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105th Congress 2d Session	SENATE	REPORT 105–265

NATIONAL MOTOR VEHICLE SAFETY, ANTI-THEFT, TITLE REFORM, AND CONSUMER PROTECTION ACT OF 1997

R E P O R T

OF THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

on

S. 852

JULY 27, 1998.—Ordered to be printed

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SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED FIFTH CONGRESS

SECOND SESSION

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JULY 27, 1998.—Ordered to be printed

Mr. MCCAIN, from the Committee on Commerce, Science, and Transportation, submitted the following

REPORT

[To accompany S. 852]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 852) "A Bill to establish nationally uniform requirements regarding the titling and registration of salvage, nonrepairable, and rebuilt vehicles", having considered the same, reports favorably thereon with an amendment in the nature of a substitute and recommends that the bill (as amended) do pass.

PURPOSE OF THE BILL

The purpose of the bill is to foster nationally uniform requirements regarding the titling and registration of salvage, rebuilt salvage, nonrepairable, and flood vehicles.

BACKGROUND AND NEEDS

Inconsistencies in state laws concerning the titling of automobiles foster automobile theft and expose consumers to fraud by making it possible to hide information that a vehicle was massively damaged and then rebuilt.

The Anti-Car Theft Act of 1992 (P.L. 102–519) addressed differences in state automobile titling laws used by criminals to thwart law enforcement efforts. The Act also established a task force to "study the problems which relate to motor vehicle titling, vehicle registration, and controls over motor vehicle salvage which may affect the motor vehicle theft problem."

This task force examined two problems related to salvage vehicles: vehicle theft and how consumers could obtain information that a vehicle was rebuilt from salvage.

Vehicle theft is facilitated by the practice of "title washing" in which the vehicle identification number (VIN) from a salvage vehicle is placed on a similar stolen vehicle. The vehicle is then retitled in a state that does not "brand" the title as belonging to a salvage vehicle. By retitling the car in this manner, the thief has "washed" the title of the salvage brand so that it may be resold with relative ease.

Title washing can also deprive consumers of important information about a vehicle even when theft is not involved. If a vehicle is significantly damaged, the owner's insurance company often takes title to the vehicle and sells it as a salvage vehicle. That salvage vehicle may be purchased by a rebuilder, rebuilt and then resold without the purchaser knowing the vehicle has been rebuilt. Information about the vehicle's history is lost if someone in the chain of ownership washes the title of the salvage brand by retitling the vehicle in a state that does not carry forward the title brands of other states. When a title has been washed in this manner, all later purchasers are deprived of information that may alert them to potential problems with the vehicle. These later purchasers may include auto dealers that purchased the vehicle at a used car auction or an individual purchasing the car for personal use.

The Motor Vehicle Titling, Registration, and Salvage Advisory Committee examined these concerns and transmitted its report to the President and Congress on February 10, 1994. Among the Advisory Committee's recommendations were:

- federal legislation to create uniform definitions for certain title brands, including "salvage," "nonrepairable," and "flood vehicle;"
- national standards for how and when ownership documents for salvage and nonrepairable vehicles must be applied for and issued;
- how and when duplicate titles should be issued; and
- national uniform standards for VIN and safety inspections of rebuilt salvage vehicles.

S. 852 is based on the Advisory Committee's recommendations.

Legislative History

Senators Lott and Ford introduced S. 852 on June 9, 1997. The Committee held a hearing on the bill on Thursday, September 25, 1997.

A companion bill, H.R. 1839, was favorably reported by the House Commerce Committee (H. Rept. 105–285) on September 30, 1997. The House of Representatives passed H.R. 1839 on November 4, 1997 by a vote of 336 to 72. At the Committee's executive session, Senator Lott put forward an amendment in the nature of a substitute nearly identical to the text of H.R. 1839. On November 4, 1997 the Committee in open executive session, by a roll call vote of 16–4, ordered S. 852 reported with the Lott amendment.

Summary of Major Provisions

S. 852 would establish incentives for states to participate in a regulatory framework that would establish nationally uniform definitions for certain terms used on vehicle titles such as: "salvage ve-

hicle", "rebuilt salvage vehicle", "nonrepairable vehicle", and "flood vehicle". In participating states, the legislation would preempt state law to the extent that it is inconsistent with these definitions.

S. 852 would require participating states, in licensing a passenger motor vehicle whose ownership has been transferred, to disclose on the certificate of title whenever records indicate that such vehicle was previously issued a title that contained a word or symbol signifying that it was salvage, unrebuildable, parts only, scrap, junk, nonrepairable, reconstructed, rebuilt or that it had been damaged by flood.

The legislation would require the Secretary of Transportation to establish, for participating states, nationally uniform standards for titles and title brands, including standards for anti-theft inspections and safety inspections of rebuilt vehicles for states that require safety inspections.

S. 852 would establish civil and criminal penalties for violations of the Act.

ESTIMATED COSTS

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 14, 1998.

Hon. JOHN MCCAIN,
Chairman, Committee on Commerce, Science, and Transportation, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 852, the National Salvage Motor Vehicle Consumer Protection Act of 1997.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts for federal costs are Joanna Wilson and Kristen Layman. The contact for the state and local reports is Pepper Santalucia, and the contact for the private-sector impact is Lesley Frymier.

Sincerely,

JUNE E. O'NEILL, *Director.*

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

S. 852—National Salvage Motor Vehicle Consumer Protection Act of 1997

Summary: Assuming appropriation of the necessary amounts, CBO estimates that enacting S. 852 would result in additional discretionary spending of approximately $700,000 by the Department of Transportation (DOT) over the next five fiscal years. The legislation could affect direct spending and receipts; therefore, pay-as-you-

go procedures would apply. CBO estimates that any such effects would be insignificant.

S. 852 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). It would, however, place additional requirements on states that choose to accept federal funds to improve their motor vehicle titling systems. The bill would impose private-sector mandates, but CBO estimates that the direct costs of those mandates would not exceed the annual threshold established in UMRA ($100 million in 1996, adjusted annually for inflation) in any of the next five years.

Description of the bill's major provisions: S. 852 would establish uniform national standards of titling and registering salvage, nonrepairable, and rebuilt vehicles. For states that choose to participate in the National Motor Vehicle Title Information System (NMVTIS), the bill specifies information that must be included on a vehicle title and procedures that must be followed to minimize the opportunity for fraud. NMVTIS is an information network that will seek to provide all participants with instant and reliable access to information maintained by the states related to automobile titling. States would not have to comply with the system's national standards in order to receive federal grants for activities related to developing and using title information.

The legislation would require that all rebuilt salvage vehicles pass a state anti-theft inspection, and lists procedures that should be included in an anti-theft inspection. For those states that choose to require a safety inspection of rebuilt salvage vehicles, S. 852 would direct the Secretary of Transportation to establish uniform national safety inspection criteria. The legislation would establish civil and criminal penalties for individuals who knowingly provide false information on disclosures made pursuant to its provisions, or who violate its vehicle titling and disclosure requirements.

S. 852 stipulates that no state may participate in NMVTIS unless it complies with the uniform titling standards in the bill and standards detailed in chapter 305 of Title 49 of the U.S. Code. The legislation would permit the Attorney General to make reasonable and necessary grants to participating states to assist them in becoming part of NMVTIS.

Estimated cost to the Federal Government: CBO estimates that implementing S. 852 would affect discretionary spending by both the Department of Transportation and the Department of Justice (DOJ). The Anti-Car Theft Improvements Act of 1995 (Public Law 104–152) transferred federal authority over the title information system from the Secretary of Transportation to the Attorney General. The Secretary of Transportation retains responsibility for formulating and monitoring federal regulations that establish uniform safety and titling criteria.

DOT spending subject to appropriation

CBO estimates that DOT would spend approximately $700,000 over the 1999–2003 period to implement S. 852, assuming the availability of appropriated funds.

DOT expects to contract out the task of writing a rule that specifies uniform safety provisions for states that choose to require safety inspections. The total cost of writing such a rule would be ap-

proximately $75,000, and it would cost approximately $250,000 to determine whether user fees would cover state costs of developing uniform safety and titling provisions. This sum includes the cost of surveying the states and formulating a report for the appropriate committees of the Congress. In addition, DOT estimates that it would need to hire one full-time employee to review safety and titling programs of individual states. The new position would likely be at the GS–15 level, resulting in costs for compensation and expenses totaling about $350,000 over the 1999–2003 period. The other requirements this legislation would impose on DOT are likely to have negligible costs.

