

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DEWINE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FRIST. Mr. President, much of the Robb amendment (#325) to S. 254 is based on S. 976, the Youth Drug and Mental Health Services Act, which I introduced this past Thursday, May 6, 1999. Furthermore, the Robb amendment does not include S. 976 in its entirety, but rather includes portions of S. 976 along with several new provisions which I have not yet had a chance to carefully consider in the context of other provisions of S. 976. Therefore, I voted to table this amendment. As chairman of the Subcommittee on Public Health which has jurisdiction over these Public Health Service programs, my intent is to allow the Committee on Health, Education, Labor, and Pensions full consideration of S. 976.

I look forward to moving S. 976 through the normal legislative channels to ensure that we pass a balanced, commonsense measure to provide for greater flexibility in treatment services for children.

STATE DMV DIRECTORS' VIEWS ON TITLE BRANDING LEGISLATION

Mr. LOTT. Mr. President, the American Association of Motor Vehicle Administrators recently provided me with letters it has received from state motor vehicle administrators across the country on title branding legislation. As a collective group, DMV directors are looking to Congress to enact a balanced and responsible measure to combat title fraud. Legislation that is based on real world experience. Legislation that they can implement.

As my colleagues know, I reintroduced the National Salvage Motor Vehicle Consumer Protection Act, S. 655 back in March. This legislation is similar to the bipartisan title branding bill Senator Ford and I coauthored during the 105th Congress. Legislation that received 57 cosponsors and which overwhelmingly passed the House of Representatives with some modifications last October.

S.655 is an appropriate legislative solution to a growing national problem. A problem that costs millions of unsuspecting used car buyers billions of dollars and places motorists in every state at risk. Everyday, severely damaged cars are put back together by unscrupulous rebuilders who sell these vehicles without disclosing their previous damage history. They are able to shield the vehicle's history due to significant advances in technology and, in large part, because there is a hodgepodge of titling rules throughout the nation.

They take repatched vehicles, or their titles, to states that have minimal or no salvage vehicle rules and have them retitled with no indication that the vehicle previously sustained significant damage.

The National Salvage Motor Vehicle Consumer Protection Act would help curtail title washing by encouraging states to adopt a model title branding program for salvage, rebuilt salvage, flood, and nonrepairable vehicles. The bill provides states with incentives to establish minimum titling definitions and standards. This is key. It is particularly aimed at those states which need to bring their rules and procedures to a universally accepted minimum standard.

In 1992, as part of the Anti-Car Theft Act, Congress mandated the establishment of a Motor Vehicle Titling, Registration, and Salvage Advisory Committee to devise a model salvage vehicle program. The Salvage Advisory Committee, led by the U.S. Department of Transportation, issued its findings in February 1994. Its report recommended specific uniform definitions and standards for severely damaged passenger vehicles. It included a 75% damage threshold for salvage vehicles, anti theft inspections for salvage vehicles before they could be placed back on the road, and the permanent retirement of vehicles that are unsafe for operation and have no value except as a source of scrap or parts. The report recommended the branding of titles as the most appropriate method for disclosing a severely damaged vehicle's prior history.

Mr. President, Senator Ford and I simply drafted legislation that would largely codify the Salvage Advisory Committee's recommendations. Recommendations that encompassed the wisdom of all of the experts on titling matters. This committee of key stakeholders, led by the U.S. Department of Transportation, provided real world solutions to address title fraud and automobile theft. Solutions based on state motor vehicle titling trends—uniform titling definitions and standards that states would be willing to accept.

Senator Ford and I introduced a sound, reasonable, and appropriately balanced measure during the 105th Congress. It did not take sides. It did not codify the recommendations of one particular interest group. It did not benefit one group at the expense of another. Instead, it reflected a balanced, bipartisan consensus. Even so, a number of significant changes were incorporated during the last Congress to accommodate the concerns raised by certain State Attorneys General, consumer groups and others. I would like to highlight some of the revisions made by me in a good faith effort to satisfy the concerns expressed and to advance the bill.

The "Salvage" vehicle threshold was lowered from 80% to 75%—so that if a late model vehicle has sustained damage exceeding 75 percent of its pre-acci-

dent value, it would be branded "salvage." The bill also allowed a state to cover any vehicle regardless of its age.

The original bill did not allow conforming states to use synonymous terms. That has been stricken from the bill—so now states may use additional terms to define damaged vehicles. For example, a state can use the bill's "nonrepairable" definition and can also use another term such as "junk" if it wants to have a different definition to describe parts only vehicles.

The revised bill included a new provision granting state attorney's general the ability to sue on behalf of citizens victimized by fraud and to recover monetary judgements for consumers.

It included two new prohibited acts—failure to make a flood disclosure and moving the vehicle or its title into interstate commerce to avoid the bill's requirements.

Another new provision makes it clear that the bill will not affect any private right of action available under state law.

