

AN ACT relating to motor vehicle titles.

***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

➔Section 1. KRS 186A.520 is amended to read as follows:

- (1) Except as provided in KRS 186A.555, a salvage title shall be obtained by the owner of a motor vehicle that meets the following definition of a salvage vehicle:
  - (a) A vehicle which has been wrecked, destroyed, or damaged, to the extent that the total estimated or actual cost of parts and labor to rebuild or reconstruct the vehicle to its preaccident condition and for legal operation on the roads or highways, not including the cost of parts and labor to reinstall a deployed airbag system, exceeds seventy-five percent (75%) of the retail value of the vehicle, as set forth in a current edition of the National Automobile Dealer's Association price guide.
  - (b) The value of repair parts for purposes of this definition shall be determined by using the current published retail cost of the parts equal in kind and quality to the parts to be replaced or the actual retail cost of the repair parts used in repair.
  - (c) The labor costs of repairs for purposes of this section shall be computed by using the hourly labor rate and time allocations which are reasonable and customary in the automobile repair industry in the community where the repairs are performed.
  - (d) Airbag reinstallation costs which are excluded from the seventy-five percent (75%) computation as set forth in paragraph (a) of this subsection shall be included by an insurer in the computation of the total physical damage estimate according to the terms and conditions of individual policies, provided that the total costs payable by an insurer do not exceed the total retail value of the vehicle.
- (2) **(a) Subject to the provisions of paragraphs (b) and (c) of this subsection,** the

owner or an authorized agent of a motor vehicle that meets the definition of a salvage vehicle as set forth in subsection (1) of this section shall, within fifteen (15) days from the receipt of all necessary paperwork required by this chapter, submit an application to the county clerk, on a form prescribed by the Department of Vehicle Regulation, for a salvage title, accompanied by a properly endorsed certificate of title and any lien satisfactions, if any appear, as may be required.

**(b) If an insurance company is unable to obtain the properly endorsed certificate of title for a motor vehicle within thirty (30) days of payment of damages in a claim settlement involving transfer of the motor vehicle to the insurance company, the insurance company, at any time thereafter, may apply to the county clerk, on a form prescribed by the Department of Vehicle Regulation, for a salvage title in the name of the insurance company without submitting the certificate of title for the motor vehicle. The application shall be accompanied by:**

- 1. Evidence that the insurance company has paid a claim on the vehicle;**
- 2. A copy of a written request for the certificate of title;**
- 3. Any lien satisfactions sent to the vehicle owner and any known lienholder by the insurance company or its designee, if applicable;**
- 4. Proof that the request was delivered by a nationally recognized courier service to the last known address of the vehicle owner; and**
- 5. The required fee.**

**(c) If an insurance company requests that a motor vehicle dealer licensed as a used motor vehicle dealer and a motor vehicle auction dealer take possession of a motor vehicle that is the subject of an insurance claim, and subsequently the insurance company denies coverage with respect to the motor vehicle or otherwise does not take ownership of the motor vehicle, the**

motor vehicle dealer may, at any time after having possession of the motor vehicle for forty-five (45) days, apply to the county clerk, on a form prescribed by the Department of Vehicle Regulation, for a salvage title in the name of the motor vehicle dealer without submitting the certificate of title for the motor vehicle. The application shall be accompanied by:

1. A copy of a written request, on a motor vehicle dealer's letterhead, requesting that, upon payment of applicable charges, the vehicle be removed from the motor vehicle dealer's facility;
2. Proof that the request was delivered by a nationally recognized courier service or by certified mail to the vehicle owner and any known lienholder at least fifteen (15) days before the date of the application;  
and
3. The required fee.

