

CHAPTER 122

MOTOR VEHICLES AND TRAFFIC REGULATION

HOUSE BILL 14-1100

BY REPRESENTATIVE(S) Swalm and Pabon, Wilson, McCann, Fields, Gardner, Holbert, McNulty, Navarro, Rosenthal, Scott, Tyler, Williams, Becker, Court, Exum, Hullinghorst, Kraft-Tharp, Labuda, Lee, Mitsch Bush, Vigil;
also SENATOR(S) Grantham, Crowder, Heath, Hodge, Jahn, Jones, King, Nicholson, Rivera, Tochtrop, Todd.

AN ACT

CONCERNING THE USE OF TITLE DOCUMENTS TO GIVE NOTICE OF CHARACTERISTICS OF MOTOR VEHICLES THAT AFFECT A VEHICLE'S VALUE, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, 42-6-102, **amend** (17) (a) (I); and **add** (1.7), (6.1), (6.4), (11.2), and (11.3) as follows:

42-6-102. Definitions. As used in this part 1, unless the context otherwise requires:

(1.7) "BRAND" MEANS A PERMANENT DESIGNATION OR MARKING ON A MOTOR VEHICLE'S TITLE, ASSOCIATED WITH THE VEHICLE IDENTIFICATION NUMBER, THAT CONVEYS INFORMATION ABOUT THE VALUE OF THE VEHICLE OR INDICATES THAT THE VEHICLE:

- (a) IS A SALVAGE VEHICLE;
- (b) IS REBUILT FROM SALVAGE;
- (c) IS NONREPAIRABLE;
- (d) IS FLOOD DAMAGED;
- (e) HAS HAD ITS ODOMETER TAMPERED WITH; OR
- (f) HAS A DESIGNATION PLACED ON THE TITLE BY ANOTHER JURISDICTION.

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

(6.1) "FLOOD DAMAGED" MEANS A MOTOR VEHICLE WAS SUBMERGED IN WATER TO THE POINT THAT RISING WATER HAS REACHED OVER THE DOORSILL AND ENTERED THE PASSENGER COMPARTMENT AND DAMAGED ELECTRICAL, COMPUTER, OR MECHANICAL COMPONENTS.

(6.4) "JUNK" MEANS A VEHICLE THAT IS INCAPABLE OF OPERATING ON ROADS AND IS NO LONGER A VEHICLE BECAUSE IT HAS BEEN DESTROYED, DISMANTLED, OR CHANGED. THESE VEHICLES MAY NOT BE ISSUED A CERTIFICATE OF TITLE, AND ANY TITLE SECURED IN THE PURCHASE OF SUCH A VEHICLE IS TO BE SURRENDERED TO THE DEPARTMENT, WHICH SHALL CANCEL THE VEHICLE IDENTIFICATION NUMBER AND REMOVE THE VEHICLE FROM THE MOTOR VEHICLE SYSTEM.

(11.2) "NONREPAIRABLE" MEANS A MOTOR VEHICLE THAT:

(a) IS INCAPABLE OF SAFE OPERATION ON THE ROAD AND THAT HAS NO RESALE VALUE EXCEPT AS SCRAP OR AS A SOURCE OF PARTS; OR

(b) THE OWNER HAS DESIGNATED AS SCRAP OR AS A SOURCE OF PARTS.

(11.3) "NONREPAIRABLE TITLE" MEANS A TITLE DOCUMENT ISSUED BY THE DIRECTOR OR AUTHORIZED AGENT TO INDICATE OWNERSHIP OF A NONREPAIRABLE VEHICLE.

(17) (a) (I) "Salvage vehicle" means:

(A) A FLOOD-DAMAGED VEHICLE;

(B) A VEHICLE BRANDED AS A SALVAGE VEHICLE BY ANOTHER STATE; OR

(C) A vehicle that is damaged by collision, fire, flood, accident, trespass, or other occurrence, excluding hail damage, to the extent that the cost of repairing the vehicle to a roadworthy condition and for legal operation on the highways exceeds the vehicle's retail fair market value immediately prior to the damage, as determined by the person who owns the vehicle at the time of the occurrence or by the insurer or other person acting on behalf of the owner.

