

2011 HOUSE TRANSPORTATION

HB 1405

2011 HOUSE STANDING COMMITTEE MINUTES

House Transportation Committee Fort Totten Room, State Capitol

HB 1405
02/03/2011
Job # 13944

☐ Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

HB 1405 is a bill relating to damaged out-of-state vehicles.

Minutes:

Attachment #1-2

Representative Weisz, District 14, introduced HB 1405 and spoke to support the bill. He explained that if a vehicle is titled in another state, and the title is marked salvage only, irreparable, or whatever term they use in that state, if it could have been titled in that state, it will also be able to get a salvage title in North Dakota. He showed examples of vehicles that had been salvaged and showed the titles. He emphasized that this bill does not give a vehicle a clean title.

Chairman Ruby: Then would the title be a damaged title rather than a salvage title?

Representative Weisz: It will have a salvage title.

Representative Gruchalla: You gave an example of a flooded vehicle, are you aware of the affects of water on a vehicle?

Representative Weisz: That is the point. It will have a salvage title, so a buyer is aware that those issues can come up.

Representative Gruchalla: Some years ago, a bunch of flood vehicles were shipped up here, and the titles were washed on one of the reservations. They came out with a clean title. That is part of the danger of these out-of-state vehicles.

Representative Weisz: I am aware of that, and this will not change it. It says, if it meets North Dakota's criteria for a salvage title, then it will have to be issued a salvage title. The title cannot be cleaned up. If a vehicle has a title from another state that is marked irreparable, and it meets North Dakota criteria to get a salvage title, then it can be issued a salvage title in North Dakota.

Representative Vigesaa: Are you going to use the same damaged limits that North Dakota uses?

Representative Weisz: Yes.

Representative Vigesaa: How do you foresee getting the verification of the dollar amount on the necessary repair on the vehicle that is coming in from out-of-state?

Representative Weisz: I think that you would have to deal with the insurance company that determined the amount of damage. They could give you a report. That would be up to the buyer to get the necessary information. I don't like the fact that we can have other states and provinces telling us if a vehicle can be titled or not.

Representative Gruchalla: You think that if the criteria from another state is 50%, and ours is 40%, someone could bring a vehicle into North Dakota and title the vehicle here that was unable to get a title in another state?

Representative Weisz: Exactly, that is the point of this bill. We want to be able to determine the limits in our own state. Right now if a vehicle comes from a state that accepts greater limits than North Dakota, and it has a salvage title, North Dakota does not consider it irreparable, even though it wouldn't meet North Dakota's standards.

Chairman Ruby: Basically, it comes down to where the vehicle was damaged and whose law applies? Your view is that we should recognize it at that level no matter what state it was damaged in?

Representative Weisz: If a state has lower standards, and it gets a salvage title in another state, we will accept it here in North Dakota, even though we wouldn't have titled it in this state if it were a North Dakota car that was damaged. If they have tougher standards than we do, then North Dakota won't title it. I think that we should have the ability to choose the criteria that we use to salvage a vehicle and give a title.

Representative Frantsvog: Would the owner of a vehicle in another state be able to come to North Dakota and title it without bringing the vehicle into the state?

Representative Weisz: The owner could sell it someone in North Dakota and title it. If you are living in California, you can't title your California in the state of North Dakota unless you have a residence here.

There was no further testimony in support of HB 1405.

Linda Sitz, Director of the Motor Vehicle Division at the North Dakota Department of Transportation, spoke in opposition to HB 1405. She presented written testimony. See attachment #1.

Linda Sitz: Explained the research process.

Representative Weisz: If you are tracking the title history through NMVTIS won't the consumer and the buyer know the whole history of a vehicle?

Linda Sitz: Yes, but in order for North Dakota to place that vehicle on the road, we would have to research the standards that state had to determine if it was irreparable.

Representative Weisz: I understand that.

Lt. Jody Skogen, Safety and Education Officer for the North Dakota Highway Patrol, spoke in opposition to HB 1405. He provided written testimony. See attachment #2.

Vice Chairman Weiler: Do you charge for the inspections that you perform?

