SESSION 1995

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HOUSE BILL 748

Short Title: Salvage Motor Vehicle Businesses.

Sponsors: Representatives Cocklereece; Capps, Culp, Cummings, Hayes, Lemmond, Nichols, Pate, Reynolds, and Sharpe.

Referred to: Transportation.

April 4, 1995

1 2	A BILL TO BE ENTITLED AN ACT TO REGULATE SALVAGE MOTOR VEHICLE BUSINESSES.
3	The General Assembly of North Carolina enacts:
4	Section 1. Chapter 20 of the General Statutes is amended by adding a new
5	Article to read:
6	'' <u>ARTICLE 12A.</u>
7	"SALVAGE MOTOR VEHICLE BUSINESSES.
8	"§ 20-308.10. Regulation of salvage motor vehicle businesses in public interest.
9	The General Assembly finds and declares that transactions involving the sale and
10	disposal of registered motor vehicles vitally affects the general economy of the State and
11	the public interest and public welfare, and in the exercise of its policy power, it is
12	necessary to regulate and license salvage motor vehicle businesses in North Carolina, in
13	order to prevent frauds and deter criminal activities relating to registered motor vehicles,
14	and to protect and preserve the investments and properties of the citizens of this State.
15	" <u>§ 20-308.11. Definitions.</u>
16	For purposes of this Article:
17	(1) 'Demolisher' means any person whose business is to crush, flatten, or
18	otherwise reduce a vehicle to a state where it can no longer be
19	considered a vehicle.

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1	(2)	The membrat material webball as amplied to a webballa measure the fair membrat			
1	<u>(2)</u>	<u>'Fair market retail value', as applied to a vehicle, means the fair market</u>			
2 3		retail value as found in the NADA Pricing Guide Book or other			
3 4	(2)	<u>publications approved by the Commissioner.</u> <u>'Junk vehicle' means (i) any vehicle whose fair market retail value is</u>			
4 5	<u>(3)</u>	determined to have been at least three thousand dollars (\$3,000) that has			
5 6		been damaged and whose estimated cost of parts and labor to repair the			
7		vehicle exceeds ninety percent (90%) of its fair market value prior to			
8		damage; (ii) any current year model vehicle that has been damaged and			
8 9		whose estimated cost of parts and labor to repair the vehicle exceeds			
9 10		ninety percent (90%) of its fair market value; (iii) a vehicle of any of the			
10		five preceding model years that has been damaged and whose estimated			
11		cost of parts and labor required to repair the vehicle exceeds ninety			
12		percent (90%) of its fair market retail value prior to damage; or (iv) any			
13		vehicle which is incapable of operation or use upon the highways and			
14		has no resale value except as a source of parts or scrap.			
16	(4)	'Rebuilder' means a person who acquires and repairs, for use on the			
17	<u>(+)</u>	public highways, two or more salvage motor vehicles within a 12-month			
18		period.			
19	<u>(5)</u>	<u>'Salvage dealer' means any person who acquires any vehicle for the</u>			
20	<u>(5)</u>	purpose of selling any of its parts.			
20	<u>(6)</u>	<u>'Salvage pool' means any person providing a storage service for salvage</u>			
22	<u>(0)</u>	motor vehicles or junk vehicles who either displays the vehicle for			
23		resale or solicits bids for the sale of salvage motor vehicles or junk			
24		vehicles, but this definition shall not apply to an insurance company that			
25		moves and displays fewer than 100 salvage motor vehicles and junk			
26		vehicles in one location; however, any two or more insurance			
27		companies which display salvage motor vehicles or junk vehicles for			
28		resale, using the same facilities shall be considered a salvage pool.			
29	(7)	'Scrap metal processor' means any person who is engaged in the			
30		business of processing vehicles into scrap for remelting purposes, who			
31		from a fixed location uses machinery and equipment for processing and			
32		manufacturing ferrous and nonferrous metallic scrap, and whose			
33		principal product is metallic scrap.			
34	<u>(8)</u>	'Vehicle removal operator' means any person who acquires a vehicle for			
35		the purpose of removing it to a demolisher, scrap metal processor, or			
36		salvage dealer.			
37	" <u>§ 20-308.12. I</u>	Licensing of salvage motor vehicle businesses; fees.			
38		Il be unlawful for any person to engage in business in this State as a			
39	demolisher, reb	uilder, salvage dealer, salvage pool, scrap metal processor, or vehicle			
40		or without first acquiring a license as issued by the Commissioner for each			
41		h location. The fee for the first license issued or renewed under this			
42	Article shall be one hundred dollars (\$100.00) per license year or part thereof. The fee				
43	43 <u>for an applicant's additional license location issued or renewed under this Article shall be</u>				

