~~

10 (H) ~~The law enforcement officer shall not complete the
11 inspection required by this paragraph (b) unless the salvage brand
12 complies with this paragraph (b).~~

13 (c) (I) ~~Except as provided in subparagraph (H) of this paragraph
14 (c), a person commits a class 1 misdemeanor and, upon conviction, shall
15 be punished as provided in section 18-1.3-501, C.R.S., if such person:~~

16 (A) ~~Intentionally removes or alters a salvage brand; or~~

17 (B) ~~Possesses a motor vehicle without retitling the vehicle with a
18 salvage brand for forty-five days after learning that the motor vehicle's
19 salvage brand may have been removed or altered.~~

20 (H) ~~A person may remove or alter a salvage brand if necessary to
21 legitimately repair a motor vehicle. Such person shall provide evidence
22 of such repair to the investigating law enforcement authority, including
23 pre-repair and post-repair photographs of the affected motor vehicle part
24 and the salvage brand and a signed affidavit describing the repairs. Upon
25 repair, or subsequent repair, the vehicle shall be restamped.~~

26 **SECTION 4.** In Colorado Revised Statutes, **add** 42-6-136.5 as
27 follows:

1 **42-6-136.5. Salvage title.** (1) UPON THE SALE OR TRANSFER OF A
2 MOTOR VEHICLE FOR WHICH A CURRENT COLORADO CERTIFICATE OF TITLE
3 HAS BEEN ISSUED OR FILED AND THAT HAS BECOME A SALVAGE VEHICLE,
4 THE PURCHASER OR TRANSFEREE SHALL APPLY FOR A SALVAGE
5 CERTIFICATE OF TITLE. THE OWNER OF THE VEHICLE MAY APPLY FOR A
6 SALVAGE CERTIFICATE OF TITLE BEFORE THE SALE OR TRANSFER OF THE
7 VEHICLE. TO BE ISSUED A SALVAGE TITLE, AN OWNER APPLYING FOR A
8 SALVAGE CERTIFICATE OF TITLE MUST PROVIDE THE DIRECTOR WITH
9 EVIDENCE OF OWNERSHIP THAT SATISFIES THE DIRECTOR OF THE
10 APPLICANT'S RIGHT TO HAVE A SALVAGE CERTIFICATE OF TITLE FILED IN
11 THE APPLICANT'S FAVOR.

12 (2) (a) AN OWNER OF A SALVAGE MOTOR VEHICLE THAT HAS BEEN
13 MADE ROADWORTHY WHO APPLIES FOR A CERTIFICATE OF TITLE AS
14 PROVIDED IN SECTION 42-6-116 SHALL INCLUDE THE INFORMATION
15 REGARDING THE VEHICLE AS THE DIRECTOR MAY REQUIRE BY RULE. TO BE
16 ISSUED A SALVAGE TITLE, THE OWNER MUST PROVIDE TO THE DIRECTOR
17 EVIDENCE OF OWNERSHIP THAT SATISFIES THE DIRECTOR THAT THE
18 APPLICANT IS ENTITLED TO FILE A CERTIFICATE OF TITLE. THE DIRECTOR
19 SHALL PLACE A DESIGNATION IN A CONSPICUOUS PLACE IN THE RECORD
20 WHEN A SALVAGE VEHICLE HAS BEEN MADE ROADWORTHY. THE DIRECTOR
21 SHALL INCLUDE THE WORDS "REBUILT FROM SALVAGE" AND SHALL
22 MAKE THE DESIGNATION A PERMANENT PART OF THE CERTIFICATE OF TITLE
23 FOR THE VEHICLE, SO THAT THE PHRASE APPEARS ON ALL SUBSEQUENT
24 CERTIFICATES OF TITLE FOR THE VEHICLE.