DOJ spending subject to appropriation

DOJ is responsible for administering and funding NMVTIS, and CBO expects that enactment of S. 852 would not significantly affect the department's costs for establishing the system. Under current law, CBO expects that all states will participate in NMVTIS. Based on information from the American Association of Motor Vehicle Administrators (AAMVA), we anticipate that this effort will require federal grants of about $300,000 per titling jurisdiction (the 50 states and Washington, D.C.) and $6 million for network development and staff coordination expenses, for a total cost of $21 million over the next five years, subject to appropriation of the necessary amounts. Based on information from AAMVA and DOJ, CBO expects that enacting S. 852 would not have a significant impact on states' participation in NMVTIS. Thus, we estimate that the bill would not have any significant effect on DOJ spending.

Direct spending and revenues

Imposing the new civil and criminal fines specified by S. 852 could cause an increase in governmental receipts, but CBO estimates that any such increase would likely be less than $500,000 annually. Criminal fines are deposited in the Crime Victims Fund and spent in the following year. Thus, any increase in revenues from criminal fines would be matched by an increase in direct spending, with a one-year lag.

Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act specifies pay-as-you-go procedures for legislation affecting direct spending or receipts. Imposing the new civil and criminal fines contained in S. 852 could result in an increase in both governmental receipts and direct spending, but CBO estimates that any such changes would be less than $500,000 a year.

Estimated impact on State, local, and tribal governments: S. 852 contains no intergovernmental mandates as defined in UMRA. It would, however, place additional requirements on states that choose to participate in the National Motor Vehicle Title Information System. The goal of NMVTIS is to build a national information network that will allow states to share information about motor vehicle titles. A state accepting federal funds to help it link to the network could face additional costs if its existing regulations and procedures for inspecting and titling salvage, rebuilt, and flood-damaged vehicles differ from the federal standards.

Under the bill, if a state accepted federal funds to participate in NMVTIS but did not come into compliance with the requirements

in the bill by a specified time, its laws would be preempted to the extent that they were inconsistent with the bill's requirements. A state could avoid a preemption of its laws by placing a notice of its non-compliance on the titles and ownership certificates that it issues. Because any preemption would result from states choosing to accept federal funds and then not coming into conformity with the federal standards, CBO would not consider it an intergovernmental mandate.

Every state has different procedures currently in place for regulating salvage and rebuilt vehicles and each would face different costs depending on the extent to which it chose to modify its system to conform to the federal standards. For some states, the changes would be mostly administrative and would involve activities such as modifying the position of information on vehicle titles, printing new forms, and adopting changes to definitions and procedures for handling titles. These states would face modest one-time costs to bring their regulations and procedures into conformity.

Costs in states that chose to establish new procedures or systems would be higher and would include both these one-time costs and new annual operating expenses. For example, many states do not issue titles to nonrepairable, or junk, vehicles and may choose to begin doing so when they participate in NMVTIS. Some states would have to expand their anti-theft inspection programs to meet the uniform standards. Costs for these states could reach into the millions of dollars, and it is unclear whether states would be able to use the grant money available to them for NMVTIS to help offset these costs.

Estimated impact on the private sector: S. 852 would impose a new federal private-sector mandate on sellers of rebuilt salvage vehicles and would change an existing mandate on junk yard operators, salvage yard operators, and insurance carriers. Based on information provided by government and industry sources, CBO estimates that the direct costs of these private-sector mandates would not exceed the annual threshold established in UMRA ($100 million in 1996, adjusted annually for inflation) in any year over the next five years. The bill also would impose new requirements on the private sector in states receiving grants to support their participation in the National Motor Vehicle Title Information System.

S. 852 would require persons transferring ownership of rebuilt salvage vehicles to give the transferee a written disclosure that the vehicle is a rebuilt salvage vehicle, when such person has actual knowledge of the status of the vehicle. CBO estimates that the costs of this new mandate would be minimal.

S. 852 would modify an existing mandate on junk yard operators, salvage yard operators, and insurance carriers. Under current law, these entities are required to include an inventory of junk and salvage automobiles in their monthly reports to the operator of the NMVTIS. Under S. 852, they would be required to include an inventory of salvage, nonrepairable, and rebuilt salvage vehicles in their reports. Based on information provided by the private sector, CBO estimates that the direct costs of the new mandate would probably be less than the costs of the existing mandate.

In addition, the bill outlines requirements for states receiving funds under the NMVTIS. If states receive grants under that pro-

gram, additional requirements would be imposed on the private sector related to the titling and labeling of rebuilt salvage vehicles, the certification of nonrepairable vehicles, the labeling and disclosure of flood vehicles, and the disclosure of damage to salvage vehicles. CBO expects that the costs of those requirements would be small.

Previous CBO estimate: On August 8, 1997, CBO prepared a cost estimate for H.R. 1839, the National Salvage Motor Vehicle Consumer Protection Act of 1997, as ordered reported by the House Committee on Commerce on July 23, 1997. That bill would preempt the laws of states participating in NMVTIS if those laws were not consistent with the requirements in the bill. Under H.R. 1839, states could not accept federal funds for NMVTIS without either changing their standards and procedures or having them preempted by federal law. Therefore, CBO estimated that only a quarter of the states would choose to participate in the program, and that, as a result, DOJ would save approximately $15 million over the first five years after enactment. S. 852 would only require that states admit they are not in compliance and would not prohibit federal funding. Therefore, CBO assumes most states would still be eligible for federal grants under S. 852, and we do not estimate any significant savings for DOJ under this bill.

Estimate prepared by: Federal Costs: Joanna Wilson and Kristen Layman. Impact on State, Local, and Tribal Governments: Pepper Santalucia. Impact on the Private Sector: Lesley Frymier.

Estimate approved by: Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.

REGULATORY IMPACT STATEMENT

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following evaluation of the regulatory impact of the legislation:

NUMBER OF PERSONS COVERED

The legislation would apply to those involved with vehicles that meet the definition of a salvage vehicle, a flood vehicle, or a nonrepairable vehicle. The legislation would foster uniform definitions of those terms and thereby better inform all consumers (including auto dealers and the ultimate driver of a vehicle) about the history of a vehicle that has been massively damaged and then repaired.

ECONOMIC IMPACT

This legislation would have minimal impact on the nation's economy. It would aid the appropriate functioning of the market for rebuilt motor vehicles but that would have little macroeconomic effect.

PRIVACY AND PAPERWORK

This legislation would not have any significant adverse impact on the personal privacy of the individuals affected nor would it institute burdensome paperwork requirements. The legislation would require that if a car is massively damaged, a person must obtain a salvage title and then have the car inspected before the car is

issued a title that would permit it to be driven on roads and highways. The vehicle's title would then reflect its history and indicate that it had been rebuilt. In some states, these procedures would require both additional disclosures of the vehicle's history and the acquisition of a new title for the vehicle once it has been rebuilt.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

This section provides that the bill may be cited as the "National Salvage Motor Vehicle Consumer Protection Act of 1997."

Section 2. Motor vehicle titling and disclosure requirements

Subsection (a) of this section amends title 49, United States Code, by inserting at its end a new chapter, chapter 333, "Automobile Safety and Title Disclosure Requirements".

Subsection (b) makes a conforming amendment to the United States Code.

The new chapter 333 is comprised of eight sections.

§ 33301. Definitions

Section 33301 establishes several new definitions for the purposes of chapter 333.

The term "salvage vehicle" is defined as any passenger motor vehicle which is a late model vehicle, which has been wrecked, destroyed, or damaged to the extent that the total estimated or actual cost of repairs to rebuild or reconstruct that vehicle to its roadworthy condition immediately before it was wrecked, destroyed, or damaged exceeds 80 percent of the retail value of the vehicle. A vehicle is also a salvage vehicle if it is voluntarily designated by the owner as a salvage vehicle or if the vehicle is acquired by an insurance company after it was wrecked, destroyed, or damaged, and was acquired pursuant to a damage settlement (except in the case of a settlement in connection with a recovered stolen automobile, unless such automobile was damaged enough to meet the 80 percent threshold.

The term "salvage title" is defined as a passenger motor vehicle ownership document that is issued by a State to the owner of a salvage vehicle and is conspicuously labeled with the word "salvage" across the front.