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1	twenty-five dollars (\$25.00) per license year or part thereof: Provided, however, that no						
2	fee shall be charged for additional locations of a business located within 500 yards of the						
3	licensed location. No license shall be issued or renewed for any person unless the						
4	licensed business contains at least 600 square feet of floor space in a permanent enclosed						
5	building and is shown to be in compliance with all zoning ordinances. Books, records,						
6	and files of the business must be maintained at this location. Nothing in this section shall						
7	authorize any person to act as a motor vehicle dealer or salesperson without being						
8	licensed under Article 12 of this Chapter and meeting all requirements imposed by that						
9	Article. On due notice and hearing, the Commissioner may suspend or revoke any						
10	license issued under this section for any violation of any provision of this Article or any						
11	other provision relating to salvage motor vehicles or salvage titles. A suspension or						
12	revocation shall only be imposed on the specific business found to be in violation.						
13	(b) Application for license shall be made to the Division at such time, in such						
14	form, and contain such information as the Division shall require, and shall be						
15	accompanied by the required fee.						
16	(c) The Division shall require in such application, or otherwise, information						
17	relating to matters set forth in this Article as grounds for refusing of licenses and to other						
18	pertinent matter commensurate with the safeguarding of the public interest, all of which						
19	shall be considered by the Division in determining the fitness of the applicant to engage						
20	in the business for which a license is sought.						
21	(d) <u>A license may be denied, suspended, or revoked on any of the following</u>						
22	grounds:						
23	(1) <u>Material misstatement in application for license.</u>						
24	(2) Willful and intentional failure to comply with any provision of this						
25	Article or rule duly issued by the Division.						
26	(3) Willfully defrauding any person in the operation of the licensed activity.						
27	(4) Conviction of a criminal offense relating to an activity governed by this						
28	Article.						
29	" <u>§ 20-308.13. Certain sales prohibited; exceptions.</u>						
30	(a) <u>It shall be unlawful:</u>						
31	(1) For any scrap metal processor to sell a vehicle or vehicle components or						
32	parts;						
33	(2) For any salvage pool to sell a salvage motor vehicle to any person who						
34	is not licensed as a salvage dealer, builder, demolisher, motor vehicle						
35	dealer, scrap metal processor, or vehicle removal operator;						
36	(3) For any person to sell a junk vehicle to any person who is not licensed						
37	as a salvage dealer, demolisher, scrap metal processor, or vehicle						
38	removal operator; or						
39	(4) For any person to sell a salvage rebuilt vehicle without first having						
40	disclosed the fact that the vehicle is a salvage rebuilt vehicle to the						
41	buyer in writing on a form prescribed by the Commissioner.						
42	(b) Notwithstanding the provisions of subsection (a) of this section, it shall not be						
43	<u>unlawful:</u>						

