

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 1124
Committee Substitute Favorable 6/23/93

Short Title: Salvage Motor Vehicle Businesses.

(Public)

Sponsors:

Referred to:

April 19, 1993

1 A BILL TO BE ENTITLED
2 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 **"ARTICLE 12A.**

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
11 and 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
14 vehicles, and to protect and preserve the investments and properties of the citizens of
15 this State.

16 **"§ 20-308.11. Definitions.**

17 For purposes of this Article:

18 (1) 'Demolisher' means any person whose business is to crush, flatten, or
19 otherwise reduce a vehicle to a state where it can no longer be
20 considered a vehicle.

21 (2) 'Fair market retail value', as applied to a vehicle, means the fair market
22 retail value as found in the NADA Pricing Guide Book or other
23 publications approved by the Commissioner.

- 1 (3) 'Junk vehicle' means (i) any vehicle whose fair market retail value is
2 determined to have been at least three thousand dollars (\$3,000) that
3 has been damaged and whose estimated cost of parts and labor to
4 repair the vehicle exceeds ninety percent (90%) of its fair market value
5 prior to damage; (ii) any current year model vehicle that has been
6 damaged and whose estimated cost of parts and labor to repair the
7 vehicle exceeds ninety percent (90%) of its fair market value; (ii) a
8 vehicle of any of the five preceding model years that has been
9 damaged and whose estimated cost of parts and labor required to repair
10 the vehicle exceeds ninety percent (90%) of its fair market retail value
11 prior to damage; or (iv) any vehicle which is incapable of operation or
12 use upon the highways and has no resale value except as a source of
13 parts or scrap.
- 14 (4) 'Rebuilder' means a person who acquires and repairs, for use on the
15 public highways, two or more salvage motor vehicles within a 12-
16 month period.
- 17 (5) 'Salvage dealer' means any person who acquires any vehicle for the
18 purpose of selling any of its parts.
- 19 (6) 'Salvage pool' means any person providing a storage service for
20 salvage motor vehicles or junk vehicles who either displays the vehicle
21 for resale or solicits bids for the sale of salvage motor vehicles or junk
22 vehicles, but this definition shall not apply to an insurance company
23 that moves and displays fewer than 100 salvage motor vehicles and
24 junk vehicles in one location; however, any two or more insurance
25 companies which display salvage motor vehicles or junk vehicles for
26 resale, using the same facilities shall be considered a salvage pool.
- 27 (7) 'Scrap metal processor' means any person who is engaged in the
28 business of processing vehicles into scrap for remelting purposes, who
29 from a fixed location uses machinery and equipment for processing
30 and manufacturing ferrous and nonferrous metallic scrap, and whose
31 principal product is metallic scrap.
- 32 (8) 'Vehicle removal operator' means any person who acquires a vehicle
33 for the purpose of removing it to a demolisher, scrap metal processor,
34 or salvage dealer.

35 **"§ 20-308.12. Licensing of salvage motor vehicle businesses; fees.**

36 (a) It shall be unlawful for any person to engage in business in this State as a
37 demolisher, rebuilder, salvage dealer, salvage pool, scrap metal processor, or vehicle
38 removal operator without first acquiring a license as issued by the Commissioner for
39 each business at each location. The fee for the first license issued or renewed under this
40 Article shall be one hundred dollars (\$100.00) per license year, or part thereof. The fee
41 for an applicant's additional license location issued or renewed under this Article shall
42 be twenty-five dollars (\$25.00) per license year, or part thereof. Provided, however,
43 that no fee shall be charged for additional locations of a business located within 500
44 yards of the licensed location. No license shall be issued or renewed for any person

1 unless the licensed business contains at least 600 square feet of floor space in a
2 permanent enclosed building and is shown to be in compliance with all zoning
3 ordinances. Books, records, and files of the business must be maintained at this
4 location. Nothing in this section shall authorize any person to act as a motor vehicle
5 dealer or salesperson without being licensed under Article 12 of this Chapter and
6 meeting all requirements imposed by that Article. On due notice and hearing, the
7 Commissioner may suspend or revoke any license issued under this section for any
8 violation of any provision of this Article or any other provision relating to salvage
9 motor vehicles or salvage titles. A suspension or revocation shall only be imposed on
10 the specific business found to be in violation.

11 (b) Application for license shall be made to the Division at such time, in such
12 form, and contain such information as the Division shall require, and shall be
13 accompanied by the required fee.

14 (c) The Division shall require in such application, or otherwise, information
15 relating to matters set forth in this Article as grounds for refusing of licenses and to
16 other pertinent matter commensurate with the safeguarding of the public interest, all of
17 which shall be considered by the Division in determining the fitness of the applicant to
18 engage in the business for which a license is sought.

19 (d) A license may be denied, suspended, or revoked on any of the following
20 grounds:

21 (1) Material misstatement in application for license.