The term "rebuilt salvage vehicle" is defined as a passenger motor vehicle which was previously issued a salvage title, has passed a State anti-theft inspection, and has been issued a certificate stating so. In States which require safety inspections for rebuilt salvage vehicles, the rebuilt salvage vehicle must pass such inspection, be issued a certificate stating so, and have a decal stating that it is a "Rebuilt Salvage Vehicle—Anti-theft and Safety Inspections Passed." In States which do not require safety inspections, the rebuilt salvage vehicle must have a decal stating that it is a "Rebuilt Salvage Vehicle—Anti-theft Inspection Passed / No Safety Inspection Pursuant to National Criteria."

A "rebuilt salvage title" is defined as a passenger motor vehicle ownership document that is issued to the owner of a rebuilt

salvage vehicle and is conspicuously labeled with words indicating that it is a rebuilt salvage vehicle and whether or not it has passed an anti-theft inspection and a safety inspection pursuant to national criteria.

The term "nonrepairable vehicle" is defined as any passenger motor vehicle which is incapable of safe operation on the roads and highways and which has no resale value except as a source of parts or scrap, or which the owner irreversibly designates as a source of parts or scrap.

Nonrepairable vehicles are issued nonrepairable vehicle certificates, which are defined as an ownership document issued by the State to the owner of a nonrepairable vehicle, and may never again be retitled.

The term "Secretary" refers to the Secretary of Transportation.

The term "late model vehicle" is defined as any passenger motor vehicle which has a manufacturer's model year designation of or later than the year in which the vehicle was wrecked, destroyed, or damaged, or any of the six preceding years, or has a retail value of more than $7,500. The Secretary is required to adjust the retail value figure annually in accordance with changes in the consumer price index.

The term "retail value" is defined as the actual cash value, fair market value, or retail value of a passenger motor vehicle as either set forth in the current edition of any nationally recognized compilation of retail values, which may include automated databases, or (B) as determined by conducting a market comparison of vehicles with like equipment and in a similar condition.

The term "cost of repairs" is defined as the estimated or actual cost of the parts used in the repairs plus the reasonable and customary labor charges in the community where the repairs are to be performed.

The term "flood vehicle" is defined as any passenger motor vehicle that is acquired by an insurance company as part of a damage settlement due to water damage or a vehicle that has been submerged in water such that rising water has reached over the door sill, has entered the passenger or trunk compartment, and has exposed any electrical, computerized, or mechanical component to water. Exceptions from this definition are provided if an inspection, conducted using guidelines established either by the State or the Secretary, indicates that no electrical, computerized or mechanical components were damaged by water or if they were damaged by water they have been repaired or replaced.

§ 33302. Passenger motor vehicle titling

The provisions of section 33302 apply to any State which participates in the National Motor Vehicle Title Information System established under chapter 305 of title 49, United States Code (49 U.S.C. 30501 et seq.).

Subsection (a) requires that participating States "carry forward" any brand on a title signifying that the vehicle was previously issued a title that bore any word or symbol indicating that the ve-

hicle was "salvage," "unrebuildable," "parts only," "scrap," "junk," "nonrepairable," "reconstructed," "rebuilt," that it has been damaged by flood, or any other similar word or symbol, by disclosing such status on the new certificate of title. States are required to begin carrying forward other States' brands no later than one year after the date of enactment.

Subsection (b) contains the bulk of requirements for participating States. This subsection requires the Secretary to issue a rule no later than 18 months after the date of enactment requiring participating States to apply uniform standards, procedures, and methods of control for the issuance and control of titles for motor vehicles and for information contained in such titles. States will have two years from the date on which the Secretary issues the final rule to comply. The rule issued by the Secretary is to have the following components described in paragraphs (1) through (12).

Paragraph (1) requires the participating State to conspicuously indicate on the face of a title whether the vehicle is a salvage vehicle, a nonrepairable vehicle, or a rebuilt salvage vehicle or a flood vehicle.

Paragraph (2) requires that such information be carried forward on subsequent titles by the State or any other participating State.

Paragraph (3) requires that any titling documents, decals, certificates, or issuing systems used by participating States must meet security standards which minimize the opportunity for fraud.

Paragraph (4) requires that the certificate of title issued by a participating State shall include the passenger motor vehicle make, model, body type, year, odometer disclosure, and vehicle identification number.

Paragraph (5) requires that titling documents issued by the participating State are required to be in a uniform layout, either established with the participating State or an organization representing participating States.

Paragraph (6) requires that nonrepairable vehicles shall be issued nonrepairable vehicle certificates by participating States and shall not again be retitled.

Paragraph (7) stipulates that a salvage vehicle may not be issued a rebuilt salvage title by a participating State unless, after it is repaired or rebuilt, it complies with the requirements for a rebuilt salvage vehicle outlined in section 33301(4). Any State operating under the authority of this paragraph would be required to have an inspection program for rebuilt salvage vehicles that meets certain defined requirements. Such inspection programs would be subject to continuing review by and approval of the Secretary.

Paragraph (8) requires the Secretary to adopt nationally uniform safety inspection criteria for rebuilt salvage vehicles for use by States requiring a safety inspection.

Paragraph (9) stipulates that no participating State may issue a duplicate title unless it is conspicuously labeled as a duplicate title and the State adopts procedures consistent with the recommendations of the Motor Vehicle Titling, Registration, and Salvage Advisory Committee.

Paragraph (10) requires participating States to employ the ten enumerated titling and control methods described in subparagraphs (A) through (J).

Paragraph (11) requires the seller of a passenger motor vehicle who has actual knowledge that the vehicle was damaged by flood to disclose that fact in writing to the buyer. Similarly, paragraph (12) requires that lessees give the same notice concerning flood vehicles to lessors.

Paragraph (13) permits participating States to transfer ownership of a vehicle on a salvage title, but prohibits the registration of the vehicle for use on the roads or highways unless it receives a rebuilt salvage title.

Paragraph (14) explicitly permits the transfer and registration of rebuilt salvage vehicles.

Paragraph (15) limits the transfer of nonrepairable vehicles and prohibits the registration of those vehicles for use on the roads and highways.

Subsection (c) requires any State that receives funds, directly or indirectly, under section 30503(c), that does not comply with the requirements in subsection (a) or (b) to conspicuously print a notice on all motor vehicle titles to indicate that the State does not conform to the uniform Federal requirements of this bill.

§ 33303. Disclosure and label requirements on transfer of rebuilt salvage vehicles

This section is intended to ensure that consumers are provided with adequate notice that they may be purchasing a rebuilt salvage vehicle.

Subsection (a) requires the person transferring a rebuilt salvage vehicle, with actual knowledge of its status, to disclose that fact in writing to the person receiving the vehicle. Such written disclosures must be true, complete, and conform to regulations issued by the Secretary.

Subsection (b) is meant to provide additional notice to consumers who are purchasing rebuilt salvage vehicles at their first retail sale after being rebuilt. This subsection requires that the person conducting an anti-theft inspection required under section 33301(4) in a participating State affix a label to the window or windshield indicating that the vehicle is a rebuilt salvage vehicle and such other information as the Secretary may require. The label may not be removed, altered, or rendered illegible before the rebuilt salvage vehicle is delivered to the first retail purchaser.

Subsection (c) indicates the requirements of subsections (a) and (b) only apply to the transfer of ownership of a rebuilt salvage vehicle where the transfer occurs in a State that is complying with the requirements of this section.

§ 33304. Report on funding

This section requires the Secretary to issue a report to Congress, contemporaneously with the issuance of the rule under section 33302(b), on whether participating States could meet the costs of complying with that rule through user fees or the earmarking of revenues collected through law enforcement actions under the rule.

§ 33305. Effect on State law

As of the effective date of the rule issued under section 33302(b), the provisions of this legislation shall preempt all State laws in

participating States to the extent that they are inconsistent with the provisions of the chapter or the rules issued under its authority, with respect to the form of the passenger motor vehicle titling document, definitions established under the legislation, or titling, record keeping, anti-theft inspection, or control procedures.

