

SESSION OF 2020

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2501

As Amended by Senate Committee on
Transportation

Brief*

HB 2501, as amended, would authorize a salvage vehicle pool or a salvage vehicle dealer to apply for an ownership document for a vehicle without forwarding a statement of origin or certificate of title for the vehicle to the Division of Vehicles (Division) under certain circumstances.

A salvage vehicle pool is defined in continuing law as “any person who as an agent for a third party is primarily engaged in the business of storing, displaying and offering for sale salvage vehicles.” Continuing law defines a salvage vehicle dealer as “any person engaged in the business of buying, selling, or exchanging used vehicles and primarily engaged in the business of the distribution at wholesale or retail of used motor vehicle parts and includes establishments primarily engaged in dismantling motor vehicles for the purpose of selling parts.”

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

- The salvage vehicle pool or salvage vehicle dealer has possession of the vehicle at the request of an insurance company;
- The insurance claim for the vehicle has been closed without payment or denied by the insurance company; and

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

- The vehicle has remained unclaimed at the salvage vehicle pool or salvage vehicle dealer facility for more than 30 days.

The bill would require an application for an ownership document provide sufficient evidence that at least two written notices were delivered by certified mail to the address provided by the Division of Vehicles (Division) ownership verification or through another courier service that provides proof of delivery to the owner and any lienholder of the vehicle identified in Division records requesting the vehicle be removed from the salvage vehicle pool or salvage vehicle dealer facility. The bill would require a salvage vehicle dealer to also provide sufficient evidence to the Division of the request by the insurance company to obtain possession of the vehicle. The bill would require the notice to specify the vehicle owner and any lienholder identified in Division records have at least 30 days from the receipt of the notice to remove the vehicle. If the salvage vehicle pool or salvage vehicle dealer does not receive proof of delivery of the notices, the bill would require the salvage vehicle pool or salvage vehicle dealer to publish a notice of the application for an ownership document in a newspaper of general circulation in the county where the vehicle is located.

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

The bill would require the Division to issue to the salvage vehicle pool a certificate of title, a salvage title, or a nonrepairable vehicle certificate free and clear of all liens, security interests, and encumbrances upon receipt of the application and all required information.

The bill would make technical amendments.

Background

The bill introduced by the House Committee on Transportation at the request of a representative of Insurance Auto Auctions.

In the House Committee hearing, representatives of Insurance Auto Auctions and Copart (both salvage vehicle pools) provided proponent testimony. Proponents stated they are unable to obtain ownership documents for the vehicles described by the bill, which they stated are abandoned after insurance coverage is denied, and the salvage vehicle pool must store the vehicles indefinitely. They described the vehicles to which the provisions would apply as nearly all low-value vehicles; they also described notifications to the owner and lienholder required before a salvage vehicle pool could apply for an ownership document.

No other testimony was provided.

The House Committee amended the bill at the request of the revisor to replace “or” with “and” in a requirement a salvage vehicle pool provide proof written notices were delivered and to make technical changes.

In the Senate Committee on Transportation hearing, representatives of Insurance Auto Auctions, Copart, and LKQ Corporation provided proponent testimony. The representative of LKQ Corporation, a salvage vehicle dealer, requested amendments to include salvage vehicle dealers. No other testimony was provided.

The Senate Committee amended the bill to include salvage vehicle dealers, to specify addresses used for written notices, to specify lienholders notified be those identified in Division records, and to clarify certain provisions.

According to the fiscal note prepared by the Division of the Budget on the bill as introduced, the Department of Revenue estimates enactment of the bill would require additional State General Fund expenditures of \$8,313 in fiscal year 2021 for changes to the agency's information technology equipment and systems. Any fiscal effect associated with the bill is not reflected in *The FY 2021 Governor's Budget Report*.