

103^D CONGRESS
1ST SESSION

H. R. 3713

To amend the Motor Vehicle Information and Cost Savings Act to establish certain safeguards for the protection of purchasers with respect to the sale of motor vehicles that are salvage or have been damaged, to require inspection of salvage vehicles that have been repaired in order to prevent the sale of unsafe vehicles or vehicles with stolen parts, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 22, 1993

Mr. WHEAT introduced the following bill; which was referred to the Committee on Energy and Commerce

A BILL

To amend the Motor Vehicle Information and Cost Savings Act to establish certain safeguards for the protection of purchasers with respect to the sale of motor vehicles that are salvage or have been damaged, to require inspection of salvage vehicles that have been repaired in order to prevent the sale of unsafe vehicles or vehicles with stolen parts, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE AND REFERENCE.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Salvage Vehicle Title Reform and Highway Safety Act”.

1 (b) REFERENCE.—Whenever in this Act an amend-
2 ment or repeal is expressed in terms of an amendment
3 to, or repeal of, a section or other provision, the reference
4 shall be considered to be made to a section or other provi-
5 sion of the Motor Vehicle Information and Cost Savings
6 Act.

7 **SEC. 2. RESTRUCTURE.**

8 Title IV (15 U.S.C. 1981–1991) is amended—

9 (1) by amending the title heading to read as
10 follows:

11 “TITLE IV—ODOMETER AND DAMAGED
12 VEHICLE REQUIREMENTS”,

13 (2) by inserting after the title heading the fol-
14 lowing:

15 “PART A—FINDINGS AND PURPOSE AND DEFINITIONS”

16 (3) by redesignating sections 403 through 408
17 as sections 405 through 410, respectively, by redesi-
18 gnating sections 409 through 416 as sections 425
19 through 432, respectively, by repealing sections 419
20 and 420 and by redesignating sections 417 and 418
21 as sections 435 and 436, respectively.

22 (4) by inserting after section 402 the following:

23 “PART B—ODOMETER REQUIREMENTS”,

24 (5) by inserting after section 410 (as so redesi-
25 gnated) the following:

1 “(A) the salvage and damage history of a motor
2 vehicle is important in assisting a purchaser to de-
3 termine its safety, value, and reliability;

4 “(B) the rebuilding of salvage vehicles bears re-
5 semblance in principle to the manufacture of motor
6 vehicles and as such requires oversight to prevent
7 the sale and operation on the nation’s highways of
8 unsafe rebuilt motor vehicles;

9 “(C) the switching of parts and vehicle identi-
10 fication numbers between salvage vehicles and stolen
11 motor vehicles is an important means of profitable
12 disposal of stolen motor vehicles; and

13 “(D) purchasers of motor vehicles are entitled
14 to information with respect to the salvage and dam-
15 age history of motor vehicles.”; and

16 (3) by amending the last sentence to read as
17 follows:

18 “(b)(1) It is the purpose of part B to prohibit tam-
19 pering with odometers on motor vehicles and to establish
20 certain safeguards for the protection of purchasers with
21 respect to the sale of motor vehicles having altered or reset
22 odometers.

23 “(2) It is the purpose of part C to establish certain
24 safeguards with respect to the sale of motor vehicles that
25 are salvage or have been damaged and to require inspec-

1 tion of salvage vehicles that have been repaired in order
2 to prevent the sale of unsafe vehicles or vehicles incor-
3 porating stolen parts.”.

4 **SEC. 4. DEFINITIONS.**

5 Section 402 (15 U.S.C. 1982) is amended by adding
6 at the end the following:

7 “(9) The term ‘motor vehicle’ means a motor
8 vehicle as defined in section 2(15) but it does not in-
9 clude—

10 “(A) a motor vehicle that is more than 25
11 years old;

12 “(B) a motor vehicle that is not self-pro-
13 pelled; or

14 “(C) a motor vehicle sold directly by the
15 manufacturer to any agency of the United
16 States in conformity with contractual specifica-
17 tions for as long as the motor vehicle is owned
18 by the United States.

19 “(10) The term ‘actual cost’ when used in con-
20 nection with motor vehicle repairs means the price
21 paid for repairs or the fair market value of the re-
22 pairs needed to return a motor vehicle to its
23 undamaged condition, whichever is greater.

24 “(11) The term ‘salvage vehicle’ means a motor
25 vehicle that has been damaged and that meets or at

1 any time in the past has met either of the following
2 criteria:

3 “(A) An insurance company has deter-
4 mined that it is economically impractical to re-
5 pair the damaged motor vehicle and has made
6 with respect to the motor vehicle an agreed set-
7 tlement with the insured or claimant.

8 “(B) The estimated or the actual cost of
9 repairing the damaged motor vehicle, whichever
10 is greater, exceeds 65 percent of the fair mar-
11 ket value of the motor vehicle immediately be-
12 fore it was damaged.”.