25 (b) (I) AN OWNER OF A SALVAGE MOTOR VEHICLE THAT HAS BEEN
26 MADE ROADWORTHY WHO APPLIES FOR A CERTIFICATE OF TITLE IN
27 ACCORDANCE WITH SECTION 42-6-116 SHALL INCLUDE A CERTIFIED VIN

1 INSPECTION IN ACCORDANCE WITH SECTION 42-5-202 BY A CERTIFIED VIN
2 INSPECTOR.

3 (II) TO PASS THE VIN INSPECTION REQUIRED BY THIS PARAGRAPH
4 (b), THE APPLICANT MUST STAMP A MOTOR VEHICLE WITH A SALVAGE
5 BRAND USING THE WORDS "REBUILT FROM SALVAGE" WITH EACH
6 LETTER BEING NOT LESS THAN ONE-FOURTH INCH IN HEIGHT. THE BRAND
7 MUST BE PLACED IN THE FOLLOWING LOCATIONS:

8 (A) IN A MOTORCYCLE, ON THE FRAME IN A VISIBLE LOCATION;

9 (B) IN A CLASS A MANUFACTURED MOTOR HOME, ON THE MAIN
10 ENTRANCE DOOR JAMB;

11 (C) IN A TRAILER, ADJACENT TO THE PUBLIC VEHICLE
12 IDENTIFICATION NUMBER; AND

13 (D) IN ALL OTHER MOTOR VEHICLES, ON THE BODY POST TO WHICH
14 THE DRIVER'S DOOR LATCHES, ALSO KNOWN AS THE DRIVER'S DOOR B
15 PILLAR.

16 (c) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
17 PARAGRAPH (c), A PERSON COMMITS A CLASS 1 MISDEMEANOR AND, UPON
18 CONVICTION, SHALL BE PUNISHED AS PROVIDED IN SECTION 18-1.3-501,
19 C.R.S., IF THE PERSON:

20 (A) INTENTIONALLY REMOVES OR ALTERS A SALVAGE BRAND; OR

21 (B) POSSESSES A MOTOR VEHICLE WITHOUT RETITLING THE
22 VEHICLE WITH A SALVAGE BRAND FOR FORTY-FIVE DAYS AFTER LEARNING
23 THAT THE MOTOR VEHICLE'S SALVAGE BRAND MAY HAVE BEEN REMOVED
24 OR ALTERED.

25 (II) A PERSON MAY REMOVE OR ALTER A SALVAGE BRAND IF
26 NECESSARY TO LEGITIMATELY REPAIR A MOTOR VEHICLE. TO QUALIFY FOR
27 THIS EXCEPTION, THE PERSON MUST PROVIDE EVIDENCE OF THE REPAIR TO

1 THE INVESTIGATING LAW ENFORCEMENT AUTHORITY. THE EVIDENCE MUST
2 INCLUDE PRE-REPAIR AND POST-REPAIR PHOTOGRAPHS OF THE AFFECTED
3 MOTOR VEHICLE PART AND THE SALVAGE BRAND AND A SIGNED AFFIDAVIT
4 DESCRIBING THE REPAIRS. UPON REPAIR, OR SUBSEQUENT REPAIR, THE
5 PERSON OR OWNER MUST RESTAMP THE VEHICLE.

6 **SECTION 5.** In Colorado Revised Statutes, **add** 42-12-105 as
7 follows:

8 **42-12-105. Evidence of ownership of parts - copy of**
9 **nonrepairable title.** THE DIRECTOR SHALL ACCEPT A COPY OF THE
10 NONREPAIRABLE TITLE AS EVIDENCE OF OWNERSHIP OF A PART WHEN THE
11 PART IS USED TO RESTORE ANOTHER VEHICLE UNDER THIS ARTICLE.

12 **SECTION 6. Act subject to petition - effective date -**
13 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
14 the expiration of the ninety-day period after final adjournment of the
15 general assembly (August 6, 2014, if adjournment sine die is on May 7,
16 2014); except that, if a referendum petition is filed pursuant to section 1
17 (3) of article V of the state constitution against this act or an item, section,
18 or part of this act within such period, then the act, item, section, or part
19 will not take effect unless approved by the people at the general election
20 to be held in November 2014 and, in such case, will take effect on the
21 date of the official declaration of the vote thereon by the governor.

22 (2) This act applies to acts committed on or after January 1, 2015.