The legislation specifically provides that preemptions are not to be construed as affecting any consumer law remedies which may be available to residents of the participating State for violations of the legislation. Preemption under this subsection is limited to the terms used in the legislation. Therefore, terms and brands other than those specifically preempted by the legislation would not be preempted. Also, any vehicles which may be regulated by existing State statutes, but do not fall within the definition of passenger motor vehicle as defined by section 33301(1), are not covered by the bill and existing State regulatory regimes applicable to those vehicles would remain intact. One of the central purposes of this bill is uniformity as to a limited number of definitions so that consumers have some information which may be relied upon as to the vehicle's history. All State laws that deal with the concept of "salvage vehicles", that is vehicles that have been significantly damaged and then rebuilt, are not preempted. If a State would like to have its title contain disclosures in addition to the Federal disclosure, that is permitted as long as the Federal term is not interfered with. For example, if a State wanted to have a disclosure on the title if a vehicle was damaged to more that 50 percent of its retail value, the State may accomplish that goal by merely using a term other than "salvage" to describe such a vehicle. Likewise, any State consumer law remedy that would apply to the class of vehicles regulated by the legislation, even if the term used to refer to those vehicles is preempted under subsection (b), would not be inconsistent with this chapter and would remain intact.

Subsection (b) explicitly permits additional disclosures of a passenger motor vehicle's title status or history, including those made on the face of a title. It also permits disclosures that a rebuilt salvage vehicle passed a safety inspection that differed from the national criteria promulgated by the Secretary pursuant to section 33302(b)(8). However, the legislation preempts any participating State's definition of any term defined in the legislation as applied to a passenger motor vehicle. The Committee intends to permit States that disclose major damage to passenger motor vehicles, other than through different thresholds for the terms defined in section 33301, to continue to disclose that information, regardless of where the information appears.

§ 33306. Civil and criminal penalties

Subsection (a) lists the acts which are prohibited by the legislation. Subsection (b) sets forth the civil penalties and clarifies that there is a separate violation for each passenger motor vehicle involved in the violation. Subsection (c) sets forth the criminal penalties associated with violations of this legislation.

§ 33307. Actions by States

Subsection (a) permits a State to bring a civil or criminal action against any person believed to have violated or be violating section

33302 or 33303 when the Attorney General of such State believes the interests of the residents of that State have been or are being threatened. When bringing a civil action, a State may seek either to enjoin the violations or to enforce the civil penalties under section 33307.

Subsection (b) requires that the State serve prior or contemporaneous written notice on the Attorney General of the United States of any action brought under subsection (a) or (e)(2). After notification, the Attorney General shall have the right to intervene or appeal such action. Subsection (d) stipulates rules for venue and service of process.

Subsections (c) and (e) clarify that nothing in the legislation prevents the Attorney General of a State, or other authorized official, from proceeding in State court on the basis of an alleged violation of a civil or criminal statute of the State. Further, nothing in the legislation prohibits a State's attorney general or other State official from exercising the investigative powers conferred on that official.

Section 3. Amendments to chapter 305

Subsection (a) conforms the definitions in chapter 305 to replace the terms "junk automobile" and "salvage automobile" with the terms "nonrepairable vehicle" and "salvage vehicle". It also adds the term "rebuilt salvage vehicle" and defines all of the terms as they are defined by section 33301.

Subsection (b) modifies the requirements of the National Motor Vehicle Title Information System ("NMVTIS") to conform the changes in definitions made in subsection (a) and require the tracking of rebuilt salvage vehicles. Subsection (c) amends section 30503 to prohibit any State which does not comply with uniform definitions and procedures for salvage, rebuilt salvage, and nonrepairable vehicles under chapter 333 and any rules promulgated thereunder from participating in the NMVTIS. It also makes certain changes necessary to conform the section to the new, voluntary nature of the program.

VOTES IN COMMITTEE

ROLLCALL VOTES IN COMMITTEE

In accordance with paragraph 7(c) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following description of the record votes during its consideration of S. 852:

By rollcall vote of 16 yeas and 4 nays as follows, the Committee ordered the bill reported with an amendment in the nature of a substitute:

YEAS—16—	NAYS—4
Mr. McCain	Mr. Gorton
Mr. Stevens	Mr. Hollings
Mr. Burns—	Mr. Kerry[1]
Mr. Lott—	Mr. Bryan
Mrs. Hutchison–	
Ms. Snowe	
Mr. Ashcroft–	

Mr. Frist[1]–
Mr. Abraham
Mr. Brownback
Mr. Inouye
Mr. Ford
Mr. Rockefeller[1]
Mr. Breaux
Mr. Dorgan
Mr. Wyden

[1]By proxy

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new material is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 49, UNITED STATES CODE

CHAPTER 305—NATIONAL AUTOMOBILE TITLE INFORMATION SYSTEM

TITLE 49. TRANSPORTATION

CHAPTER 305. NATIONAL MOTOR VEHICLE TITLE INFORMATION SYSTEM

§ 30501. Definitions

In this chapter—

(1) "automobile" has the same meaning given that term in section 32901(a) of this title.

(2) "certificate of title" means a document issued by a State showing ownership of an automobile.

(3) "insurance carrier" means an individual or entity engaged in the business of underwriting automobile insurance.

[(4) "junk automobile" means an automobile that—

[(A) is incapable of operating on public streets, roads, and highways; and

[(B) has no value except as a source of parts or scrap.]

(4) "nonrepairable vehicle", "salvage vehicle", and "rebuilt salvage vehicle" shall have the same meanings given those terms in section 33301 of this title.

(5) "junk yard" means an individual or entity engaged in the business of acquiring or owning [junk automobiles] NONREPAIRABLE VEHICLES for—

(A) resale in their entirety or as spare parts; or

(B) rebuilding, restoration, or crushing.

(6) "operator" means the individual or entity authorized or designated as the operator of the National Automobile Title Information System under section 30502(b) of this title, or the Attorney General, if there is no authorized or designated individual or entity.

[(7) "salvage automobile" means an automobile that is damaged by collision, fire, flood, accident, trespass, or other event,

to the extent that its fair salvage value plus the cost of repairing the automobile for legal operation on public streets, roads, and highways would be more than the fair market value of the automobile immediately before the event that caused the damage.]

[(8)] *(7)* "salvage yard" means an individual or entity engaged in the business of acquiring or owning [salvage automobiles] *salvage vehicles* for—

(A) resale in their entirety or as spare parts; or

(B) rebuilding, restoration, or crushing.

[(9)] *(8)* "State" means a State of the United States or the District of Columbia.

§ 30502. National Motor Vehicle Title Information System

(a) ESTABLISHMENT OR DESIGNATION.—

(1) In cooperation with the States and not later than December 31, 1997, the Attorney General shall establish a National Motor Vehicle Title Information System that will provide individuals and entities referred to in subsection (e) of this section with instant and reliable access to information maintained by the States related to automobile titling described in subsection (d) of this section. However, if the Attorney General decides that the existing information system meets the requirements of subsections (d) and (e) of this section and will permit the Attorney General to carry out this chapter as early as possible, the Attorney General, in consultation with the Secretary of Transportation, may designate an existing information system as the National Motor Vehicle Title Information System.

(2) In cooperation with the Secretary of Transportation and the States, the Attorney General shall ascertain the extent to which title and related information to be included in the system established under paragraph (1) of this subsection will be adequate, timely, reliable, uniform, and capable of assisting in efforts to prevent the introduction or reintroduction of stolen vehicles and parts into interstate commerce.

(b) OPERATION.—The Attorney General may authorize the operation of the System established or designated under subsection (a)(1) of this section by agreement with one or more States, or by designating, after consulting with the States, a third party that represents the interests of the States.

(c) USER FEES.—Operation of the System established or designated under subsection (a)(1) of this section shall be paid for by user fees and should be self-sufficient and not be dependent on amounts from the United States Government. The amount of fees the operator collects and keeps under this subsection subject to annual appropriation laws, excluding fees the operator collects and pays to an entity providing information to the operator, may be not more than the costs of operating the System.

(d) INFORMATION REQUIREMENTS.—The System established or designated under subsection (a)(1) of this section shall permit a user of the System at least to establish instantly and reliably—

(1) the validity and status of a document purporting to be a certificate of title;

(2) whether an automobile bearing a known vehicle identification number is titled in a particular State;

[(3) whether an automobile known to be titled in a particular State is or has been a junk automobile or a salvage automobile;]

(3) whether an automobile known to be titled in a particular State is or has been a nonrepairable vehicle, a rebuilt salvage vehicle, or a salvage vehicle;

(4) for an automobile known to be titled in a particular State, the odometer mileage disclosure required under section 32705 of this title for that automobile on the date the certificate of title for that automobile was issued and any later mileage information, if noted by the State; and

[(5) whether an automobile bearing a known vehicle identification number has been reported as a junk automobile or a salvage automobile under section 30504 of this title.]

