

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 59th Legislature (2023)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 1073

By: Smith

7
8 COMMITTEE SUBSTITUTE

9 An Act relating to motor vehicles; amending 47 O.S.
10 2021, Section 1111, as amended by Section 123,
11 Chapter 282, O.S.L. 2022 (47 O.S. Supp. 2022, Section
12 1111), which relates to salvage titles; requiring
13 notification of penalty; requiring Service Oklahoma
14 to cancel certain certificates of title; requiring
15 issuance of certain certificate of title; requiring
16 the mailing of certain documents; and providing an
17 effective date.

18 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

19 SECTION 1. AMENDATORY 47 O.S. 2021, Section 1111, as
20 amended by Section 123, Chapter 282, O.S.L. 2022 (47 O.S. Supp.
21 2022, Section 1111), is amended to read as follows:

22 Section 1111. A. As used in this section:

23 1. "Loss" means the cost, in dollars, to repair or replace a
24 vehicle which has been damaged by collision or other occurrence.
The amount paid by an insurer to a holder of the certificate of
title for repair of a damaged vehicle shall be prima facie evidence

1 of the amount of the loss. The amount paid by an insurer to a
2 holder of the certificate of title for replacement of a damaged
3 vehicle less the resale value of the damaged vehicle shall be prima
4 facie evidence of the amount of the loss;

5 2. "Fair market value" means the value of a vehicle as listed
6 in the current National Auto Dealers Association guidebook or other
7 similar guidebook or the actual cash value, whichever is greater;

8 3. "Resale value" means the amount, in dollars, paid to the
9 holder of a certificate of title by a willing buyer for a vehicle
10 damaged by collision or other occurrence or recovered from theft;

11 4. "Total loss" means a loss which is equal to the fair market
12 value of the vehicle immediately prior to the damage to or theft of
13 the vehicle; and

14 5. "Vehicle" means a vehicle, as defined in paragraph ~~40~~ 41 of
15 Section 1102 of this title, manufactured within the last ten (10)
16 model years.

17 B. Any insurance company that pays a total loss on a claim for
18 any vehicle including, but not limited to, a flood-damaged vehicle
19 or recovered-theft vehicle, any junk dealer who receives a motor
20 vehicle which is to be used for junk or for parts, or any other
21 person permanently dismantling or junking a vehicle shall receive
22 the certificate of title from the current holder of the certificate
23 of title, shall detach the license plate from the vehicle, and shall
24 return the license plate and the certificate of title to Service

1 Oklahoma or a licensed operator within thirty (30) days from receipt
2 of the certificate, or insurance companies may provide alternate
3 documentation within thirty (30) days pursuant to subsection P of
4 Section 1105 of this title. Service Oklahoma shall cancel the
5 certificate of title to the vehicle used for junk or parts and shall
6 preserve the vehicle identification numbers on the certificate of
7 title in the computer files for at least five (5) years. No
8 certificate of title may be reissued on a junked vehicle as defined
9 in Section 1105 of this title, unless reissued pursuant to paragraph
10 3 of subsection C of this section. Service Oklahoma shall transfer
11 ownership of a stolen vehicle, not recovered from theft at the time
12 of transfer, by salvage or unrecovered-theft title to the insurer.
13 Service Oklahoma shall transfer ownership of a vehicle damaged by
14 flooding or other occurrence to the insurer by an original title,
15 salvage title, or junked title, as may be appropriate, based upon an
16 estimate of the amount of loss submitted by the insurer. All
17 license plates surrendered to Service Oklahoma shall be destroyed.

18 C. 1. If an insurance company pays a claim for a loss which is
19 less than a total loss but the cost of repairing the vehicle for
20 safe operation on the highway exceeds sixty percent (60%) of the
21 fair market value of the vehicle, or if any vehicle not insured is
22 damaged to the extent that the cost of repair for safe operation on
23 the highway exceeds sixty percent (60%) of the fair market value of
24 the vehicle, any holder of the certificate of title for the vehicle

1 shall return the certificate of title to Service Oklahoma or a
2 licensed operator within thirty (30) days from receipt of payment
3 for the loss.

4 2. Upon receipt of the certificate, Service Oklahoma or the
5 licensed operator shall issue a salvage title for the vehicle. The
6 title for any vehicle damaged by flooding shall be stamped with the
7 words "Flood Damaged", and for any such vehicle which was recovered
8 from a theft, the salvage title or rebuilt title shall be stamped
9 with the words "Recovered Theft". A licensed dealer subject to the
10 provisions of the Automotive Dismantlers and Parts Recycler Act,
11 Section 591.1 et seq. of this title, shall not be required to pay
12 registration fees, excise taxes, back taxes, or penalties on a
13 vehicle as a prerequisite to obtaining a salvage title.

