

VIN Inspection Requirements for Salvage Vehicle Pools; SB 36

SB 36 amends procedures related to certain vehicle identification number (VIN) checks and transfer of ownership of certain salvage vehicles; prohibits a motor vehicle from being towed out of Kansas without the consent of the driver or owner of the vehicle; and makes technical changes, including changes to remove outdated language.

VIN Inspections

The bill states an employee of a salvage vehicle pool will have VIN checks performed by the Kansas Highway Patrol (KHP) on vehicles at a salvage vehicle pool facility within five business days of the date the application was submitted if:

- An employee of a salvage vehicle pool has submitted an application for six or more vehicles to be checked; and
- The salvage vehicle pool submitting the application sells at least 2,000 vehicles combined per year from the salvage vehicle pool's licensed locations in Kansas, as reported to the Kansas Department of Revenue.

The bill requires the KHP to notify the salvage vehicle pool if it cannot complete the checks within five business days, the reasons for the delay, and the date (within ten business days from the date of application) that the checks will begin.

The salvage vehicle pool is required to provide the KHP with:

- The address of the salvage vehicle pool facility;
- The approximate location within the facility of the vehicles to be checked; and
- Enclosed office space for use by the KHP during such checks.

The bill requires the salvage vehicle pool to clearly mark the vehicles that are to be checked, but states the salvage vehicle pool is not required to move the vehicles within the facility for purposes of the checks.

The bill authorizes the Superintendent of the KHP to promulgate rules and regulations regarding VIN inspection training for employees of new vehicle dealers. [*Note: Under continuing law, trained and certified employees of a new vehicle dealer may perform VIN inspections on motor vehicles the new vehicle dealer purchases.*]

Continuing law states a salvage vehicle pool, as an agent for a third party, is primarily engaged in the business of storing, displaying, and offering for sale salvage vehicles. A salvage vehicle is defined as one that cannot be registered because it has been wrecked or damaged to the extent that it cannot meet safety requirements, for which the cost of repairs is 75 percent or

more of fair market value for the vehicle, or which the insurer has declared a total loss and the insurer has taken title.

Ownership Documents

The bill authorizes a salvage vehicle pool or a salvage vehicle dealer to apply for an ownership document for a vehicle without forwarding a certificate of title for the vehicle to the Division of Vehicles (Division), Kansas Department of Revenue, under certain circumstances. A salvage vehicle pool is defined in continuing law as “any person who as an agent for a third party is primarily engaged in the business of storing, displaying and offering for sale salvage vehicles.” Continuing law defines a salvage vehicle dealer as “any person engaged in the business of buying, selling, or exchanging used vehicles and primarily engaged in the business of the distribution at wholesale or retail of used motor vehicle parts and includes establishments primarily engaged in dismantling motor vehicles for the purpose of selling parts.”

The bill authorizes a salvage vehicle pool or a salvage vehicle dealer to apply for an ownership document for a vehicle if the following conditions are met:

- The salvage vehicle pool or salvage vehicle dealer has possession of the vehicle at the request of an insurance company;
- The insurance claim for the vehicle has been closed without payment or denied by the insurance company; and
- The vehicle has remained unclaimed at the salvage vehicle pool or salvage vehicle dealer facility for more than 30 days.

The bill requires an application for an ownership document provide sufficient evidence that at least two written notices were delivered by certified mail to the address provided by the Division’s ownership verification, or through another courier service that provides proof of delivery, to the owner and any lienholder of the vehicle identified in Division records requesting the vehicle be removed from the salvage vehicle pool or salvage vehicle dealer facility.

The bill requires a salvage vehicle dealer to also provide sufficient evidence to the Division of the request by the insurance company to obtain possession of the vehicle. The bill requires the notice to specify the vehicle owner and any lienholder identified in Division records have at least 30 days from the receipt of the notice to remove the vehicle. If the salvage vehicle pool or salvage vehicle dealer does not receive proof of delivery of the notices, the bill requires the salvage vehicle pool or salvage vehicle dealer to publish a notice of the application for an ownership document in a newspaper of general circulation in the county where the vehicle is located.

If the most recent ownership document for the vehicle was not issued by the State of Kansas, the bill requires the application for an ownership document to include evidence of a VIN inspection of the vehicle by the KHP and, when applicable, of part numbers to verify the foreign title is genuine and matches such numbers. The bill also requires the application to indicate whether a salvage title or a nonrepairable vehicle certificate is requested. The bill requires the Division to issue to the salvage vehicle pool a salvage title or a nonrepairable vehicle certificate

free and clear of all liens, security interests, and encumbrances upon receipt of the application and all required information.

Towing and Towed Vehicle Sales

The bill prohibits a person providing towing services from towing a vehicle to a location outside of Kansas without the consent of the driver or owner of the vehicle, a motor club of which the driver or owner of the vehicle is a member, or the insurance company processing a claim with respect to the vehicle or an agent of such insurance company.

The bill amends a statute regarding the sale of a vehicle that has been abandoned after it has been towed to require every person intending to sell a vehicle pursuant to this statute for which the last registered owner and any lienholders cannot be verified by the Division to obtain an interstate search of registered owners and lienholders unless the vehicle is 15 years of age or older or the Division has determined the vehicle is a nonrepairable vehicle.

The bill requires notice of an auction of a towed and abandoned vehicle, authorized in continuing law after certain notices have been sent by certified mail to any registered owner and lienholders and the total amount due has not been paid, to be published at least seven days prior to the scheduled auction in a newspaper published in the county or city where the sale is to take place or, if no newspaper is published in the county, in a newspaper of general circulation in the county. Current law does not specify time between public notice and auction.

Definitions

The bill specifies as applicable a definition of “wrecker or towing service” in motor carrier statutes: the act of transporting, towing, or recovering with a wrecker, tow truck, or car carrier, any vehicle not owned by the operator of the wrecker, tow truck, or car carrier for which the operator receives compensation or other personal gain, either directly or indirectly, unless the vehicle being towed is owned by the operator of the wrecker, tow truck, or car carrier. It also defines “person” in statutes regarding abandoned and disabled vehicles as every natural person, firm, association, partnership, or corporation, as in the Uniform Act Regulating Traffic on Highways. A “nonrepairable vehicle” is defined in continuing law as a vehicle that has been damaged to the extent it is incapable of safe operation on highways and has no value except as a source of parts or scrap.