The bill clearly established that states could provide additional disclosures beyond those identified in the legislation.

At the request of Senator HOLLINGS, a new provision was added regarding the Secretary of Transportation advising automobile dealers of the prohibition on selling vans as school buses.

Instead of penalizing states for non-participation by withholding National Motor Vehicle Titling Information System (NMVTIS) funding, my bill now provides states with incentive grants to encourage their participation. This was a very good recommendation offered by the U.S. Department of Transportation. It takes into account the fact that 20 or more states will have received their NMVTIS funding by the time the bill becomes effective. These new grants can be used by participating states to issue new titles, establish and administer theft or safety inspections, and enforce titling requirements.

This voluntary approach also gets around the very real concerns that states and the Supreme Court have raised about Congress requiring states to legislatively adopt federal regulations. Remember, motor vehicle titling has been, up to this point, almost exclusively a state function. This revised approach also overcomes the strong possibility that preemptive federal titling rules and procedures would impose a significant federal unfunded mandate on states.

The revised bill also incorporates a change made by the House of Representatives last year which allows states to adopt an even lower salvage threshold if it chooses. It simply does not start the threshold at 65% which, while advocated by some, has been expressly rejected by states. I think it would be irresponsible for Congress to establish a minimum federal salvage threshold that is not in use anywhere and which states have maintained that

they do not want. S.655 provides a very reasonable compromise. Those who want a lower salvage threshold than 75% are free to work with state legislatures to convince them that a lower threshold in their states is warranted.

Also, at the request of the National Association of Attorney's General, S.655 includes provisions which require: the retail value of a "late model vehicle" to be adjusted by the Secretary of Transportation every five years; flood vehicle inspections to be conducted by an independent party; and the Secretary's establishment of a publicly accessible national record of conforming states.

Mr. President, I believe S.655 is the right legislative solution to address title fraud. It creates a model program based on balanced titling definitions and standards for salvage, rebuilt salvage, flood, and nonrepairable vehicles.

It does not violate the Supreme Court's rulings on federal versus state roles and responsibilities. Instead it establishes a voluntary titling framework.

It is not a federal unfunded mandate. Instead it provides states with seed money to encourage their participation.

It does not take away a state's NMVTIS funding or jeopardize the implementation of this system. Instead, it fosters maximum state participation in this important national title information system.

It does not harm consumers who own low value vehicles or cause motor vehicles to be branded unnecessarily. Instead, it adopts the reasonable thresholds recommended by the Salvage Advisory Committee and it focuses on severely damaged vehicles and pre-purchase disclosure.

It does not force otherwise repairable vehicles to be junked because of arbitrary thresholds. Instead, it subjects vehicles to a rational vehicle retirement standard based on a case-by-case determination. A standard employed by California, Illinois, and a number of other states.

It leaves intact state criminal penalties and causes of action without imposing significant additional burdens on the already overwhelmed federal court system.

Mr. President, the National Salvage Motor Vehicle Consumer Protection Act is a sound, reasonable, and workable title branding measure. This is not just my opinion, but the view of state motor vehicle administrators. These are the experts on the front line. The very people who would be responsible for administering the provisions of the National Salvage Motor Vehicle Consumer Protection Act.

Mr. President, I ask unanimous consent to have printed in the RECORD several letters from state motor vehicle administrators on the issue of title branding legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit 1.)

Mr. LOTT. I ask my colleagues to take heed of the wisdom offered by the many DMV directors who submitted comments on S.655 and other title branding proposals.

Congress needs to pass S.655, the National Salvage Motor Vehicle Consumer Protection Act, for America's used car buyers and motorists and for the people who have to administer titling rules.

EXHIBIT 1

AMERICAN ASSOCIATION OF
MOTOR VEHICLE ADMINISTRATORS,
Arlington, VA, March 22, 1999.

To: Chief Motor Vehicle Administrators,
Chief Law Enforcement Officers
From: Kenneth M. Beam, President & CEO
Re: Introduction of Salvage Titling Legislation

I am pleased to report that Senator Trent Lott (R-MS) along with 13 co-sponsors recently introduced S. 655, the National Salvage Motor Vehicle Consumer Protection Act of 1999. This bill establishes national uniform requirements regarding the titling and registration of salvage, nonrepairable and rebuilt vehicles. AAMVA has worked closely with Senator Lott's staff to assure that the bill reflects AAMVA policy on uniform salvage definitions and procedures.

For the most part this bill mirrors language in S. 852, which was introduced by Senator Lott and supported by 57 members of the Senate in the 105th Congress. However, there are two major differences in S. 655 we would like to highlight. First, the bill does not require that states who receive federal funding from the Department of Justice for the National Motor Vehicle Title Information System (NMVTIS) to conform with the requirements of the bill or place a notice on the certificate of title that their state is not in compliance.