(5) whether an automobile bearing a known vehicle identification number has been reported as a nonrepairable vehicle, a rebuilt salvage vehicle, or a salvage vehicle under section 30504 of this title.

(e) AVAILABILITY OF INFORMATION.—

(1) The operator shall make available—

(A) to a participating State on request of that State, information in the System about any automobile;

(B) to a Government, State, or local law enforcement official on request of that official, information in the System about a particular automobile, junk yard, or salvage yard;

(C) to a prospective purchaser of an automobile on request of that purchaser, including an auction company or entity engaged in the business of purchasing used automobiles, information in the System about that automobile; and

(D) to a prospective or current insurer of an automobile on request of that insurer, information in the System about that automobile.

(2) The operator may release only the information reasonably necessary to satisfy the requirements of paragraph (1) of this subsection. The operator may not collect an individual's social security account number or permit users of the System to obtain an individual's address or social security account number.

(f) IMMUNITY.—Any person performing any activity under this section or sections 30503 or 30504 in good faith and with the reasonable belief that such activity was in accordance with this section or section 30503 or 30504, as the case may be, shall be immune from any civil action respecting such activity which is seeking money damages or equitable relief in any court of the United States or a State.

[§ 30503. State participation

[(a) STATE INFORMATION.—Each State shall make titling information maintained by that State available for use in operating the National Motor Vehicle Title Information System established or designated under section 30502 of this title.

[(b) VERIFICATION CHECKS.—Each State shall establish a practice of performing an instant title verification check before issuing a certificate of title to an individual or entity claiming to have purchased an automobile from an individual or entity in another State. The check shall consist of—

[(1) communicating to the operator—

[(A) the vehicle identification number of the automobile for which the certificate of title is sought;

[(B) the name of the State that issued the most recent certificate of title for the automobile; and

[(C) the name of the individual or entity to whom the certificate of title was issued; and

[(2) giving the operator an opportunity to communicate to the participating State the results of a search of the information.

[(c) GRANTS TO STATES.—

[(1) In cooperation with the States and not later than January 1, 1994, the Attorney General shall—

[(A) conduct a review of systems used by the States to compile and maintain information about the titling of automobiles; and

[(B) determine for each State the cost of making titling information maintained by that State available to the operator to meet the requirements of section 30502(d) of this title.

[(2) The Attorney General may make reasonable and necessary grants to participating States to be used in making titling information maintained by those States available to the operator.

[(d) REPORT TO CONGRESS.—Not later than October 1, 1998, the Attorney General shall report to Congress on which States have met the requirements of this section. If a State has not met the requirements, the Attorney General shall describe the impediments that have resulted in the State's failure to meet the requirements.]

§ 30503. State participation

(a) STATE INFORMATION.—Each State receiving funds appropriated under subsection (c) shall make titling information maintained by that State available for use in operating the National Motor Vehicle Title Information System established or designated under section 30502 of this title.

(b) VERIFICATION CHECKS.—Each State receiving funds appropriated under subsection (c) shall establish a practice of performing an instant title verification check before issuing a certificate of title to an individual or entity claiming to have purchased an automobile from an individual or entity in another State. The check shall consist of—

(1) communicating to the operator—

(A) the vehicle identification number of the automobile for which the certificate of title is sought;

(B) the name of the State that issued the most recent certificate of title for the automobile; and

(C) the name of the individual or entity to whom the certificate of title was issued; and

(2) giving the operator an opportunity to communicate to the participating State the results of a search of the information.

(c) GRANTS TO STATES.—

(1) In cooperation with the States and not later than January 1, 1994, the Attorney General shall—

(A) conduct a review of systems used by the States to compile and maintain information about the titling of automobiles; and

(B) determine for each State the cost of making titling information maintained by that State available to the operator to meet the requirements of section 30502(d) of this title.

(2) The Attorney General may make reasonable and necessary grants to participating States to be used in making titling information maintained by those States available to the operator.

(d) REPORT TO CONGRESS.—Not later than October 1, 1998, the Attorney General shall report to Congress on which States have met the requirements of this section. If a State has not met the requirements, the Attorney General shall describe the impediments that have resulted in the State's failure to meet the requirements.

§ 30504. Reporting requirements

(a) JUNK YARD AND SALVAGE YARD OPERATORS.—

(1) Beginning at a time established by the Attorney General that is not sooner than the 3d month before the establishment or designation of the National Automobile Title Information System under section 30502 of this title, an individual or entity engaged in the business of operating a junk yard or salvage yard shall file a monthly report with the operator of the System. The report shall contain an inventory of all **[**junk automobiles or salvage automobiles**]** *nonrepairable vehicles, rebuilt salvage vehicles, or salvage vehicles* obtained by the junk yard or salvage yard during the prior month. The inventory shall contain—

(A) the vehicle identification number of each automobile obtained;

(B) the date on which the automobile was obtained;

(C) the name of the individual or entity from whom the automobile was obtained; and

(D) a statement of whether the automobile was crushed or disposed of for sale or other purposes.

(2) Paragraph (1) of this subsection does not apply to an individual or entity—

(A) required by State law to report the acquisition of **[**junk automobiles or salvage automobiles**]** *nonrepairable vehicles, rebuilt salvage vehicles, or salvage vehicles* to State or local authorities if those authorities make that information available to the operator; or

(B) issued a verification under section 33110 of this title stating that the automobile or parts from the automobile are not reported as stolen.

(b) INSURANCE CARRIERS.—Beginning at a time established by the Attorney General that is not sooner than the 3d month before the establishment or designation of the System, an individual or entity engaged in business as an insurance carrier shall file a

monthly report with the operator. The report may be filed directly or through a designated agent. The report shall contain an inventory of all automobiles of the current model year or any of the 4 prior model years that the carrier, during the prior month, has obtained possession of and has decided are [junk automobiles or salvage automobiles] *nonrepairable vehicles, rebuilt salvage vehicles, or salvage vehicles*. The inventory shall contain—

(1) the vehicle identification number of each automobile obtained;

(2) the date on which the automobile was obtained;

(3) the name of the individual or entity from whom the automobile was obtained; and

(4) the name of the owner of the automobile at the time of the filing of the report.

(c) PROCEDURES AND PRACTICES.—The Attorney General shall establish by regulation procedures and practices to facilitate reporting in the least burdensome and costly fashion.

CHAPTER 333—AUTOMOBILE SAFETY AND TITLE DISCLOSURE REQUIREMENTS

Sec.
33301. Definitions.
33302. Passenger motor vehicle titling.
33303. Disclosure and label requirements on transfer of rebuilt salvage vehicles.
33304. Report on funding.
33305. Effect on State law.
33306. Civil and criminal penalties.
33307. Actions by States.

§ 33301. Definitions

(a) DEFINITIONS.—For the purposes of this chapter:

(1) PASSENGER MOTOR VEHICLE.—The term "passenger motor vehicle" shall have the same meaning given such term by section 32101(10), except, notwithstanding section 32101(9), it shall include a multipurpose passenger vehicle (constructed on a truck chassis or with special features for occasional off-road operation), or a truck, other than a truck referred to in section 32101(10)(B), when that vehicle or truck is rated by the manufacturer of such vehicle or truck at not more than 10,000 pounds gross vehicle weight, and except further, it shall only include a vehicle manufactured primarily for use on public streets, roads, and highways.

(2) SALVAGE VEHICLE.—The term "salvage vehicle" means any passenger motor vehicle, other than a flood vehicle or a nonrepairable vehicle, which—

(A) is a late model vehicle which has been wrecked, destroyed, or damaged, to the extent that the total cost of repairs to rebuild or reconstruct the passenger motor vehicle to its condition immediately before it was wrecked, destroyed, or damaged, and for legal operation on the roads or highways, exceeds 80 percent of the retail value of the passenger motor vehicle;

(B) is a late model vehicle which has been wrecked, destroyed, or damaged, and to which an insurance company acquires ownership pursuant to a damage settlement (ex-

cept in the case of a settlement in connection with a recovered stolen vehicle, unless such vehicle sustained damage sufficient to meet the damage threshold prescribed by subparagraph (A)); or

(C) the owner wishes to voluntarily designate as a salvage vehicle by obtaining a salvage title, without regard to the level of damage, age, or value of such vehicle or any other factor, except that such designation by the owner shall not impose on the insurer of the passenger motor vehicle or on an insurer processing a claim made by or on behalf of the owner of the passenger motor vehicle any obligation or liability.