SECTION 2. In Colorado Revised Statutes, 42-6-102, **amend** (17) (c) as follows:

42-6-102. Definitions. As used in this part 1, unless the context otherwise requires:

(17) (c) This subsection (17) ~~shall~~ DOES not apply to a vehicle whose model year of manufacture is six years or older at the time of damage UNLESS THE VEHICLE IS A FLOOD-DAMAGED VEHICLE OR HAS BEEN BRANDED AS A SALVAGE VEHICLE BY ANOTHER STATE.

SECTION 3. In Colorado Revised Statutes, 42-6-107, **amend** (1) (a) as follows:

42-6-107. Certificates of title - contents - rules. (1) (a) (I) The department or

authorized agent shall mail or deliver certificates of title to motor or off-highway vehicles issued under this part 1 to the applicant, except as provided in section 42-6-124, and the director shall retain and appropriately index and file information appearing and concerning the issuance of the certificates of title. The certificates may be electronic records in compliance with rules adopted by the director.

(II) In addition to other information that the director may by rule require, the certificates OF TITLE must contain the make and model of the motor or off-highway vehicle described in the record, if the information is available, together with the motor and any other serial number of the vehicle, and a description of any other marks or symbols placed upon the vehicle by the vehicle manufacturer for identification purposes.

(III) IF A VEHICLE SHOWS A BRAND IN ITS TITLE HISTORY, OR IF THE VEHICLE IS SUBJECT TO A BRAND, THE DEPARTMENT SHALL PLACE THE APPROPRIATE BRAND ON THE CERTIFICATE OF TITLE. IF THE VEHICLE HAS MULTIPLE BRANDS, THE DEPARTMENT SHALL PLACE THE MOST RECENT BRAND ON THE CERTIFICATE OF TITLE AND THE NOTICE "OTHER BRANDS EXIST". IF THE BRAND IS FROM A CERTIFICATE OF TITLE ISSUED IN ANOTHER JURISDICTION, THE BRAND MUST BE CARRIED FORWARD TO THE COLORADO CERTIFICATE OF TITLE ALONG WITH THE NAME OF THE JURISDICTION ORIGINATING THE BRAND.

(IV) The year listed on the certificate of title of a kit vehicle is the year of manufacture of the kit from which the vehicle was assembled, as indicated in the manufacturer's statement of origin.

SECTION 4. In Colorado Revised Statutes, 42-6-110 **add** (1.5) as follows:

42-6-110. Certificate of title - transfer. (1.5) (a) IF AN INSURER, AS DEFINED IN SECTION 10-1-102 (13), C.R.S., OR A SALVAGE POOL AUTHORIZED BY AN INSURER IS UNABLE TO OBTAIN THE PROPERLY ENDORSED CERTIFICATE OF OWNERSHIP OR OTHER EVIDENCE OF OWNERSHIP ACCEPTABLE TO THE DEPARTMENT WITHIN THIRTY DAYS FOLLOWING ORAL OR WRITTEN ACCEPTANCE BY THE OWNER OF AN OFFER OF SETTLEMENT OF A TOTAL LOSS, THAT INSURER OR SALVAGE POOL MAY REQUEST, ON A FORM PROVIDED BY THE DEPARTMENT AND SIGNED UNDER PENALTY OF PERJURY, THE DEPARTMENT TO ISSUE A SALVAGE OR NONREPAIRABLE TITLE FOR THE VEHICLE. THE REQUEST MUST INCLUDE INFORMATION DECLARING THAT THE INSURER OR SALVAGE POOL HAS MADE AT LEAST TWO WRITTEN ATTEMPTS TO OBTAIN THE CERTIFICATE OF OWNERSHIP OR OTHER ACCEPTABLE EVIDENCE OF TITLE AND MUST INCLUDE THE FEE FOR A DUPLICATE TITLE. THE FORM REQUESTING A SALVAGE OR NONREPAIRABLE TITLE IS THE ONLY EVIDENCE REQUIRED TO OBTAIN A SALVAGE OR NONREPAIRABLE TITLE.

(b) UPON RECEIVING THE FEE FOR A DUPLICATE TITLE AND THE CERTIFICATE OF OWNERSHIP, OTHER EVIDENCE OF TITLE, OR A PROPERLY EXECUTED REQUEST DESCRIBED IN PARAGRAPH (a) OF THIS SUBSECTION (1.5), THE DEPARTMENT SHALL ISSUE THE SALVAGE OR NONREPAIRABLE TITLE FOR THE VEHICLE.