Second, the bill includes incentive grants for states that do carry out its provisions. S. 655 authorizes \$16 million to states for fiscal year 2000. No state that is eligible for the grant shall receive less than \$250,000. The ratio shall be apportioned in accordance with section 402, Title 23 of the U.S. Code. Any state that receives a grant under this section shall use the funds to carry out the provisions of this bill including such performance related activities as issuing titles, establishing and administering vehicle theft or salvage vehicle safety inspections, enforcement and other related purposes.

In addition, AAMVA has worked closely with other interested organizations to respond to concerns raised by the National Association of Attorneys General (NAAG). We are enclosing a copy of our response to those concerns.

If you have questions or comments, please direct them to either Linda Lewis, director of Public & Legislative Affairs or Larry Greenberg, vice president, Vehicle Services at 703-522-4200.

NATIONAL ASSOCIATION OF
MOTOR VEHICLE ADMINISTRATORS,
Arlington, VA, March 31, 1999.

To: Chief Motor Vehicle Administrators,
Chief Law Enforcement Officers.
From: Kenneth M. Beam, President & CEO.
Re introduction of companion salvage titling legislation.

A copy of Senator Lott's salvage legislation, the National Salvage Motor Vehicle Consumer Protection Act, S. 655, was recently forwarded to you for review and comment. AAMVA strongly supports this version, which mirrors the Salvage Advisory Committee's recommendations and current

AAMVA policy. On March 23, 1999, Senator Dianne Feinstein introduced companion salvage legislation, the Salvaged and Damaged Motor Vehicle Information Disclosure Act, S. 678. We believe this bill will create a tremendous burden on jurisdictions to implement and will increase complexity and costs with regard to salvage definitions and standards without any corresponding gains in uniformity. In addition, many of its provisions are in conflict with AAMVA policy.

Many of AAMVA's concerns were addressed in the response to the National Association of Attorneys General Working Group (NAAG) who support similar provisions that are included in S. 678. Our comments to NAAG were included in the mailing dated March 22, 1999. However, we feel it important to highlight a few areas of major concern with S. 678. The bill: Establishes a 65 threshold for salvage vehicles; establishes a 90% nonrepairable threshold; establishes disclosure requirements for vehicles sustaining \$3,000 of damage suffered in one (1) incident; requires states to comply with the legislation to receive federal funding for NMVTIS; and does not include incentive grants to states that implement the legislation as included in S. 655.

AAMVA's comments to NSSG provide more detail on these and other signs. Please review the companion legislation and forward any comments or concerns you have with the bill to Linda Lewis by April 15, 1999. Your comments will help ensure that the Association accurately represents the positions of state motor vehicle administrators. If you have any questions about the bill, please direct them to Linda or Larry Greenberg at 703-522-4200.

MARYLAND MOTOR
VEHICLE ADMINISTRATION,
Glen Burnie, MD, April 12, 1999.
MEMORANDUM

To: Linda Lewis, AAMVA
From: Anne S. Ferro, Administrator
Re: National Salvage Act—SB 655

Attached please find Maryland's review of S. 655 as it relates to salvage laws in our state. Based on the review by several key program managers, we have affirmed Maryland's support for this bill. Although numerous consumer advocate groups and the National Association of Attorneys General (NAAG) appear to oppose the bill, it is in the best interest of law enforcement and consumers to have a bill that establishes national uniform regulations governing salvage.

We oppose S. 678 introduced by Senators Feinstein and Levin. As you state in your cover memo, the alternate salvage bill has constraints which would be very difficult to enforce.

Maryland also favors NMVTIS as the project will benefit law enforcement and Motor Vehicle Administrations in combating title fraud. Maryland is committing to re-evaluating its participation in the program once the pilot program is up and running. Our withdrawal from the project last year was due to current costs involved and constraints relating to our title and registration system as well as Y2K.

Thank you for the opportunity to voice our support for S. 655.

Enclosure.

MEMORANDUM

To: Thomas M. Walsh, Director, Driver and Vehicle Policies and Programs
From: Eltra Nelson, Chuck Schaub, Victoria D. Whitlock
Date: April 7, 1999
Subj: AAMVA Legislative Alert: Introduction of S. 655: National Salvage Motor Vehicle Consumer Protection Act of 1999

As requested, we have reviewed the above-referenced Lott Bill S. 655 and, although there are differences between Maryland's laws relating to salvage vehicles and this bill, we are generally in agreement with the goals of the proposed legislation. As urged by Congress in the Anti Car Theft Act of 1992, there needs to be more uniformity in state title branding laws if we are to defer the criminal activities of the fraudulent rebuilders, who are thriving under the current patchwork system. We offer the following comments:

If Maryland intends to support this initiative, a decision must be made on the best way to proceed, as Maryland's current law is inconsistent with the provisions of the federal bill. Guidance from the Attorney General's Office would be helpful in charting our course.