(3) SALVAGE TITLE.—The term "salvage title" means a passenger motor vehicle ownership document issued by the State to the owner of a salvage vehicle. A salvage title shall be conspicuously labeled with the word "salvage" across the front.

(4) REBUILT SALVAGE VEHICLE.—The term "rebuilt salvage vehicle" means—

(A) any passenger motor vehicle which was previously issued a salvage title, has passed State anti-theft inspection, has been issued a certificate indicating that the passenger motor vehicle has passed the required anti-theft inspection, has passed the State safety inspection in those States requiring a safety inspection pursuant to section 33302(b)(8), has been issued a certificate indicating that the passenger motor vehicle has passed the required safety inspection in those States requiring such a safety inspection pursuant to section 33302(b)(8), and has a decal stating "Rebuilt Salvage Vehicle—Anti-theft and Safety Inspections Passed" affixed to the driver's door jamb; or

(B) any passenger motor vehicle which was previously issued a salvage title, has passed a State anti-theft inspection, has been issued a certificate indicating that the passenger motor vehicle has passed the required anti-theft inspection, and has, affixed to the driver's door jamb, a decal stating "Rebuilt Salvage Vehicle—Anti-theft Inspection Passed/No Safety Inspection Pursuant to National Criteria" in those States not requiring a safety inspection pursuant to section 33302(b)(8).

(5) REBUILT SALVAGE TITLE.—The term "rebuilt salvage title" means the passenger motor vehicle ownership document issued by the State to the owner of a rebuilt salvage vehicle. A rebuilt salvage title shall be conspicuously labeled either with the words "Rebuilt Salvage Vehicle—Anti-theft and Safety Inspections Passed" or "Rebuilt Salvage Vehicle—Anti-theft Inspection Passed/No Safety Inspection Pursuant to National Criteria," as appropriate, across the front.

(6) NONREPAIRABLE VEHICLE.—The term "nonrepairable vehicle" means any passenger motor vehicle, other than a flood vehicle, which is incapable of safe operation for use on roads or highways and which has no resale value except as a source of parts or scrap only or which the owner irreversibly designates as a source of parts or scrap. Such passenger motor vehicle

shall be issued a nonrepairable vehicle certificate and shall never again be titled or registered.

(7) NONREPAIRABLE VEHICLE CERTIFICATE.—The term "nonrepairable vehicle certificate" means a passenger motor vehicle ownership document issued by the State to the owner of a nonrepairable vehicle. A nonrepairable vehicle certificate shall be conspicuously labeled with the word "Nonrepairable" across the front.

(8) SECRETARY.—The term "Secretary" means the Secretary of Transportation.

(9) LATE MODEL VEHICLE.—The term "Late Model Vehicle" means any passenger motor vehicle which—

(A) has a manufacturer's model year designation of or later than the year in which the vehicle was wrecked, destroyed, or damaged, or any of the six preceding years; or

(B) has a retail value of more than $7,500.

The Secretary shall adjust such retail value on an annual basis in accordance with changes in the consumer price index.

(10) RETAIL VALUE.—The term "retail value" means the actual cash value, fair market value, or retail value of a passenger motor vehicle as—

(A) set forth in a current edition of any nationally recognized compilation (to include automated databases) of retail values; or

(B) determined pursuant to a market survey of comparable vehicles with regard to condition and equipment.

(11) COST OF REPAIRS.—The term "cost of repairs" means the estimated retail cost of parts needed to repair the vehicle or, if the vehicle has been repaired, the actual retail cost of the parts used in the repair, and the cost of labor computed by using the hourly labor rate and time allocations that are reasonable and customary in the automobile repair industry in the community where the repairs are to be performed.

(12) FLOOD VEHICLE.—The term "flood vehicle" means any passenger motor vehicle that—

(A) has been acquired by an insurance company as part of a damage settlement due to water damage; or

(B) has been submerged in water to the point that rising water has reached over the door sill, has entered the passenger or trunk compartment, and has exposed any electrical, computerized, or mechanical component to water, except—

(i) where a passenger motor vehicle which, pursuant to an inspection conducted by an insurance adjuster or estimator, a motor vehicle repairer or motor vehicle dealer in accordance with inspection guidelines or procedures established by the Secretary or the State, is determined to have no electrical, computerized or mechanical components which were damaged by water; or,

(ii) where a passenger motor vehicle which, pursuant to an inspection conducted by an insurance adjuster or estimator, a motor vehicle repairer or motor vehicle dealer in accordance with inspection guidelines or pro-

cedures established by the Secretary or the State, is determined to have one or more electrical, computerized or mechanical components which were damaged by water and where all such damaged components have been repaired or replaced.

Disclosure that a vehicle is a flood vehicle must be made at the time of transfer of ownership and the brand "Flood" shall be conspicuously marked on all subsequent titles for the vehicle. No inspection shall be required unless the owner or insurer of the passenger motor vehicle is seeking to avoid a brand of "Flood" pursuant to subparagraph (B). Disclosing a passenger motor vehicle's status as a flood vehicle or conducting an inspection pursuant to subparagraph (B) shall not impose on any person any liability for damage to (except in the case of damage caused by the inspector at the time of the inspection) or reduced value of a passenger motor vehicle.

(b) CONSTRUCTION.—The definitions set forth in subsection (a) shall only apply to vehicles in a State which are wrecked, destroyed, or otherwise damaged on or after the date on which such State complies with the requirements of this chapter and the rule promulgated pursuant to section 33302(b).

§ 33302. Passenger motor vehicle titling

(a) CARRY-FORWARD OF INFORMATION ON A NEWLY ISSUED TITLE WHERE THE PREVIOUS TITLE FOR THE VEHICLE WAS NOT ISSUED PURSUANT TO NEW NATIONALLY UNIFORM STANDARDS.—For any passenger motor vehicle, the ownership of which is transferred on or after the date that is 1 year from the date of the enactment of this chapter, each State receiving funds, either directly or indirectly, appropriated under section 30503(c) of this title after the date of the enactment of this chapter, in licensing such vehicle for use, shall disclose in writing on the certificate of title whenever records readily accessible to the State indicate that the passenger motor vehicle was previously issued a title that bore any word or symbol signifying that the vehicle was "salvage', "unrebuildable', "parts only', "scrap', "junk', "nonrepairable', "reconstructed', "rebuilt', or any other symbol or word of like kind, or that it has been damaged by flood.

(b) NATIONALLY UNIFORM TITLE STANDARDS AND CONTROL METHODS.—Not later than 18 months after the date of the enactment of this chapter, the Secretary shall by rule require each State receiving funds, either directly or indirectly, appropriated under section 30503(c) of this title after the date of the enactment of this chapter, in licensing any passenger motor vehicle where ownership of such passenger motor vehicle is transferred more than 2 years after publication of such final rule, to apply uniform standards, procedures, and methods for the issuance and control of titles for motor vehicles and for information to be contained on such titles. Such titling standards, control procedures, methods, and information shall include the following requirements:

(1) A State shall conspicuously indicate on the face of the title or certificate for a passenger motor vehicle, as applicable, if the passenger motor vehicle is a salvage vehicle, a nonrepairable vehicle, a rebuilt salvage vehicle, or a flood vehicle.

(2) Such information concerning a passenger motor vehicle's status shall be conveyed on any subsequent title, including a duplicate or replacement title, for the passenger motor vehicle issued by the original titling State or any other State.

(3) The title documents, the certificates, and decals required by section 33301(4), and the issuing system shall meet security standards minimizing the opportunities for fraud.

(4) The certificate of title shall include the passenger motor vehicle make, model, body type, year, odometer disclosure, and vehicle identification number.

(5) The title documents shall maintain a uniform layout, to be established in consultation with the States or an organization representing them.

(6) A passenger motor vehicle designated as nonrepairable shall be issued a nonrepairable vehicle certificate and shall not be retitled.