14 3. If the actual documented cost of repairing the vehicle for
15 safe operation on the highway does not exceed sixty percent (60%) of
16 the fair market value of the vehicle as defined in this section, the
17 certificate of title shall be reissued to the holder and the vehicle
18 shall not be subject to inspection as required under this section.
19 The actual documented cost of repairing the vehicle pursuant to this
20 paragraph shall be certified by the insurance company paying the
21 loss.

22 D. If a motor vehicle with a salvage title is placed in
23 operative condition, application shall be made to Service Oklahoma
24 or a licensed operator for a rebuilt title. A visual inspection of

1 the vehicle and examination of the vehicle identification numbers
2 shall be conducted prior to the issuance of a rebuilt title. At the
3 time of issuance, the salvage title shall be returned to Service
4 Oklahoma by the owner, or by the licensed operator if the licensed
5 operator issues the rebuilt title. A visual inspection shall also
6 be made of any out-of-state vehicle to be registered and titled in
7 this state if the vehicle is within the class of vehicles for which
8 a rebuilt title is required and a similar inspection has not been
9 conducted by another state. The certificate of title for the
10 rebuilt vehicle shall be stamped with the words, "This Rebuilt
11 Vehicle Has Been Inspected by the Appropriate State Official."

12 E. 1. The visual inspections and examination of vehicle
13 identification numbers shall include, but not be limited to:

- 14 a. comparison of the vehicle identification numbers with
15 the number recorded on the ownership records,
- 16 b. inspection of the vehicle identification numbers and
17 the VIN plate to detect possible alteration or other
18 fraud,
- 19 c. interpretation of the vehicle identification number
20 recorded on the ownership documents to assure that it
21 accurately describes the motor vehicle in question,
22 and
- 23 d. inspection of the odometer of the vehicle to detect
24 rollback or alteration.

1 2. All vehicle damage shall be repaired before the examination
2 is conducted. The following paperwork shall be presented to the
3 licensed operator: the salvage title and original receipts for all
4 parts placed on the vehicle. Components such as doors, motor, and
5 transmission shall indicate the serial number or the vehicle
6 identification number (VIN) of the auto the part was purchased from
7 or removed from.

8 F. The visual inspection and vehicle identification numbers
9 examination shall be performed by a licensed operator at the
10 location designated by the licensed operator. If the location of
11 the inspection is not the place of business of the rebuilder, the
12 licensed operator shall issue a permit authorizing the applicant to
13 operate the vehicle upon the public streets, roads, and highways in
14 route to and from the designated location for the inspection. The
15 inspection and examination shall be performed within ten (10)
16 working days after the owner of the vehicle requests the inspection
17 and examination. Requests shall be made by completing the request
18 form prescribed and provided by Service Oklahoma.

19 G. Inspection and examination of a rebuilt vehicle shall be
20 performed by a person employed by a licensed operator.

21 H. The fee for the examination by the licensed operator shall
22 be Twenty-five Dollars (\$25.00), which shall be paid at the time of
23 issuance of the certificate of title for the rebuilt vehicle. The
24 licensed operator shall retain Five Dollars (\$5.00) and shall remit

1 Twenty Dollars (\$20.00) to the Tax Commission which shall retain Ten
2 Dollars (\$10.00) and transmit Ten Dollars (\$10.00) to the State
3 Treasurer for deposit in the Department of Public Safety Revolving
4 Fund through December 31, 2022. Beginning January 1, 2023, the
5 licensed operator shall retain Five Dollars (\$5.00) and shall remit
6 Twenty Dollars (\$20.00) to the Tax Commission which shall retain Ten
7 Dollars (\$10.00) and transmit Ten Dollars (\$10.00) to the State
8 Treasurer for deposit in the Service Oklahoma Revolving Fund. The
9 licensed operator and its employees and agents may not be sued for
10 and shall not be liable for any damages allegedly arising out of the
11 inspection of a vehicle or any acts or omissions in the performance
12 of the inspection. The licensed operator may be held liable for any
13 damages to the vehicle caused by the negligent acts or omissions in
14 the performance of the inspection. Any person may be liable for any
15 damages to a vehicle caused by the intentional acts or omissions in
16 the performance of the inspection.

17 I. The rebuilt title and any subsequent transfers of such title
18 shall also reflect that the vehicle was a salvage vehicle, flood-
19 damaged vehicle or recovered-theft vehicle, if applicable, and also
20 shall include the salvage date.