SECTION 5. In Colorado Revised Statutes, **amend** 42-6-136 as follows:

42-6-136. Surrender and cancellation of certificate - penalty for violation.

(1) (a) The owner of a motor or off-highway vehicle for which a Colorado certificate of title has been issued, upon the destruction or dismantling of the vehicle OR upon its being changed so that it is no longer a motor or off-highway vehicle, ~~or upon its being sold or otherwise disposed of as salvage,~~ shall surrender the certificate of title to the vehicle to the director or the authorized agent ~~to be canceled~~ or notify the director or the authorized agent on director-approved forms indicating the loss, destruction, or dismantling. ~~or sale for salvage.~~ UPON RECEIVING THE SURRENDERED CERTIFICATE OF TITLE OR THE NOTICE OF LOSS, DESTRUCTION, OR DISMANTLING, THE DIRECTOR OR AUTHORIZED AGENT SHALL CLASSIFY THE VEHICLE AS JUNK.

(b) THE DEPARTMENT SHALL NOT ISSUE A CERTIFICATE OF TITLE TO A VEHICLE CLASSIFIED AS JUNK. THE HOLDER OF A LIEN OR MORTGAGE SECURED BY THE VEHICLE'S TITLE FOR THE PURCHASE SHALL SURRENDER THE TITLE TO THE DEPARTMENT. THE DEPARTMENT SHALL CANCEL THE TITLE AND REMOVE THE VEHICLE IDENTIFICATION NUMBER FROM THE MOTOR VEHICLE DATABASE.

(c) Upon the owner's procuring the consent of the holders of unreleased mortgages or liens noted on or recorded as part of the certificate of title, the director or authorized agent shall cancel the certificate.

(d) A person who violates this section commits a class 1 petty offense and shall be punished as provided in section 18-1.3-503, C.R.S.

(2) (a) ~~Upon the sale or transfer of a motor vehicle for which a current Colorado certificate of title has been issued or filed and that has become a salvage vehicle, as defined in section 42-6-102 (17), the purchaser or transferee shall apply for a salvage certificate of title. The owner of such a motor vehicle may apply for a salvage certificate of title before the sale or transfer of such vehicle. An owner applying for a salvage certificate of title shall provide the director evidence of ownership that satisfies the director of the right of the applicant to have a salvage certificate of title filed in favor of the owner~~ WHEN A MOTOR VEHICLE OWNER DETERMINES THAT A MOTOR VEHICLE FOR WHICH A COLORADO CERTIFICATE OF TITLE HAS BEEN ISSUED IS NONREPAIRABLE, THE OWNER OF THE VEHICLE SHALL APPLY FOR A NONREPAIRABLE TITLE. TO BE ISSUED A NONREPAIRABLE TITLE, AN APPLICANT MUST PROVIDE THE DIRECTOR WITH EVIDENCE OF OWNERSHIP THAT SATISFIES THE DIRECTOR OF THE APPLICANT'S RIGHT TO HAVE A NONREPAIRABLE TITLE FILED IN THE APPLICANT'S FAVOR. IF A MOTOR VEHICLE IS NONREPAIRABLE, THE DIRECTOR OR AUTHORIZED AGENT SHALL ISSUE THE VEHICLE A NONREPAIRABLE TITLE.

(b) UPON THE OWNER'S PROCURING THE CONSENT OF THE HOLDER OF AN UNRELEASED MORTGAGE OR LIEN NOTED ON THE CERTIFICATE OF TITLE, THE DIRECTOR OR AUTHORIZED AGENT SHALL CANCEL THE VEHICLE'S REGISTRATION.

(3) (a) ~~An owner of a salvage motor vehicle that has been made roadworthy who applies for a certificate of title as provided in section 42-6-116 shall include such information regarding the vehicle as the director may require by rule. The owner shall provide to the director evidence of ownership that satisfies the director that the applicant is entitled to filing of a certificate of title. The director or the authorized agent shall designate in a conspicuous place in the record for a vehicle that it is a~~

salvage vehicle that has been made roadworthy. Such designation shall include the words "REBUILT FROM SALVAGE" and shall become a permanent part of the certificate of title for such vehicle and shall appear on all subsequent certificates of title for such vehicle.