- (3) The county clerk shall retain a copy of each salvage title application received and shall forward the original and its supporting documents to the Department of Vehicle Regulation in a manner similar to that for handling of an application for a title.
- (4) The Department of Vehicle Regulation shall process the salvage title application in a manner similar to that used in processing a title application and the salvage title shall be delivered in a like manner of a title, except that in processing an application pursuant to subsection (2)(b) or (c) of this section, the Department of Vehicle Regulation shall not require the submission of the certificate of title for the motor vehicle. Salvage titles shall be construed as proof of ownership of a vehicle in a state as to be unusable upon the highways of the Commonwealth. A vehicle shall not be issued a registration for highway use as long as a salvage title is in force.
- (5) The only time a vehicle with a salvage title may be operated upon the highways of

the Commonwealth is when it is in route to or from an inspection by the certified inspector prior to obtaining a certificate of title after having been rebuilt as per KRS 186.115.

**(6) An applicant pursuant to subsection (2)(b) or (c) of this section shall indemnify and hold harmless the Department of Vehicle Regulation from any liability arising from an error or misrepresentation made by the applicant in the submission to the county clerk pursuant to subsection (2)(b) or (c) of this section.**

→Section 2. KRS 376.275 is amended to read as follows:

(1) **(a)** When a motor vehicle has been involuntarily towed or transported pursuant to order of police, other public authority, or private person or business for any reason or when the vehicle has been stolen or misappropriated and its removal from the public ways has been ordered by police, other public authority, or by private person or business, or in any other situation where a motor vehicle has been involuntarily towed or transported by order of police, other authority, or by private person or business, the police, other authority, private person or business shall attempt to ascertain from the Transportation Cabinet the identity of the registered owner of the motor vehicle or lessor of a motor carrier as defined in KRS Chapter 281 and within ten (10) business days of the removal shall, by certified mail, attempt to notify the registered owner at the address of record of the make, model, license number and vehicle identification number of the vehicle and of the location of the vehicle, and the requirements for securing the release of said motor vehicle.

**(b) When a motor vehicle has been voluntarily towed or transported pursuant to order of a motor vehicle dealer licensed as a used motor vehicle dealer and a motor vehicle auction dealer, and thereafter the motor vehicle becomes an abandoned vehicle, the motor vehicle dealer, after verifying with the Transportation Cabinet the identity of the registered owner of the**

motor vehicle or lessor of a motor carrier as defined in KRS Chapter 281, shall proceed as follows prior to disposing of the abandoned vehicle:

1. The motor vehicle dealer shall, by certified mail, attempt to notify the registered owner at the address of record of the make, model, license number, and vehicle identification number of the vehicle and of the location of the vehicle, and the requirements for securing the release of the motor vehicle; and
2. For purposes of this paragraph, "abandoned vehicle" means a motor vehicle for which the motor vehicle dealer has not been provided a properly endorsed certificate of title within thirty (30) days of taking possession of the motor vehicle and which motor vehicle is stored by the motor vehicle dealer in the ordinary course of business.

- (2) If a vehicle described in subsection (1)(a) of this section is placed in a garage or other storage facility, the owner of the facility shall attempt to provide the notice provided in subsection (1)(a) of this section, by certified mail, to the registered owner at the address of record of the motor vehicle or lessor of a motor carrier as defined in KRS Chapter 281 within ten (10) business days of recovery of, or taking possession of the motor vehicle. The notice shall contain the information as to the make, model, license number and vehicle identification number of the vehicle, the location of the vehicle and the amount of reasonable charges for towing, recovery, storage, transporting, and other applicable charges due on the vehicle. When the owner of the facility fails to provide notice as provided herein, the motor vehicle storage facility shall forfeit all storage fees accrued after ten (10) business days from the date of tow. This subsection shall not apply to a garage or storage facility owned or operated by a government entity.
- (3) (a) Any person engaged in the business of storing or towing motor vehicles, who has substantially complied with the aforementioned requirements of this

section, shall have a lien on the motor vehicle and its contents, except as set forth in subsection (4) of this section, for the reasonable or agreed charges for towing, recovery, storage, transporting, and other applicable charges due on the vehicle, as long as it remains in his possession.