13 **SEC. 5. DISCLOSURE REQUIREMENTS.**

14 Title IV (15 U.S.C. 1981-1991) is amended by in-
15 serting after the heading for part C (as added by section
16 2(5)) the following:

17 “SEC. 415. (a)(1) Not later than 180 days after the
18 date of the enactment of this part, the Secretary shall pre-
19 scribe rules requiring any transferor to give the following
20 written and notarized disclosure to the transferee in con-
21 nection with the transfer of ownership of a motor vehicle:

22 “(A) Whether the motor vehicle is a salvage
23 vehicle.

1 “(B) Whether the motor vehicle has on any oc-
2 casation during or before the time that it was owned
3 by the transferor suffered major damage.

4 “(C) The nature and the amount of damage
5 sustained on each occasion referred to in subpara-
6 graph (B), the year the damage was sustained, and
7 the identity of the person who owned the motor vehi-
8 cle at the time of the damage.

9 “(2) The rules under paragraph (1) shall prescribe
10 the manner in which the information shall be disclosed and
11 shall be retained and shall require that the original of the
12 disclosure shall be attached to the title of such motor vehi-
13 cle, except that if the title conforms to the requirements
14 of section 416(b), the disclosure shall be placed on the
15 title.

16 “(3) The rules under paragraph (1) shall also provide
17 a definition of the term ‘major damage’. The Secretary
18 shall provide such definition after consultation with rep-
19 resentatives of law enforcement agencies, the States, in-
20 dustry, and consumers. In establishing such definition the
21 Secretary shall give priority to making the definition sim-
22 ple and readily understandable to ordinary consumers and
23 to ensuring coverage of damage that may significantly af-
24 fect the safety or value of a vehicle and shall give consider-

1 ation to the costs or the amount of effort required to pro-
2 vide disclosure of damage.

3 “(b)(1) In the case of any leased motor vehicle, the
4 rules under subsection (a) shall require the lessee of the
5 motor vehicle to make the disclosure required by such
6 rules to the lessor of the motor vehicle before the lessor
7 transfers ownership of the leased motor vehicle.

8 “(2) Under such rules the lessor of a leased motor
9 vehicle shall provide written notice to the lessee regard-
10 ing—

11 “(A) such salvage and damage history disclo-
12 sure requirement, and

13 “(B) the penalties for failure to comply with
14 such requirement.

15 “(3) The lessor shall retain the disclosures made by
16 any lessee with respect to any motor vehicle under para-
17 graph (1) for a period of at least 4 years following the
18 date the lessor transfers ownership of such motor vehicle.

19 “(4) If the lessor transfers ownership of any leased
20 motor vehicle without obtaining possession of such motor
21 vehicle, the lessor may, in making the disclosure required
22 by subsection (a), indicate the information disclosed by the
23 lessee under paragraph (1) unless the lessor has reason
24 to believe that such disclosure by the lessee does not re-
25 flect the actual salvage and damage history of the vehicle.

1 “(c) No transferor, lessor, or lessee of a leased motor
2 vehicle shall violate any rule promulgated under subsection
3 (a) or give a false statement to a transferee or lessor, as
4 the case may be, in making any disclosure required by
5 such rule.

6 “(d) No transferee who, for purposes of resale, ac-
7 quires ownership of a motor vehicle—

8 “(1) shall fail to obtain, in connection with the
9 transfer, any written disclosure required to be given
10 to the transferee under the rules promulgated under
11 subsection (a), or

12 “(2) shall accept any disclosure if such disclo-
13 sure is incomplete.

14 “MOTOR VEHICLE SALES

15 “SEC. 416. (a) A dealer or distributor who sells a
16 motor vehicle to a person who in good faith purchases the
17 motor vehicle for purposes other than resale shall—

18 “(1) show the original or a copy of—

19 “(A) the motor vehicle title, and

20 “(B) any disclosure required to be made
21 with respect to such motor vehicle under section
22 415(a),

23 to the purchaser before the sale, and

24 “(2) provide the title and such disclosures, in-
25 cluding copies of the title or such disclosure, to the
26 purchaser at the time of the sale.

1 “(b) If any motor vehicle is sold at an auction, the
2 auction company which conducts such auction shall estab-
3 lish and maintain for a period of at least 4 years following
4 the date of such sale records showing whether any disclo-
5 sure made in accordance with section 415(a) indicates
6 whether the motor vehicle was salvage or had been
7 damaged.

8 “TITLE REQUIREMENTS

9 “SEC. 417. (a) Not later than 90 days after the date
10 of the enactment of this part, the Secretary shall prescribe
11 rules requiring that any motor vehicle the ownership of
12 which is transferred may not be licensed for use in any
13 State unless—

14 “(1) the transferee in submitting an application
15 to a State for the title upon which such license will
16 be issued includes with such application both the ex-
17 isting title or manufacturer’s statement of origin
18 and any disclosure made by a transferor under sec-
19 tion 415(a) that has been delivered to the transferee,
20 and

21 “(2) the title issued by the State to such trans-
22 feree following such transfer shows on its face in
23 conspicuous and plain wording—

24 “(A) whether any ‘salvage’, ‘rebuilt’, ‘re-
25 constructed’, ‘flood damaged’, ‘junk’, or similar
26 label or indication was shown on the title sur-

1 rendered by the transferee to the State or on
2 any title previously issued for the motor vehicle;

3 “(B) the substance of all such labels and
4 indications;

5 “(C) the name of any State previously is-
6 suing a title for the motor vehicle showing such
7 a label or indication; and

8 “(D) whether any disclosure pursuant to
9 section 415(a) or other documentation received
10 by such State has shown that the motor vehicle
11 is a salvage vehicle or has suffered damage as
12 described in section 415(a)(1)(B).