Maryland MVA was one of the National Motor Vehicle Title Information System's (NMVTIS) pilot states, but due to technical problems (Y2K, plans to reengineer TARIS) we temporarily discontinued participation. It is the MVA's intention to resume participation once these problems are resolved.

S. 655 definition 33301(a)(1) "passenger motor vehicle" includes multi-purpose passenger vehicles, and certain trucks including a pickup truck of not more than 10,000 pounds for purposes of the salvage law. We agree with the rationale for expanding the definition in the context of what constitutes a "salvage vehicle" (see next bulleted item). MD TR law has separate definitions (11-144.1, 11-136.1, 11-171, 11-176).

S. 655 term "salvage vehicle" 33301(a)(2) means any "passenger motor vehicle" other than a flood vehicle or a nonrepairable vehicle which has been wrecked, destroyed, or damaged . . . Conversely, MD TR 11-152 definition of "salvage" refers to "any vehicle that has been damaged by collision, fire, flood, accident, trespass, or other occurrence." Flood and nonrepairable vehicles are defined separately (3301(a)(6) and (12)) and do not qualify for a salvage certificate. As recommended by the Federal Advisory Committee, the definitions of salvage vehicles, nonrepairable vehicles, and flood vehicles should be mutually exclusive to promote consumer awareness and uniformity. The bill specifies that once branded, a "nonrepairable vehicle" can never be titled or registered for use on roads or highways. (Comparably, Maryland vehicles branded "Not Rebuildable, Parts Only" also cannot be converted into a title.) The bill also specifies

that to avoid subsequent branding as a "flood vehicle", the owner or insurer must have the vehicle inspected by an independent party.

S. 655 permits any individual or entity to certify the amount of damage and costs of repairs to rebuild or reconstruct. MD Law allows only insurance companies to make this certification.

S. 655 "late model vehicle" means model year designation of or later than the year in which the passenger motor vehicle was wrecked, etc. or any of the six preceding years; OR, has a retail value of more than \$7,500. To be classified as a salvage vehicle, the cost of repairs to rebuild or reconstruct the vehicle must exceed 75 percent of the retail value of the vehicle. Maryland brands vehicles less than 7 years old when damage is greater than fair market value as "rebuilt salvage." Regarding the bill's 75 percent threshold, we agree with AAMVA's rationale: ". . . the rule of thumb level of damage used by insurers in making a determination of whether to 'total' a wrecked vehicle is damage that exceeds 75% of a vehicle's pre-accident value." The bill permits states to use the term "older model salvage vehicle" to designate a wrecked, destroyed, or damaged vehicle that does not meet the definition of a "late model vehicle."

S. 655 (33302) requires states who receive funds under 33308 to disclose in writing on the certificate of title, when ownership is transferred and when indicated by "readily accessible" records, that the passenger motor vehicle was previously issued a title that bore any word or symbol signifying that the vehicle was "salvage, older model salvage, unrebuildable, parts only, scrap, junk, nonrepairable, reconstructed, rebuilt, damaged by flood, and the name of the State that issued that title."

Inspection decal—S. 655 requires the inspection official to affix a permanent decal to the driver's door jam after a passenger motor vehicle titled with a salvage title has passed the state required inspections. According to Corporal Dupczak, the Maryland State Police oppose the placement of a decal, because it can be removed; however, the law specifies the decal shall comply with the "permanency requirements" established by the Secretary.

Disclosure and Label: S. 655 (33303) A person, prior to transfer of ownership, shall give the transferee written disclosure that the vehicle is a rebuilt salvage vehicle. A label shall be affixed by the individual who con-

ducts the applicable state anti-theft inspection in a participating state to the windshield or window of a rebuilt salvage vehicle before its first sale at retail. Note: We assume that the "brand" notation on the front of the title certificate would serve as the "written disclosure."

S. 655 (33302(c)) requires the USDOT to establish a National Record of Compliant States. The Secretary shall work with States to update the record upon the enactment of a State law which causes a State to come into compliance or become noncompliant with the requirements of this law.

Section 33308 provides for incentive grants of not less than \$250,000 for each state that demonstrates it is taking appropriate actions to implement the provisions of this law.

Effect on State law: Unless a state, that receives funds under section 33308, is in compliance with 33302(c), effective on the date the rule is promulgated, the provisions shall preempt all state laws to the extent they are inconsistent with the provisions of this law, which:

Set forth the form of the passenger motor vehicle title.

Define, 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 part or part assembly separate from a passenger motor vehicle); (this requirement does not preempt state use of the terms "passenger motor vehicle" or "older model salvage" in unrelated statutes.

Set forth titling, recordkeeping, anti-theft inspection, or control procedures in connection with a salvage, rebuilt salvage, non-repairable, or flood vehicle.

Nothing in this law may be construed to affect any private right of action under state law.

Additional disclosures of a passenger motor vehicle's title status or history, in addition to the terms defined in this law, shall not be deemed inconsistent.