~~(b) (I) An owner of a salvage motor vehicle that has been made roadworthy who applies for a certificate of title as provided in section 42-6-116 shall include a certified VIN inspection, DR2704, performed by a law enforcement officer certified as a VIN inspector.~~

~~(H) Prior to the inspection, the applicant shall stamp into the motor vehicle the words "REBUILT FROM SALVAGE" with each letter being not less than one-fourth inch in size. Such words shall be a salvage brand and be stamped in the following locations:~~

~~(A) In a motorcycle, on the frame in a visible location;~~

~~(B) In a class A manufactured motor home, on the main entrance door jamb;~~

~~(C) In a trailer, adjacent to the public vehicle identification number;~~

~~(D) In all other motor vehicles, on the body post to which the driver's door latches, also known as the driver's door B pillar.~~

~~(H) The law enforcement officer shall not complete the inspection required by this paragraph (b) unless the salvage brand complies with this paragraph (b).~~

~~(c) (I) Except as provided in subparagraph (H) of this paragraph (c), a person commits a class 1 misdemeanor and, upon conviction, shall be punished as provided in section 18-1.3-501, C.R.S., if such person:~~

~~(A) Intentionally removes or alters a salvage brand; or~~

~~(B) Possesses a motor vehicle without retitling the vehicle with a salvage brand for forty-five days after learning that the motor vehicle's salvage brand may have been removed or altered.~~

~~(H) A person may remove or alter a salvage brand if necessary to legitimately repair a motor vehicle. Such person shall provide evidence of such repair to the investigating law enforcement authority, including pre-repair and post-repair photographs of the affected motor vehicle part and the salvage brand and a signed affidavit describing the repairs. Upon repair, or subsequent repair, the vehicle shall be restamped.~~

SECTION 6. In Colorado Revised Statutes, **add** 42-6-136.5 as follows:

42-6-136.5. Salvage title. (1) UPON THE SALE OR TRANSFER OF A MOTOR VEHICLE FOR WHICH A CURRENT COLORADO CERTIFICATE OF TITLE HAS BEEN ISSUED OR FILED AND THAT HAS BECOME A SALVAGE VEHICLE, THE PURCHASER OR TRANSFEREE SHALL APPLY FOR A SALVAGE CERTIFICATE OF TITLE. THE OWNER OF THE VEHICLE MAY APPLY FOR A SALVAGE CERTIFICATE OF TITLE BEFORE THE SALE

OR TRANSFER OF THE VEHICLE. TO BE ISSUED A SALVAGE TITLE, AN OWNER APPLYING FOR A SALVAGE CERTIFICATE OF TITLE MUST PROVIDE THE DIRECTOR WITH EVIDENCE OF OWNERSHIP THAT SATISFIES THE DIRECTOR OF THE APPLICANT'S RIGHT TO HAVE A SALVAGE CERTIFICATE OF TITLE FILED IN THE APPLICANT'S FAVOR.

(2) (a) AN OWNER OF A SALVAGE MOTOR VEHICLE THAT HAS BEEN MADE ROADWORTHY WHO APPLIES FOR A CERTIFICATE OF TITLE AS PROVIDED IN SECTION 42-6-116 SHALL INCLUDE THE INFORMATION REGARDING THE VEHICLE AS THE DIRECTOR MAY REQUIRE BY RULE. TO BE ISSUED A SALVAGE TITLE, THE OWNER MUST PROVIDE TO THE DIRECTOR EVIDENCE OF OWNERSHIP THAT SATISFIES THE DIRECTOR THAT THE APPLICANT IS ENTITLED TO FILE A CERTIFICATE OF TITLE. THE DIRECTOR SHALL PLACE A DESIGNATION IN A CONSPICUOUS PLACE IN THE RECORD WHEN A SALVAGE VEHICLE HAS BEEN MADE ROADWORTHY. THE DIRECTOR SHALL INCLUDE THE WORDS "REBUILT FROM SALVAGE" AND SHALL MAKE THE DESIGNATION A PERMANENT PART OF THE CERTIFICATE OF TITLE FOR THE VEHICLE, SO THAT THE PHRASE APPEARS ON ALL SUBSEQUENT CERTIFICATES OF TITLE FOR THE VEHICLE.

(b) (I) AN OWNER OF A SALVAGE MOTOR VEHICLE THAT HAS BEEN MADE ROADWORTHY WHO APPLIES FOR A CERTIFICATE OF TITLE IN ACCORDANCE WITH SECTION 42-6-116 SHALL INCLUDE A CERTIFIED VIN INSPECTION IN ACCORDANCE WITH SECTION 42-5-202 BY A CERTIFIED VIN INSPECTOR.