22 (2) Willful and intentional failure to comply with any provision of this
23 Article or rule duly issued by the Division.

24 (3) Willfully defrauding any person in the operation of the licensed
25 activity.

26 (4) Conviction of a criminal offense relating to an activity governed by
27 this Article.

28 **"§ 20-308.13. Certain sales prohibited; exceptions.**

29 (a) It shall be unlawful:

30 (1) For any scrap metal processor to sell a vehicle or vehicle components
31 or parts;

32 (2) For any salvage pool to sell a salvage motor vehicle to any person who
33 is not licensed as a salvage dealer, builder, demolisher, motor vehicle
34 dealer, scrap metal processor, or vehicle removal operator;

35 (3) For any person to sell a junk vehicle to any person who is not licensed
36 as a salvage dealer, demolisher, scrap metal processor, or vehicle
37 removal operator; or

38 (4) For any person to sell a salvage rebuilt vehicle without first having
39 disclosed the fact that the vehicle is a salvage rebuilt vehicle to the
40 buyer in writing on a form prescribed by the Commissioner.

41 (b) Notwithstanding the provisions of subsection (a) of this section, it shall not be
42 unlawful:

43 (1) For a salvage dealer to sell vehicle components or parts to unlicensed
44 persons; or

(2) For an individual not required to be licensed under this Article to dispose of a salvage motor vehicle acquired or retained for his own use when it has been acquired or retained and used in good faith and not for the purpose of avoiding the provisions of this Article.

"§ 20-308.14. Duties of insurance companies upon acquiring a vehicle.

Every insurance company which acquires, as a result of the claims process, any vehicle title in the State shall apply to and obtain from the Division of Motor Vehicles a salvage title, as provided in G. S. 20-109.1.

"§ 20-308.15. Rules and regulations.

The Commissioner may make such rules and regulations, not inconsistent with the provisions of this Article, as the Commissioner shall deem necessary and proper for the effective administration and enforcement of this Article, including the licensing of persons residing in other states and doing business in this State and the reporting by vehicle owners and insurance companies of damage losses that require reclassification of a vehicle as a junk vehicle on Division of Motor Vehicles Form MVR-40. A copy of proposed rules and regulations shall be mailed to each salvage motor vehicle business licensee 30 days prior to the effective date of such rules and regulations.

"§ 20-308.16. Penalties.

Any person who violates the provisions of this Article shall be guilty of misdemeanor punishable by fine, by imprisonment for a term not exceeding two years, or by both, in the discretion of the court."

Sec. 2. G.S. 20-4.01(33) reads as rewritten:

- "(33)
- (a) Flood Vehicle. – A motor vehicle that has been submerged or partially submerged in water to the extent that damage to the body, engine, transmission, or differential has occurred.
 - (b) Non-U.S.A. Vehicle. – A motor vehicle manufactured outside of the United States and not intended by the manufacturer for sale in the United States.
 - (c) Reconstructed Vehicle. – A motor vehicle of a type required to be registered hereunder that has been materially altered from original construction due to removal, addition or substitution of new or used essential parts; and includes glider kits and custom assembled vehicles.
 - (d) Salvage Motor Vehicle. – Any motor vehicle damaged by collision or other occurrence to the extent that the cost of repairs to the vehicle and rendering the vehicle safe for use on the public streets and highways would exceed seventy-five percent (75%) of its fair retail market value, whether or not the motor vehicle has been declared a total loss by an insurer. Repairs shall include the cost of parts and labor. Fair market retail values shall be as found in the NADA Pricing Guide Book or other publications approved by the Commissioner.

- 1 (e) ~~Salvage Rebuilt Vehicle. — A salvage vehicle that has been~~
2 ~~rebuilt for title and registration. Any of the following vehicles:~~
3 1. A motor vehicle that has been damaged as a result of
4 collision, fire, flood, accident, trespass, or any other
5 occurrence and has been repaired for use on public
6 highways, at a cost of parts and labor which exceeds
7 seventy-five percent (75%) of its fair market retail value.
8 2. A vehicle whose fair market retail value is determined to
9 have been at least three thousand dollars (\$3,000) which
10 has been repaired at a cost of parts and labor which
11 exceeded seventy-five percent (75%) of its fair market
12 retail value.
13 3. A current year model vehicle which has been repaired at
14 a cost of parts and labor which exceeded seventy-five
15 percent (75%) of its fair market retail value.
16 4. A vehicle of any of the five preceding model years
17 which has been repaired at a cost of parts and labor
18 which exceeded seventy-five percent (75%) of its fair
19 market retail value.

20 Fair market retail values shall be as found in the NADA Pricing Guide
21 Book or other publications approved by the Commissioner.

- 22 (f) Junk Vehicle. — A motor vehicle which is incapable of
23 operation or use upon the highways and has no resale value
24 except as a source of parts or scrap, and shall not be titled or
25 registered."

26 Sec. 3. This act becomes effective October 1, 1993.