(7) No rebuilt salvage title shall be issued to a salvage vehicle unless, after the salvage vehicle is repaired or rebuilt, it complies with the requirements for a rebuilt salvage vehicle pursuant to section 33301(4). Any State inspection program operating under this paragraph shall be subject to continuing review by and approval of the Secretary. Any such anti-theft inspection program shall include the following:

(A) A requirement that the owner of any passenger motor vehicle submitting such vehicle for an anti-theft inspection provide a completed document identifying the vehicle's damage prior to being repaired, a list of replacement parts used to repair the vehicle, and proof of ownership of such replacement parts, as may be evidenced by bills of sale, invoices, or, if such documents are not available, other proof of ownership for the replacement parts. The owner shall also include an affirmation that the information in the declaration is complete and accurate and that, to the knowledge of the declarant, no stolen parts were used during the rebuilding.

(B) A requirement to inspect the passenger motor vehicle or any major part or any major replacement part required to be marked under section 33102 for signs of such mark or vehicle identification number being illegally altered, defaced, or falsified. Any such passenger motor vehicle or any such part having a mark or vehicle identification number that has been illegally altered, defaced, or falsified, and that cannot be identified as having been legally obtained (through bills of sale, invoices, or other ownership documentation), shall be contraband and subject to seizure. The Secretary, in consultation with the Attorney General, shall, as part of the rule required by this section, establish procedures for dealing with those parts whose mark or vehicle identification number is normally removed during industry accepted remanufacturing or rebuilding practices, which parts shall be deemed identified for purposes of this section if they bear a conspicuous mark of a type, and applied in such a manner, as designated by the Secretary, indicating that they have been rebuilt or remanufactured. With respect

to any vehicle part, the Secretary's rule, as required by this section, shall acknowledge that a mark or vehicle identification number on such part may be legally removed or altered as provided for in section 511 of title 18, United States Code, and shall direct inspectors to adopt such procedures as may be necessary to prevent the seizure of a part from which the mark or vehicle identification number has been legally removed or altered.

(8) Any safety inspection for a rebuilt salvage vehicle performed pursuant to this chapter shall be performed in accordance with nationally uniform safety inspection criteria established by the Secretary. A State may determine whether to conduct such safety inspection itself, contract with one or more third parties, or permit self-inspection by a person licensed by such State in an automotive-related business, all subject to criteria promulgated by the Secretary hereunder. Any State inspection program operating under this paragraph shall be subject to continuing review by and approval of the Secretary. A State requiring such safety inspection may require the payment of a fee for the privilege of such inspection or the processing thereof.

(9) No duplicate or replacement title shall be issued unless the word "duplicate" is clearly marked on the face thereof and unless the procedures for such issuance are substantially consistent with Recommendation three of the Motor Vehicle Titling, Registration and Salvage Advisory Committee.

(10) A State shall employ the following titling and control methods:

(A) If an insurance company is not involved in a damage settlement involving a salvage vehicle or a nonrepairable vehicle, the passenger motor vehicle owner shall apply for a salvage title or nonrepairable vehicle certificate, whichever is applicable, before the passenger motor vehicle is repaired or the ownership of the passenger motor vehicle is transferred, but in any event within 30 days after the passenger motor vehicle is damaged.

(B) If an insurance company, pursuant to a damage settlement, acquires ownership of a passenger motor vehicle that has incurred damage requiring the vehicle to be titled as a salvage vehicle or nonrepairable vehicle, the insurance company or salvage facility or other agent on its behalf shall apply for a salvage title or nonrepairable vehicle certificate within 30 days after the title is properly assigned by the owner to the insurance company and delivered to the insurance company or salvage facility or other agent on its behalf with all liens released.

(C) If an insurance company does not assume ownership of an insured's or claimant's passenger motor vehicle that has incurred damage requiring the vehicle to be titled as a salvage vehicle or nonrepairable vehicle, the insurance company shall notify the owner of the owner's obligation to apply for a salvage title or nonrepairable vehicle certificate for the passenger motor vehicle and notify the State passenger motor vehicle titling office that a salvage title or nonrepairable vehicle certificate should be issued for the ve-

hicle, except to the extent such notification is prohibited by State insurance law.

(D) If a leased passenger motor vehicle incurs damage requiring the vehicle to be titled as a salvage vehicle or nonrepairable vehicle, the lessor shall apply for a salvage title or nonrepairable vehicle certificate within 21 days after being notified by the lessee that the vehicle has been so damaged, except when an insurance company, pursuant to a damage settlement, acquires ownership of the vehicle. The lessee of such vehicle shall inform the lessor that the leased vehicle has been so damaged within 30 days after the occurrence of the damage.

(E) Any person acquiring ownership of a damaged passenger motor vehicle that meets the definition of a salvage or nonrepairable vehicle for which a salvage title or nonrepairable vehicle certificate has not been issued, shall apply for a salvage title or nonrepairable vehicle certificate, whichever is applicable. This application shall be made before the vehicle is further transferred, but in any event, within 30 days after ownership is acquired. The requirements of this subparagraph shall not apply to any scrap metal processor which acquires a passenger motor vehicle for the sole purpose of processing it into prepared grades of scrap and which so processes such vehicle.

(F) State records shall note when a nonrepairable vehicle certificate is issued. No State shall issue a nonrepairable vehicle certificate after 2 transfers of ownership.

(G) When a passenger motor vehicle has been flattened, baled, or shredded, whichever comes first, the title or nonrepairable vehicle certificate for the vehicle shall be surrendered to the State within 30 days. If the second transferee on a nonrepairable vehicle certificate is unequipped to flatten, bale, or shred the vehicle, such transferee shall, at the time of final disposal of the vehicle, use the services of a professional automotive recycler or professional scrap processor who is hereby authorized to flatten, bale, or shred the vehicle and to effect the surrender of the nonrepairable vehicle certificate to the State on behalf of such second transferee. State records shall be updated to indicate the destruction of such vehicle and no further ownership transactions for the vehicle will be permitted. If different than the State of origin of the title or nonrepairable vehicle certificate, the State of surrender shall notify the State of origin of the surrender of the title or nonrepairable vehicle certificate and of the destruction of such vehicle.

(H) When a salvage title is issued, the State records shall so note. No State shall permit the retitling for registration purposes or issuance of a rebuilt salvage title for a passenger motor vehicle with a salvage title without a certificate of inspection, which complies with the security and guideline standards established by the Secretary pursuant to paragraphs (3), (7), and (8), as applicable, indicating that the vehicle has passed the inspections required by the State. This subparagraph does not preclude the issuance of

a new salvage title for a salvage vehicle after a transfer of ownership.

(I) After a passenger motor vehicle titled with a salvage title has passed the inspections required by the State, the inspection official will affix the secure decal required pursuant to section 33301(4) to the driver's door jamb of the vehicle and issue to the owner of the vehicle a certificate indicating that the passenger motor vehicle has passed the inspections required by the State. The decal shall comply with the permanency requirements established by the Secretary.

(J) The owner of a passenger motor vehicle titled with a salvage title may obtain a rebuilt salvage title or vehicle registration, or both, by presenting to the State the salvage title, properly assigned, if applicable, along with the certificate that the vehicle has passed the inspections required by the State. With such proper documentation and upon request, a rebuilt salvage title or registration, or both, shall be issued to the owner. When a rebuilt salvage title is issued, the State records shall so note.

(11) A seller of a passenger motor vehicle that becomes a flood vehicle shall, at or prior to the time of transfer of ownership, give the buyer a written notice that the vehicle has been damaged by flood, provided such person has actual knowledge that such vehicle has been damaged by flood. At the time of the next title application for the vehicle, disclosure of the flood status shall be provided to the applicable State with the properly assigned title and the word "Flood" shall be conspicuously labeled across the front of the new title.

(12) In the case of a leased passenger motor vehicle, the lessee, within 15 days of the occurrence of the event that caused the vehicle to become a flood vehicle, shall give the lessor written disclosure that the vehicle is a flood vehicle.

(13) Ownership of a passenger motor vehicle may be transferred on a salvage title, however, a passenger motor vehicle for which a salvage title has been issued shall not be registered for use on the roads or highways unless it has been issued a rebuilt salvage title.

(14) Ownership of a passenger motor vehicle may be transferred on a rebuilt salvage title, and a passenger motor vehicle for which a rebuilt salvage title has been issued may be registered for use on the roads and highways.