1	<u>(1)</u>	For a	a salvage dealer to sell vehicle components or parts to unlicensed				
2		-	ons; or				
3	<u>(2)</u>		an individual not required to be licensed under this Article to				
4		-	ose of a salvage motor vehicle acquired or retained for his own use				
5			n it has been acquired or retained and used in good faith and not for				
6		-	urpose of avoiding the provisions of this Article.				
7			of insurance companies upon acquiring a vehicle.				
8	-		company which acquires, as a result of the claims process, any				
9			te shall apply to and obtain from the Division of Motor Vehicles a				
10	salvage title, as provided in G. S. 20-109.1.						
11			and regulations.				
12			r may make such rules and regulations, not inconsistent with the				
13	provisions of the	his Art	icle, as the Commissioner shall deem necessary and proper for the				
14			on and enforcement of this Article, including the licensing of				
15	persons residin	<u>ig in o</u>	ther states and doing business in this State and the reporting by				
16	vehicle owners	and in	surance companies of damage losses that require reclassification of				
17	a vehicle as a junk vehicle on Division of Motor Vehicles Form MVR-40. A copy of						
18	proposed rules and regulations shall be mailed to each salvage motor vehicle business						
19	licensee 30 days prior to the effective date of such rules and regulations.						
20	" <u>§ 20-308.16.</u>						
21			violates the provisions of this Article shall be guilty of a				
22	- -		ble by fine, by imprisonment for a term not exceeding two years, or				
23			ion of the court."				
24			. 20-4.01(33) reads as rewritten:				
25	"(3	(3)	(a) Flood Vehicle. – A motor vehicle that has been				
26			submerged or partially submerged in water to the extent				
27			that damage to the body, engine, transmission, or				
28			differential has occurred.				
29		(b)	Non-U.S.A. Vehicle. – A motor vehicle manufactured outside of				
30			the United States and not intended by the manufacturer for sale in				
31			the United States.				
32		(c)	Reconstructed Vehicle A motor vehicle of a type required to				
33			be registered hereunder that has been materially altered from				
34			original construction due to removal, addition or substitution of				
35			new or used essential parts; and includes glider kits and custom				
36			assembled vehicles.				
37		(d)	Salvage Motor Vehicle Any motor vehicle damaged by				
38			collision or other occurrence to the extent that the cost of repairs				
39			to the vehicle and rendering the vehicle safe for use on the public				
40			streets and highways would exceed seventy-five percent (75%)				
41			of its fair retail market value, whether or not the motor vehicle				
42			has been declared a total loss by an insurer. Repairs shall include				
43			the cost of parts and labor. Fair market retail values shall be as				

1			in the NADA Pricing Guide Book or other publications
2		appro	ved by the Commissioner.
3	(e)	Salva	ge Rebuilt Vehicle A salvage vehicle that has been
4		rebuil	t for title and registration. Any of the following vehicles:
5		<u>1.</u>	A motor vehicle that has been damaged as a result of
6			collision, fire, flood, accident, trespass, or any other
7			occurrence and has been repaired for use on public
8			highways, at a cost of parts and labor which exceeds
9			seventy-five percent (75%) of its fair market retail value.
10		<u>2.</u>	A vehicle whose fair market retail value is determined to
11			have been at least three thousand dollars (\$3,000) which
12			has been repaired at a cost of parts and labor which
13			exceeds seventy-five percent (75%) of its fair market
14			<u>retail value.</u>
15		<u>3.</u>	A current year model vehicle which has been repaired at a
16			cost of parts and labor which exceeds seventy-five percent
17			(75%) of its fair market retail value.
18		<u>4.</u>	A vehicle of any of the five preceding model years which
19			has been repaired at a cost of parts and labor which
20			exceeds seventy-five percent (75%) of its fair market
21			retail value.
22		<u>Fair n</u>	narket retail values shall be as found in the NADA Pricing
23		Guide	-
24		Comn	nissioner.
25	(f)	Junk '	Vehicle. – A motor vehicle which is incapable of operation
26		or use	e upon the highways and has no resale value except as a
27		source	e of parts or scrap, and shall not be titled or registered."
28	Sec. 3. This		comes effective October 1, 1995.