13 In determining whether any title was previously issued for
14 a motor vehicle with such label or indication as described
15 in subparagraph (A) or whether any disclosure or docu-
16 mentation as described in subparagraph (D) has been re-
17 ceived, a State shall make use of all information that is
18 both available to such State and retrievable without sub-
19 stantial labor or delay.

20 “(b) Not later than 180 days after the date of the
21 enactment of this part, the Secretary shall prescribe rules
22 requiring that any motor vehicle, the ownership of which
23 is transferred after 2½ years after the date of the enact-
24 ment of this part, may not be licensed for use in any State

1 unless the title which is issued by such State to the trans-
2 feree—

3 “(1) indicates all disclosures required to be
4 made for such motor vehicle under section 415(a);

5 “(2) contains a space for the transferee to pro-
6 vide such disclosures in the event of a future trans-
7 fer of ownership and for the transferee to sign and
8 date such disclosures before a notary; and

9 “(3) contains on its face a written statement, in
10 addition to any statement required by subsection
11 (a)(2), reciting in conspicuous and plain wording the
12 substance of any disclosure under section 415(a)
13 that has been delivered to the State or passed on to
14 the State on the face of previous titles.

15 “(c) The rule promulgated under subsection (b) shall
16 require each State—

17 “(1) to maintain copies of—

18 “(A) all motor vehicle titles and title appli-
19 cations, and

20 “(B) all disclosures required to be made
21 under section 415(a) which are delivered to the
22 State,

23 as part of the title history for motor vehicles for a
24 period of at least 10 years from the date such docu-
25 ments are received, and

1 to check for safety defects and, beginning February 1,
2 1996, to check for stolen parts. Such rule shall provide—

3 “(1) the minimum safety standards for repaired
4 salvage vehicles,

5 “(2) the minimum steps and inquiry to be un-
6 dertaken during any such inspection,

7 “(3) that such inspections shall be at the ex-
8 pense of the owners of the salvage vehicles,

9 “(4) the manner in which information relating
10 to inspections shall be retained,

11 “(5) the minimum requirements for any person
12 to be licensed as an inspector,

13 “(6) the manner in which information relating
14 to licensing of inspectors shall be retained,

15 “(7) that any program for inspection shall be
16 subject to the continuing review and approval of the
17 Secretary, and

18 “(8) that any inspector licensed by any State
19 shall be subject to section 430(b) to the same extent
20 as a dealer or distributor.

21 “(b) The fact that a motor vehicle has been inspected
22 under subsection (a) shall not be admissible as evidence
23 in any legal proceeding for the purpose of showing—

24 “(1) that the motor vehicle was in fact safe or
25 did not contain stolen parts, or

1 be prima facie evidence of an intent to defraud on claims
2 relating to a violation of the requirements of this part.”.

3 (b) PREEMPTION.—Section 436 (as so redesignated)
4 (15 U.S.C. 1991) is amended by striking out “or” at the
5 end of paragraph (1), by redesignating paragraph (2) as
6 paragraph (3), and by inserting after paragraph (1) the
7 following:

8 “(2) annul, alter, or affect the laws of any
9 State with respect to the disclosure of salvage or
10 damage history of a motor vehicle or with respect to
11 the inspection of a motor vehicle, or”.

12 (c) TECHNICAL AMENDMENTS.—

13 (1) SECTION 410(b).—Subsection (b) of section
14 410 (as so redesignated) (15 U.S.C. 1988) is
15 amended—

16 (A) by striking “transferor” and inserting
17 “transferor of a motor vehicle or lessor or lessee
18 of a leased motor vehicle”; and

19 (B) by striking “to a transferee” and in-
20 serting “to a transferee or lessor, as the case
21 may be,”.

22 (2) SECTION 410(c).—Subsection (c) of section
23 410 (as so redesignated) (15 U.S.C. 1988) is
24 amended—

1 (A) by striking “shall accept” and insert-
2 ing “shall fail to obtain, in connection with the
3 transfer,”;

4 (B) by striking “required by” and insert-
5 ing “required to be given to the transferee
6 under”;

7 (C) by striking “under this section” and
8 inserting “under subsection (a)”; and

9 (D) by striking “if such disclosure” and in-
10 sserting “or shall accept any disclosure if such
11 disclosure”.

12 (3) SECTION 410(e).—Subsection (e) of section
13 410 (19 U.S.C. 1988) is amended—

14 (A) in paragraph (1), by striking “rules”
15 and inserting “rules” and by striking “upon
16 the” and inserting “before the”; and

17 (B) in paragraph (4), by striking “on the
18 title” and by striking “For purposes of this sec-
19 tion, if” and inserting “If”.

○

HR 3713 IH—2