States receiving funds shall make titling information maintained by the state available for use in operating the National Motor Vehicle Title Information System (NMVTIS). Participating states, before issuing a certificate of title, shall perform instant title-verification checks.

Maryland designates the following brands:

SALVAGE BRAND	TITLE BRAND
Damage is greater than fair market value	This will cause the title to be branded REBUILT SALVAGE. Only vehicles less than 7 years old are to be branded when converted to a title. Once branded, the brand is to be carried through to subsequent titles.
Damage is equal to or less than fair market value	The title will not be branded. DO NOT ENTER XSALVG IN THE BRAND FIELD. THE TITLE IS NOT TO BE BRANDED.
Not Rebuildable, Parts Only, Not to be Retitled	Cannot be converted into a title.
Abandoned Vehicle Note: S. 655 does not provide for this category	This will cause the title to be branded REBUILT SALVAGE. This applies to all vehicles regardless of subsequent titles.
Out of State Salvage Certificate	This will cause the title to be branded XSALVAGE. The brand is to be carried through to subsequent titles.
Out of State Titles Branded; SALVAGE, XSALVAGE, FLOOD, etc	XSALVAGE will show in the brand field or the brand from the out-of-state title will be entered in the brand field. The brand is to be carried through to subsequent titles.

MICHIGAN DEPARTMENT OF STATE,

Lansing, MI, April 16, 1999.

Re: comments on companion salvage titling legislation.

LINDA LEWIS,
Legislative Director, American Association of
Motor Vehicle Administrators, Arlington,
VA

DEAR MS. LEWIS: After receiving Kenneth Beam's Legislative Alert last Friday regarding the recently introduced Companion Salvage Titling legislation (S. 678), we did our best to quickly review and compile comments from a variety of areas within our Department. We agree with AAMVA's assessment that this bill could be very problematic for states to implement, for a variety of reasons. Michigan feels very strongly that this

bill should not move forward, and that any action on the subject of Salvage Titling should follow the direction of the AAMVA-sponsored Salvage bill (S. 655). However, given the tight timeframes for response and our need to solicit input from many areas of our Department, we have only had time for a very cursory review of this legislation. If this bill has any chance of moving forward, we would appreciate prompt notification, so that we can prepare a more detailed summary of our concerns and suggestions.

An over-riding problem with S. 678 is the lack of detail regarding the specific requirements that would be imposed. In its current version, S. 678 creates new terminology, categories, enforcement requirements, and other implementation language that seri-

ously lacks detail with regard to actual requirements. This type of approach would leave definition of critical details up to the rules promulgation process, which is a major timing problem in that detailed concerns would not be addressed until after passage of the bill.

The proposed changes appear to be quite complex, as well as costly overall, and there is no provision for State funding. In addition, many issues would require State legislation that would be difficult to obtain, and difficult to implement, without a corresponding need or significant improvement as compared to the AAMVA-supported bill. Also, our Department is unable to take on any new initiatives requiring major data processing changes, due to Year 2000 and

other priorities, so these changes would frankly not be able to be implemented in Michigan within any reasonable timeframe.

Other more specific concerns include:

The companion bill would make substantial changes to Michigan's current definitions of "salvage" and "scrap" vehicles, adds requirements related to leased vehicles, and includes a definition of "flood" vehicles different from what AAMVA proposes. We see all of these issues as very problematic for Michigan, requiring State legislation that would prove difficult to pass, and would cause a variety of problems from an implementation standpoint—including major overhauls to our computer system, which is an unrealistic expectation.

Sellers of salvage, flood, or non-repairable vehicles would be required to provide written disclosure of these facts, which would have to be signed by the seller and the buyer. This is another issue that would require passage of State legislation, and would also be very difficult from an enforcement standpoint.

There are several potential title format issues, including requirements for attachments, that we see as being unworkable and quite difficult from an implementation standpoint.

As AAMVA has already pointed out, the new 65% threshold for salvage vehicles and the disclosure requirement for damages greater than \$3,000 are both unworkable and unrealistic, especially given current vehicle values. These portions of the proposal also create problems related to those already mentioned, such as title format and computer programming issues, without providing a justifiable improvement to the system.

This proposal also allows a person who rebuilds a salvage or flood-damaged vehicle to certify its road-worthiness. This raises conflict of interest concerns. (By comparison, Michigan law requires a rebuilt salvage vehicle to be inspected by a specially trained law enforcement officer.)

Again, Michigan feels very strongly that the Companion Salvage Titling legislation introduced by Senator Feinstein has serious flaws, lacks crucial detail regarding implementation options, and poses nothing that would present improvements to the Lott bill already introduced and supported by AAMVA.

Please do whatever possible to ensure we are informed of any positive action on this bill. If you need additional details or have any questions on our position, please do not hesitate to contact me.