- (b) Prior to payment of fees and release of a vehicle, a towing or storage company shall not refuse the right of physical inspection of the towed vehicle by the owner or an insurance company representative. Release of the vehicle shall occur to the owner or insurance company representative upon payment and consent of the release from the owner or the owner's authorized representative. Each additional service shall be set forth individually as a single line item in the bill with an explanation and the exact charge for the service.
- (c) If after a period of forty-five (45) days, the reasonable or agreed charges for towing, recovery, storage, transporting, and other applicable charges due on a motor vehicle and its contents have not been paid, the motor vehicle and its contents, except, **with respect to a vehicle described in subsection (1)(a) of this section,** as set forth in subsection (4) of this section, may be sold to pay the charges after the owner has been notified by certified mail ten (10) days prior to the time and place of the sale. If the proceeds of the sale of any vehicle pursuant to this section are insufficient to satisfy accrued charges for towing, transporting, and storage, the sale and collection of proceeds shall not constitute a waiver or release of responsibility for payment of unpaid towing, transporting, and storage charges by the owner or responsible casualty insurer of the vehicle. A lien on a vehicle under this subsection shall be subject to prior recorded liens.
- (d) **With respect to a vehicle described in subsection (1)(a) of this section,** a lien holder having a prior recorded lien listed on the title issued by the Commonwealth of Kentucky shall be notified by certified mail within the first

fifteen (15) days of impoundment. The letter shall include the make, model, license number, vehicle identification number, owner's name and last known address, and tentative date of sale for the vehicle. If the above-referenced certified letter is not sent within the fifteen (15) days by the towing and storage company, then only fifteen (15) days of storage may be charged. The lien holder has the right to take possession of the motor vehicle after showing proof of lien still enforced, and paying the reasonable or agreed towing and storage charges on the motor vehicle. Nothing in this section shall allow the transfer of a vehicle subject to a lien, except as provided in KRS 186A.190.

**(e) With respect to a vehicle described in subsection (1)(b) of this section, a lien holder having a prior recorded lien listed on the title issued by the Commonwealth of Kentucky shall be notified by certified mail at least ten (10) days before the date of sale of the vehicle. The letter shall include the make, model, license number, vehicle identification number, owner's name and last known address, and tentative date of sale for the vehicle. The lien holder has the right to take possession of the motor vehicle after showing proof of lien still in force, and paying the reasonable or agreed towing and storage charges on the motor vehicle. Nothing in this paragraph shall allow the transfer of a vehicle subject to a lien, except as provided in KRS 186A.190.**

**(4) With respect to a vehicle described in subsection (1)(a) of this subsection,** subsection (3) of this section shall not apply to the following contents of a motor vehicle, which shall be released to the vehicle owner or the owner's designated agent upon request, if the request is made within forty-five (45) days of the date the vehicle was towed:

- (a) Prescription medication in its proper container;
- (b) Personal medical supplies and equipment or records;

- (c) Educational materials, including but not limited to calculators, books, papers, and school supplies;
  - (d) Documents, files, electronic devices, or equipment which may be able to store personal information or information relating to a person's employment or business;
  - (e) Firearms and ammunition. Notwithstanding the provisions of subsection (5) of this section, firearms and ammunition which are not claimed by the owner of the vehicle within forty-five (45) days of the date the vehicle was towed shall be transferred to the Department of Kentucky State Police for disposition as provided by KRS 16.220;
  - (f) Cargo in the possession of persons engaged in transportation in interstate commerce as registered under KRS 186.020;
  - (g) Cargo in the possession of an integrated intermodal small package carrier as defined by KRS 281.605(12);
  - (h) Child restraint systems or child booster seats; and
  - (i) Checks, checkbooks, debit or credit cards, money orders, stocks, or bonds.
- (5) Except as provided for in subsection (4)(e) of this section, any contents exempted under subsection (4) of this section that are not claimed by the owner of the vehicle within forty-five (45) days of the date the vehicle was towed may be sold or otherwise legally disposed of by the storage or towing company.
- (6) The storage or towing company shall not be responsible for contents in a vehicle's trunk or other locked compartment to which the storage or towing company is without access, unless, **with respect to a vehicle described in subsection (1)(a) of this section,** the towing company intentionally opens the area without the owner's consent.
- (7) The provisions of this section shall not apply when a local government causes a vehicle to be towed pursuant to KRS 82.605 to 82.640 or if state government causes

a vehicle to be towed.