Lt. Jody Skogen: We do not. They are performed as part of our responsibilities.

Vice Chairman Weiler: So, we have troopers that spend whole shifts performing inspections, and we don't charge for it?

Lt. Jody Skogen: Yes and the demand is so great that we have to allocate troopers to do that during a whole shift. There are appointments that are set up during the week, and the trooper will go from point to point to inspect salvage vehicles.

Representative Weisz: Currently, do you feel that the vehicles that have been inspected are safe?

Lt. Jody Skogen: Our inspections are strictly cursory in nature. We inspect lighting equipment, windshields, ... We are able to determine at the point of inspection if the vehicle meets the criteria for the North Dakota Century Code for those basic pieces of equipment. We do not have the experience or background to determine whether the vehicle is truly mechanically roadworthy. We do not have the ability to track the history of the vehicle.

Keith Kiser, former director of the Motor Vehicle Division of the Department of Transportation: I am not really here to testify in opposition to this bill or to testify for my employer. I work for the American Association of Motor Vehicles Administrators which is a nonprofit 501-C3 corporation and is a trade association that represents motor vehicle administrators in the US and Canada. I am here to talk a little bit about the NMVTIS system that was referenced and to address Representative Weisz's question. He is correct in that the brand information is put into the system by states as they assign those brands, at least as they become part of the system and report to that database. It is correct that states, as part of that system, before they issue a title on a out-of-state vehicle are required by law to query that system and see what is out there as far as brands. They are not required to do anything with the information on brands. The people who don't necessarily query the system are the buyers. They have access to the system for a small fee, but often don't. It has been open to the public for about two years. People often buy vehicles that have histories that they are not aware of despite the fact that there is this national reporting system.

In North Dakota law right now there is no circumstance in which a North Dakota vehicle would be refused a title regardless of how severely damaged it was. If you damage your vehicle to 100%, you can get a salvage title in North Dakota. That means that if it is rebuilt

and passes inspection, it can be put back onto the roads. What we tried to do in Motor Vehicle when I was an administrator was to adopt a policy that said that if other states had branded vehicles so severely that they should not be put back onto the roads, we tried to honor those brands. It seems to make sense to not further put bad vehicles back onto the roadway. Nationally, states are moving more and more into that direction. Over half of the states have a branding process to designate a vehicle what is generically called a death certificate. It says that a vehicle should never be put back on the roads because it has suffered severe damage. It is a consumer protection issue for the states. Part of the mission for all MVs is to help people not purchase bad vehicles unknowingly, or to stop potential frauds that purchase damaged vehicles from selling them to unknowing buyers.

Representative Weisz: Is there any information on the NMVTIS system that tells why the vehicle has been declared salvage, irreparable, or junk?

Keith Kiser: No, the only information that is on the system is the brand that the state put on a vehicle. In the case of the death certificate type vehicles, generally the states have a criteria that says damaged beyond the point of repair or damaged to the point where its only value is scrap metal or parts.

Representative Delmore: If someone is in an accident and the car is totaled, isn't it possible to buy that vehicle?

Keith Kiser: Yes, in North Dakota you can buy a vehicle no matter how badly it is damaged, and it can get a salvage title, and can be bought and sold. We deal differently with instate cars than we do with damaged cars coming from out-of-state.

Representative Delmore: Could it still be deemed by the state that one of the damaged vehicles gets a title?

Keith Kiser: I can't speak for what other states do. In this state if a vehicle is damaged at less than 75% of its value, it may get a damaged brand, which is something different under North Dakota law. It would not get a salvage brand. If it is damaged at more than 75%, then it gets a salvage brand and has to pass inspection to get back on the road.

Representative Gruchalla: If you have a salvage vehicle, it has been repaired, and it is back on the road, does the salvage stamp still stay on the title?

Keith Kiser: In that case the brand on the title will change from salvage to previous salvage.

Representative Gruchalla: The insurance company would have that information. Would the premium stay the same on the vehicle?

Keith Kiser: I don't know the answer to that. More insurance companies are wanting to access our database to see if there are brands out there that would affect their decisions to insure vehicles.