Sincerely,

JUDITH OVERBEEK,
Deputy Secretary of State,
Service Delivery Administration.

OFFICE OF MOTOR VEHICLES, DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS,

Baton Rouge, LA, May 3, 1999.

AAMVA, Arlington, VA.

Attention: Linda Lewis

DEAR MS. LEWIS: In regard to the Salvaged and Damaged Motor Vehicle Information Disclosure Act, S. 678, the State of Louisiana has very serious concerns regarding many provisions, as follows:

The 65% threshold for salvage vehicles.

Definitions regarding non-repairable and major damage.

Secure paper disclosure requirements.

Lack of grant funds for implementation.

We believe that Louisiana has a good salvage title law in place. As a state that has been branding salvage and rebuilt vehicles for a number of years, it is frustrating to see legislation that will result in problems for our state. We've come so far in this area, the thought of increasing an already complex,

cumbersome procedure is disturbing. This Act is another attempt to "punish the bad guys" with something that will, in reality, only "punish the good guys."

Thank you for the opportunity to respond, and I know you will convey our opinion that this legislation will not increase uniformity among the jurisdictions. It will merely place unnecessary burdens on state agencies who are already force to "do more with less" and trying to eliminate bureaucratic red tape, not create it.

Please keep us posted of any additional developments regarding this issue.

Sincerely,

KAY COVINGTON,
Commissioner.

S. 678—SALVAGE AND DAMAGED MOTOR VEHICLE INFORMATION DISCLOSURE ACT

No grant monies include, provision that if State does not comply State may not receive grant funds under 30503(c).

Definitions: Salvage—65% damage of retail value*; Non-Repairable—90% damage of retail value; and Major Damage—\$3000.00 damage on one incident.

*Salvage can also be defined when designated by owner or when vehicle is transferred to insurance carrier in connection with damage.

Disclosure Requirement: Requires States to place a disclosure on title, within one year of passage of law, stating whether vehicle is salvage, flood damaged, non-repairable or sustained major damage.

Disclosure must be on secure paper and must be treated like the conforming title and odometer law.

Dealers and lessors must retain disclosure for 5 years.

State must be notified of all vehicles that are unrepairable.

Requirements for Rebuilt Vehicles: (1) Certification of inspection from rebuilder stating condition of vehicle (must be on secure paper), and

(2) decal placed on door jam stating.

Non-Repairable cannot go back on road. May only be transferred to an insurance carrier, automobile recycler or dismantler.

After State receives disclosure of unrepairable that vehicle may not be licensed for use in that State.

Proposed law states that a person who owns motor vehicles that are used for personal, family, or household use shall not be liable for failure to provide disclosure, unless they have actual knowledge of requirement for disclosure.

STATE OF NEW YORK,
DEPARTMENT OF MOTOR VEHICLES,
Albany, NY, April 15, 1999.

LINDA LEWIS,
AAMVA, Arlington, VA

DEAR MS. LEWIS: In a March 31, 1999 memo to Chief Motor Vehicle Administrators and Chief Law Enforcement Officers, Mr. Kenneth Beam requested that comments and concerns regarding the Salvaged and Damaged Motor Vehicle Information Disclosure Act, S. 678, introduced by Senator Dianne Feinstein, be forwarded to your attention. This legislation is companion legislation to the National Salvage Motor Vehicle Consumer Protection Act, S. 655, introduced by Senator Lott.

Referring to S. 678 introduced by Senator Feinstein, the New York State Department of Motor Vehicles agrees with the concerns raised by AAMVA in their response to the National Association of Attorneys General Working Group (NAAG), specifically: The 65% threshold for damage in order to declare a vehicle a salvage vehicle; the 90% non-repairable threshold; the \$3,000 limit of dam-

ages attributable to one (1) incident; the requirement of compliance in order to receive federal funding for NMVTIS; and the lack of incentive grants for states that implement the legislation.

The 65% threshold for damage in order to declare a vehicle a salvage vehicle is much lower than the 75% that we established through extensive discussions with the insurance industry and others in New York. Further, it is also lower than the recommendation made by the Presidential Commission established in 1992 from the Anti-Car Theft Act.

Due to the ever-rising expense of owning a new vehicle, the \$3,000 limit for damages attributable to one (1) incident would result in a remarkably high number of vehicles labeled as salvage. With the average cost of a new vehicle approximately \$22,000, a \$3,000 limit for damages is less than 15%.

Lastly, Senator Feinstein's proposal requires states to comply in order to receive funding for NMVTIS and does not include incentive grants for states implementing the legislation. The Lott proposal does not call for compliance-based NMVTIS funding, and does offer incentive grants for implementation.

In short, the New York State Department of Motor Vehicles does not support the Salvaged and Damaged Motor Vehicle Information Disclosure Act, S. 678 introduced by Senator Dianne Feinstein, due to the concerns identified above.