21 J. Any title for a motor vehicle issued pursuant to the laws of
22 any other state which reflects that such vehicle is a salvage
23 vehicle, a rebuilt vehicle or a junked vehicle or has any other
24 brand or classification notation by that state shall be retained on

1 the new title issued by Service Oklahoma unless the actual
2 documented cost of repairing the vehicle for safe operation on the
3 highway does not exceed sixty percent (60%) of the fair market value
4 of the vehicle as provided by this section.

5 K. When the insurance company pays a loss on a vehicle which is
6 registered at the time of mishap, accident, burning, or flooding,
7 the appropriate certificate of title shall be issued without the
8 payment of additional registration fees or excise taxes, upon the
9 submission of a police report or insurance adjuster's report and a
10 declaration by the insurer that the vehicle is held for sale to a
11 dealer. If the owner of the vehicle or other insured retains
12 ownership of the damaged vehicle, Service Oklahoma shall notify the
13 owner or insured of the requirements of this section.

14 L. Any insurance company that pays a claim for a loss where the
15 cost of repairing the vehicle for safe operation on the highway
16 exceeds sixty percent (60%) of the market value of the vehicle or
17 pays a claim for a flood-damaged vehicle as defined in Section 1105
18 of this title shall notify, in writing, the holder of the
19 certificate of title of the requirements of this section and shall
20 notify Service Oklahoma of the payment of such claim. The notice
21 shall include the estimated total damage percentage determination of
22 the actual cash value made by the insurance company to repair the
23 vehicle for safe operation on the highway. The insurance company
24 shall also send a copy of the notification to the holder of the

1 title. Service Oklahoma shall provide notice to the owner of the
2 vehicle, in writing, requiring the owner to surrender the title
3 along with the fee to Service Oklahoma or one of its licensed
4 operators within thirty (30) days from the receipt of notice for the
5 issuance of the appropriate title based on the amount of loss and
6 shall advise the owner of the penalty for failing to do so. If the
7 owner fails to surrender the certificate of title within thirty (30)
8 days, Service Oklahoma shall cancel the certificate of title and
9 shall issue the appropriate certificate of title for the loss
10 incurred and mail it to the owner or lienholder of the certificate
11 of title along with a statement of the fees due for the transfer.
12 Service Oklahoma shall reissue the appropriate title with the words
13 "Flood Damaged" on the face of the title in the case of a flood-
14 damaged vehicle; provided, no insurance company shall pay a claim
15 for less than the amount to which the holder of the certificate of
16 title is rightfully entitled in order to avoid compliance with this
17 section.

18 M. Except as provided for in subsection N of this section, any
19 person, firm, corporation, or other legal entity convicted of
20 violating any provision of this section shall be guilty of a
21 misdemeanor and shall be punished by a fine of not less than Three
22 Hundred Dollars (\$300.00) or by incarceration in the county jail for
23 not more than six (6) months, or by both the fine and incarceration.

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1 N. Any owner of a titled vehicle who has knowledge that the
2 title is not the proper type for the vehicle and, with intent to
3 misrepresent the vehicle, fails to make the appropriate title
4 changes, shall be guilty of a misdemeanor. Any person who has
5 knowledge that the title is not the proper type for the vehicle, and
6 with intent to misrepresent the vehicle, buys or receives any
7 vehicle for which the appropriate title changes have not been made
8 as required by this act shall be guilty of a misdemeanor. Any
9 person found guilty in accordance with the provisions of this
10 subsection shall be punished by a fine of not more than One Thousand
11 Dollars (\$1,000.00) for the first offense or Five Thousand Dollars
12 (\$5,000.00) for the second or subsequent offense, or by imprisonment
13 in the county jail for a term not exceeding six (6) months, or by
14 both such fine and imprisonment.

15 O. Any owner of a salvage or junked vehicle shall submit the
16 certificate of title to Service Oklahoma or the licensed operator
17 for issuance of an appropriate title. Any holder of a certificate
18 of title issued by this state, to a vehicle which no longer exists,
19 shall surrender the certificate of title to Service Oklahoma for
20 cancellation. The vehicle identification number on the canceled
21 certificate of title shall be preserved in the computer of Service
22 Oklahoma for at least five (5) years.

23 Nothing in this section shall be construed to prevent the
24 transfer of ownership of a vehicle by assignment of the title to a

1 used car dealer, wholesale used car dealer, or a licensed automotive
2 dismantler or parts recycler.

3 SECTION 2. This act shall become effective November 1, 2023.

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5 COMMITTEE REPORT BY: COMMITTEE ON GENERAL GOVERNMENT, dated
6 03/01/2023 - DO PASS, As Amended.

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