(15) Ownership of a passenger motor vehicle may only be transferred 2 times on a nonrepairable vehicle certificate. A passenger motor vehicle for which a nonrepairable vehicle certificate has been issued can never be titled or registered for use on roads or highways.

(c) CONSUMER NOTICE IN NONCOMPLIANT STATES.—Any State receiving, either directly or indirectly, funds appropriated under section 30503(c) of this title after the date of enactment of this chapter and not complying with the requirements of subsections (a) and (b) of this section, shall conspicuously print the following notice on all titles or ownership certificates issued for passenger motor vehicles in such State until such time as such State is in compliance with the

requirements of subsections (a) and (b) of this section: "NOTICE: This State does not conform to the uniform Federal requirements of the National Salvage Motor Vehicle Consumer Protection Act of 1997.'.

§ 33303. Disclosure and label requirements on transfer of rebuilt salvage vehicles

(a) WRITTEN DISCLOSURE REQUIREMENTS.—

(1) GENERAL RULE.—Under regulations prescribed by the Secretary of Transportation, a person transferring ownership of a rebuilt salvage vehicle shall give the transferee a written disclosure that the vehicle is a rebuilt salvage vehicle when such person has actual knowledge of the status of such vehicle.

(2) FALSE STATEMENT.—A person making a written disclosure required by a regulation prescribed under paragraph (1) of this subsection may not make a false statement in the disclosure.

(3) COMPLETENESS.—A person acquiring a rebuilt salvage vehicle for resale may accept a disclosure under paragraph (1) only if it is complete.

(4) REGULATIONS.—The regulations prescribed by the Secretary shall provide the way in which information is disclosed and retained under paragraph (1).

(b) LABEL REQUIREMENTS.—

(1) IN GENERAL.—The Secretary shall by regulation require that a label be affixed to the windshield or window of a rebuilt salvage vehicle before its first sale at retail containing such information regarding that vehicle as the Secretary may require. The label shall be affixed by the individual who conducts the applicable State antitheft inspection in a participating State.

(2) REMOVAL, ALTERATION, OR ILLEGIBILITY OF REQUIRED LABEL.—No person shall willfully remove, alter, or render illegible any label required by paragraph (1) affixed to a rebuilt salvage vehicle before the vehicle is delivered to the actual custody and possession of the first retail purchaser.

(c) LIMITATION.—The requirements of subsections (a) and (b) shall only apply to a transfer of ownership of a rebuilt salvage vehicle where such transfer occurs in a State which, at the time of the transfer, is complying with subsections (a) and (b) of section 33302.

§ 33304. Report on funding

The Secretary shall, contemporaneously with the issuance of a final rule pursuant to section 33302(b), report to appropriate committees of Congress whether the costs to the States of compliance with such rule can be met by user fees for issuance of titles, issuance of registrations, issuance of duplicate titles, inspection of rebuilt vehicles, or for the State services, or by earmarking any moneys collected through law enforcement action to enforce requirements established by such rule.

§ 33305. Effect on State law

(a) IN GENERAL.—Unless a State is in compliance with subsection (c) of section 33302, effective on the date the rule promulgated pursuant to section 33302 becomes effective, the provisions of this chapter shall preempt all State laws in States receiving funds, either di-

rectly or indirectly, appropriated under section 30503(c) of this title after the date of the enactment of this chapter, to the extent they are inconsistent with the provisions of this chapter or the rule promulgated pursuant to section 33302, which—

(1) set forth the form of the passenger motor vehicle title;

(2) define, in connection with a passenger motor vehicle (but not in connection with a passenger motor vehicle part or part assembly separate from a passenger motor vehicle), any term defined in section 33301 or the terms "salvage', "nonrepairable', or "flood', or apply any of those terms to any passenger motor vehicle (but not to a passenger motor vehicle part or part assembly separate from a passenger motor vehicle); or

(3) set forth titling, recordkeeping, anti-theft inspection, or control procedures in connection with any salvage vehicle, rebuilt salvage vehicle, nonrepairable vehicle, or flood vehicle.

The requirements described in paragraph (3) shall not be construed to affect any State consumer law actions that may be available to residents of the State for violations of this chapter.

(b) CONSTRUCTION.—Additional disclosures of a passenger motor vehicle's title status or history, in addition to the terms defined in section 33301, shall not be deemed inconsistent with the provisions of this chapter. Such disclosures shall include disclosures made on a certificate of title. When used in connection with a passenger motor vehicle (but not in connection with a passenger motor vehicle part or part assembly separate from a passenger motor vehicle), any definition of a term defined in section 33301 which is different than the definition in that section or any use of any term listed in subsection (a), but not defined in section 33301, shall be deemed inconsistent with the provisions of this chapter. Nothing in this chapter shall preclude a State from disclosing on a rebuilt salvage title that a rebuilt salvage vehicle has passed a State safety inspection which differed from the nationally uniform criteria to be promulgated pursuant to section 33302(b)(8).

§ 33306. Civil and criminal penalties

(a) PROHIBITED ACTS.—It shall be unlawful for any person knowingly and willfully to—

(1) make or cause to be made any false statement on an application for a title (or duplicate title) for a passenger motor vehicle or any disclosure made pursuant to section 33303;

(2) fail to apply for a salvage title when such an application is required;

(3) alter, forge, or counterfeit a certificate of title (or an assignment thereof), a nonrepairable vehicle certificate, a certificate verifying an anti-theft inspection or an anti-theft and safety inspection, a decal affixed to a passenger motor vehicle pursuant to section 33302(b)(10)(I), or any disclosure made pursuant to section 33303;

(4) falsify the results of, or provide false information in the course of, an inspection conducted pursuant to section 33302(b)(7) or (8);

(5) offer to sell any salvage vehicle or nonrepairable vehicle as a rebuilt salvage vehicle;

(6) fail to make any disclosure required by section 33303, except when the person lacks actual knowledge of the status of the rebuilt salvage vehicle;

(7) violate a regulation prescribed under this chapter; or

(8) conspire to commit any of the acts enumerated in paragraph (1), (2), (3), (4), (5), (6), or (7).

(b) CIVIL PENALTY.—Any person who commits an unlawful act as provided in subsection (a) of this section shall be fined a civil penalty of up to $2,000 per offense. A separate violation occurs for each passenger motor vehicle involved in the violation.

(c) CRIMINAL PENALTY.—Any person who commits an unlawful act as provided in subsection (a) of this section shall be fined up to $50,000 or sentenced to up to 3 years imprisonment or both, per offense.

§ 33307. Actions by States

(a) IN GENERAL.—Whenever an attorney general of any State has reason to believe that the interests of the residents of that State have been or are being threatened or adversely affected because any person has violated or is violating section 33302 or 33303, the State, as parens patriae, may bring a civil action on behalf of its residents in an appropriate district court of the United States or the appropriate State court to enjoin such violation or to enforce the civil penalties under section 33306 or enforce the criminal penalties under section 33306.

(b) NOTICE.—The State shall serve prior written notice of any civil or criminal action under subsection (a) or (e)(2) upon the Attorney General and provide the Attorney General with a copy of its complaint, except that if it is not feasible for the State to provide such prior notice, the State shall serve such notice immediately upon instituting such action. Upon receiving a notice respecting a civil or criminal action, the Attorney General shall have the right—

(1) to intervene in such action;

(2) upon so intervening, to be heard on all matters arising therein; and

(3) to file petitions for appeal.

(c) CONSTRUCTION.—For purposes of bringing any civil or criminal action under subsection (a), nothing in this Act shall prevent an attorney general from exercising the powers conferred on the attorney general by the laws of such State to conduct investigations or to administer oaths or affirmations or to compel the attendance of witnesses or the production of documentary and other evidence.

(d) VENUE; SERVICE OF PROCESS.—Any civil or criminal action brought under subsection (a) in a district court of the United States may be brought in the district in which the defendant is found, is an inhabitant, or transacts business or wherever venue is proper under section 1391 of title 28, United States Code. Process in such an action may be served in any district in which the defendant is an inhabitant or in which the defendant may be found.

(e) ACTIONS BY STATE OFFICIALS.—

(1) Nothing contained in this section shall prohibit an attorney general of a State or other authorized State official from proceeding in State court on the basis of an alleged violation of any civil or criminal statute of such State.

(2) In addition to actions brought by an attorney general of a State under subsection (a), such an action may be brought by officers of such State who are authorized by the State to bring actions in such State on behalf of its residents.

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