Sincerely,

RICHARD E. JACKSON, JR.,
Commissioner.

IDAHO DMV,
April 15, 1999.

Lewis, Linda,
'lindal@aamva.org'.

Subject: S. 678 Diane Feinstein Proposal

Idaho's current statutes do not conform to the requirements of S. 678, and it is unlikely that legislation could be enacted to conform. Therefore, funding to implement NMVTIS in Idaho would be jeopardized.

It appears that he documentation requirements of S. 678 are onerous, much more all-inclusive than the implementation of the secure power of attorney processes. If disclosure documents are required to issue every title transfer, many transactions would be delayed, customers would be turned away and inconvenienced. Public perception of the DMV would suffer.

We are also concerned about the public resistance to non-registration of vehicles that have sustained damage that is 90% of the fair retail market value before it was damaged. For many older vehicles one dent would require that the vehicle go the crusher, even though it may be a fully operational and safe vehicle.

EDWARD R. PEMBLE,
Vehicle Services Manager.

OREGON DEPARTMENT OF
TRANSPORTATION, DMV SERVICES,
Salem, OR, April 30, 1999.

LINDA LEWIS
Director of Public & Legislative Affairs, American Association of Motor Vehicle Administrators, Arlington, VA.

DEAR MS. LEWIS: Brendan Peters requested a letter from Oregon DMV regarding Senate Bill 678 and Senate Bill 655 pertaining to salvage of motor vehicles.

We are taking no position on either bill, but I hope the following comments on both bills will be helpful in your up-coming meetings with legislators.

SENATE BILL 678

1. Requires excessive paperwork for both the public and state agencies. For example, forms must be maintained for five years.

2. There is no allowance for any type of electronic process.

3. The 65% threshold for salvage vehicles is lower than all states' current threshold. Oregon has a threshold for salvage vehicles of 80% and many customers feel 80% is too high.

4. The definition of "major damage" may impact the majority of recent year model vehicles.

5. Requires compliance with this legislation in order to receive any funding for NMVTIS (National Motor Vehicle Title Information System). Tying NMVTIS funding to this legislation has potential to reduce the NMVTIS benefits if lack of funding prevents states from participating in NMVTIS.

SEANTE BILL 655

1. Has a lower impact to the public and state agencies.

2. Allows for an electronic process.

3. The anti-theft inspection, if required, could have significant workload impact.

4. There is no tie to the funding for NMVTIS.

5. There are provisions for an incentive grant to provide money to states to implement legislation.

We hope these comments can be used to assure that federal legislation on the salvage of motor vehicles accomplishes its intended purpose without undo hardships on the public and the states that must implement the law.

Sincerely,

MARI MILLER,
Manager, Program Services.

WISCONSIN DEPARTMENT OF
TRANSPORTATION,
Madison, WI, April 14, 1999.

LINDA LEWIS,
AAMVA, Arlington, VA.

DEAR LINDA: I'm writing on behalf of the Wisconsin Division of Motor Vehicles to respond to your request for comments on the bill titled "Salvaged and Damaged Motor Vehicle Information Disclosure Act" (S. 678) introduced by Senator Feinstein.

Our concerns with this bill are:

DEFINITIONS

It applies to all motor vehicles; no limit on age or value.

Flood damage definition is water-line based like the Lott bill, but it doesn't go on to specify that electronic components must actually have been damaged.

The whole concept of "major damage" being defined strictly as a dollar amount (\$3,000) with no provision for rising prices seems problematic. A late model luxury car could have very minimal damage with \$3,000 repair costs, while an old economy car could be considered nonrepairable with \$3,000 damage.

Like the Lott bill, salvage is defined both as a percentage of fair market value (65% in S. 678 and 75% in S. 655) and anything an insurance company pays a claim on and acquires ownership of. The Lott bill excludes theft recoveries unless damaged 75%. When we worked on Wisconsin's title branding law, insurance companies were very upset at salvage-branding what they called "convenience totals." The insurance industry will probably object to that in these bills, too.

DISCLOSURE

S. 678 requires: written disclosure on secure paper of salvage, flood, nonrepairable or major damage (plus a description of each occurrence—attached to the title. Each reassignment needs its own disclosure statement. We've been trying to avoid attachments to the title and make all required disclosures on the title itself.

It looks like the disclosure statement could be made in the title assignment area if

the format conforms with federal regulations (when they are promulgated).

It appears we'd need to have the attached disclosures whether or not there is something to disclose, which could mean lots of go-backs for incomplete applications.

REBUILDING AND INSPECTION

The restrictions imposed by this bill would seem to significantly reduce interest in rebuilding flood or salvage vehicles. The rebuilders are also the inspectors in this bill and he or she must: Sign and attach to the title, a secure inspection certificate attesting that "original manufacturer established repair procedures or specifications" were followed in making the repairs and inspections; affix a decal to the door jamb or other conspicuous place; follow "regulations promulgated" describing qualifications and equipment required to do inspection certifications; follow "regulations promulgated" that establish minimum steps for inspection; and post up to a \$250,000 bond (if required) to protect the public against unsafe or inadequate repairs or improper inspection certification.