(II) TO PASS THE VIN INSPECTION REQUIRED BY THIS PARAGRAPH (b), THE APPLICANT MUST STAMP A MOTOR VEHICLE WITH A SALVAGE BRAND USING THE WORDS "REBUILT FROM SALVAGE" WITH EACH LETTER BEING NOT LESS THAN ONE-FOURTH INCH IN HEIGHT. THE BRAND MUST BE PLACED IN THE FOLLOWING LOCATIONS:

(A) IN A MOTORCYCLE, ON THE FRAME IN A VISIBLE LOCATION;

(B) IN A CLASS A MANUFACTURED MOTOR HOME, ON THE MAIN ENTRANCE DOOR JAMB;

(C) IN A TRAILER, ADJACENT TO THE PUBLIC VEHICLE IDENTIFICATION NUMBER;
AND

(D) IN ALL OTHER MOTOR VEHICLES, ON THE BODY POST TO WHICH THE DRIVER'S DOOR LATCHES, ALSO KNOWN AS THE DRIVER'S DOOR B PILLAR.

(c) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH (c), A PERSON COMMITS A CLASS 1 MISDEMEANOR AND, UPON CONVICTION, SHALL BE PUNISHED AS PROVIDED IN SECTION 18-1.3-501, C.R.S., IF THE PERSON:

(A) INTENTIONALLY REMOVES OR ALTERS A SALVAGE BRAND; OR

(B) POSSESSES A MOTOR VEHICLE WITHOUT RETITLING THE VEHICLE WITH A SALVAGE BRAND FOR FORTY-FIVE DAYS AFTER LEARNING THAT THE MOTOR VEHICLE'S SALVAGE BRAND MAY HAVE BEEN REMOVED OR ALTERED.

(II) A PERSON MAY REMOVE OR ALTER A SALVAGE BRAND IF NECESSARY TO

LEGITIMATELY REPAIR A MOTOR VEHICLE. TO QUALIFY FOR THIS EXCEPTION, THE PERSON MUST PROVIDE EVIDENCE OF THE REPAIR TO THE INVESTIGATING LAW ENFORCEMENT AUTHORITY. THE EVIDENCE MUST INCLUDE PRE-REPAIR AND POST-REPAIR PHOTOGRAPHS OF THE AFFECTED MOTOR VEHICLE PART AND THE SALVAGE BRAND AND A SIGNED AFFIDAVIT DESCRIBING THE REPAIRS. UPON REPAIR, OR SUBSEQUENT REPAIR, THE PERSON OR OWNER MUST RESTAMP THE VEHICLE.

SECTION 7. In Colorado Revised Statutes, **add** 42-12-105 as follows:

42-12-105. Evidence of ownership of parts - copy of nonrepairable title. THE DIRECTOR MAY ACCEPT A COPY OF THE NONREPAIRABLE TITLE AS EVIDENCE OF OWNERSHIP OF A PART WHEN THE PART IS USED TO RESTORE ANOTHER VEHICLE UNDER THIS ARTICLE.

SECTION 8. Appropriation. (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado state titling and registration account of the highway users tax fund created in section 42-1-211 (2), Colorado Revised Statutes, not otherwise appropriated, to the department of revenue, for the fiscal year beginning July 1, 2014, the sum of \$97,850, or so much thereof as may be necessary, to be allocated to the information technology division for the purchase of computer programming services related to the implementation of this act.

(2) In addition to any other appropriation, there is hereby appropriated to the governor - lieutenant governor - state planning and budgeting, for the fiscal year beginning July 1, 2014, the sum of \$97,850, or so much thereof as may be necessary, for allocation to the office of information technology, for the provision of computer center services for the department of revenue related to the implementation of this act. Said sum is from reappropriated funds received from the department of revenue out of the appropriation made in subsection (1) of this section.

SECTION 9. Act subject to petition - effective date - applicability. (1) Except as otherwise provided in this section, this act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 6, 2014, if adjournment sine die is on May 7, 2014); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2014 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

(2) Section 2 of this act does not take effect if House Bill 14-1299 becomes law.

(3) This act applies to acts committed on or after January 1, 2015.

Approved: April 18, 2014