So, the person who repairs a flood or salvage vehicle also inspects it for safety and quality of repair—but not anti-theft. There doesn't seem to be a provision for anti-theft inspection.

NONREPAIRABLE VEHICLES

Nonrepairable vehicles can't be registered and can only be transferred to an insurance company, automotive recycler or dismantler—and only for the purpose of dismantling or crushing.

So, the owner of a classic car that's damaged more than 90% of its fair market value has no choice but to have it dismantled or crushed—even if willing to pay whatever it costs to get it back to legal operating condition.

PENALTIES

A civil penalty of up to \$2,000 may be charged for "a violation"—the violation doesn't have to be "knowingly and willfully" performed.

However, if it is "knowingly and willfully" performed, the penalty is the \$2,000 fine, or three years in prison, or both.

MISCELLANEOUS

We'd have to revise any of our laws that are inconsistent with this. We would be able to keep our other brands (manufacturer buyback, police, taxi, non-USA standard and insurance claim—if we revised the percentage to 30-65% damage).

Thank you for this opportunity to offer comments on the "Salvaged and Damaged Motor Vehicle Information Disclosure Act." On behalf of the Wisconsin DMV, I hope our ideas prove useful. Please do not hesitate to contact me or Carson Frazier (with our Bureau of Vehicle Services at 608-266-7857) if you have any questions.

Sincerely,

ROGER D. CROSS,
Administrator.

STATE OF ALABAMA,
DEPARTMENT OF REVENUE,
Montgomery, AL, April 14, 1999.

Ms. LINDA LEWIS,
Public and Legislative Affairs, AAMVA,
Arlington, VA.

DEAR Ms. LEWIS: Pursuant to President Beam's memo of March 31, 1999, we have reviewed S. 678 to ascertain its possible effects on Alabama. Below is a listing of problems observed.

1. The bill establishes a 65% threshold for salvage vehicles. Alabama has a 75% threshold to determine when a vehicle is declared salvage. In addition, the proposed legislation states that "if the full cost of the damages

suffered in 1 incident is attributable only to cosmetic damages, those damages shall not constitute major damage." Alabama has no such exemption for cosmetic damage when determining whether a vehicle qualifies as a salvage vehicle.

2. The bill has a specific definition for a "flood vehicle." Alabama law does not distinguish between salvage vehicles that have been declared salvage due to flood damage and vehicles that have been declared salvage due to other events. Vehicles that suffer flood damage in Alabama are subject to the 75% threshold for a salvage vehicle and receive a salvage title if damage to the vehicle is equal to or greater than 75% of the retail value for the vehicle. Alabama law does not require a vehicle to be branded as a "flood vehicle."

3. The bill provides a definition for a leased vehicle that differentiates the vehicle from a non-leased motor vehicle. Alabama law makes no such distinction.

4. The written disclosure requirements mandated by the bill would be difficult to comply with when transfers involves repossession, disposal of an abandoned motor vehicles, situations where ownership passes as a result of the death of an owner, non-voluntary transfers by operation of law and other situations where the transferor may not have personal knowledge of previous vehicle damage.

5. The bill's prescribed use of a secure power of attorney could prove to be burdensome in situations where there was a transfer between individuals who do not have access to the secure document.

6. The bill would be an unfunded mandate that would require a costly re-design of the Alabama certificate of title and the design and implementation of a new secure power of attorney document and secure inspection form. Additional costs would include: training costs for designated agents and reprogramming costs for county offices, automobile dealers, financial institutions, and insurance companies.

7. The disclosure requirements in the bill do not address vehicle damage that occurred prior to the proposed implementation date of the legislation. Therefore, it is unlikely that this information would not be readily accessible to transferor of the vehicle for a subsequent disclosure statement.

8. The bill does not clearly specify who is responsible for conducting a rebuilt salvage vehicle inspection.

In summary, the bill would be an administrative nightmare for the State of Alabama to implement. In addition, based upon the past experience of implementing the federal truth in mileage act, the gains in uniformity among states would be minimal for a substantial period of time and the costs would be both immediate and significant. If additional input is desired, please feel free to contact me at the address listed below or at telephone (334) 242-9013.

Sincerely,

MIKE GAMBLE,
Assistant Supervisor, Motor Vehicle
Division/Title Section.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Monday, May 10, 1999, the federal debt stood at \$5,571,919,882,068.64 (Five trillion, five hundred seventy-one billion, nine hundred nineteen million, eight hundred eighty-two thousand, sixty-eight dollars and sixty-four cents).

Five years ago, May 10, 1994, the federal debt stood at \$4,571,813,000,000