There was no further testimony on HB 1405.

Hearing was closed on HB 1405.

2011 HOUSE STANDING COMMITTEE MINUTES

House Transportation Committee
Fort Totten Room, State Capitol

HB 1405
02/17/2011
Job # 14674

☐ Conference Committee

Committee Clerk Signature

Janette Cook

Minutes:

Chairman Ruby brought HB 1405 before the committee and reviewed the intent.

Representative Weisz explained that he had intentions of adding amendments to the bill, but he was unable to meet with the Department of Transportation to find out if they would support them. He hopes that the bill can be moved forward. He is looking at taking the inspections away from the Highway Patrol and having an automobile dealer do them. They will be able to charge for the inspections. He doesn't feel that public safety is at risk; the public will know what brands are on a vehicle because they will be able to track the history of that vehicle. This bill will not let someone get a clean title on a damaged vehicle.

Representative Frantsvog: You would like this to pass the house and go to the Senate, so you can insert language that would require the history to be on the title?

Representative Weisz: Yes, that is correct. There are two things that I want to do with the bill. The first is to make sure that the history is physically on the title. The second is to try to get the inspections done by automobile dealers. Whoever is fixing the vehicle will have to pay for the inspection. It will take the onus off of the Highway Patrol and free up their resources. I think the inspection will be better because it will also include inspection of the mechanical aspects of the vehicle.

Chairman Ruby: I like the intent of the bill, but I appreciate the attempt to get a better tracking device with it.

Representative Vigesaa: From a dealer's standpoint, I wouldn't have any problem doing the inspections. I think that it is reasonable for us to let this go forward, but we do need to work out the liability issues. The Department of Transportation is meeting with the Auto Dealer Board this afternoon to discuss some of these issues.

Representative Vigesaa moved a DO PASS on HB 1405.
Representative Delmore seconded the motion.

Representative Gruchalla: I am going to resist the motion because our floor leader doesn't like us to pass things out to the Senate, and hope that they get fixed. I agree with that. I would prefer to see the amendments before it gets passed.

Vice Chairman Weiler: In this case it is a timing issue because the Department of Transportation can't commit to an amendment, so it is worthwhile to give this a chance. I will support the bill.

Representative R. Kelsch: I appreciate what Representative Vigesaa told us. Knowing that there are meetings taking place to work this out gives us a peace of mind.

Representative Frantsvog: Can any of us get a license to sell a vehicle? I know people that have four or five vehicles in their yard and are selling them.

Representative Vigesaa: If someone is doing that, it is illegal. I'm sure that language will be worked out that a licensed dealer will have to inspect these vehicles.

Representative Heller: When the Highway Patrol does the inspection, they actually drive to the car. If the automobile dealers start doing the inspections, how would the car get to the place of inspection?

Representative Weisz: I don't think the Highway Patrol drive to each vehicle. It may have to be hauled on a trailer.

Information was given earlier in testimony that the Highway Patrol does drive to the vehicles to inspect them.

Representative Onstad: If I get a vehicle from another state that is damaged, what type of title will it actually have?

Representative Weisz: If a vehicle from another state has a damaged title, then the vehicle will have a salvage title in North Dakota.

Representative Gruchalla: A licensed dealer in North Dakota doesn't have to have a garage to sell vehicles. They just have to sell at least five vehicles a year. Also to verify, the Highway Patrol does come on site to inspect vehicles when they are ready for inspection, or the vehicle could be trailered in.

Chairman Ruby: Don't dealers have to have a certain amount of signage and a service department?

Representative Vigesaa: There is no law requirement for a dealer to have a service department.

A roll call vote was taken on HB 1405. Aye 11 Nay 3 Absent 0 The motion carried. Representative Vigesaa will carry the bill.

FISCAL NOTE

Requested by Legislative Council
01/19/2011

Bill/Resolution No.: HB 1405

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

| | 2009-2011 Biennium | | 2011-2013 Biennium | | 2013-2015 Biennium | |
|----------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | | | |
| Expenditures | | | | | | |
| Appropriations | | | | | | |

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

| 2009-2011 Biennium | | | 2011-2013 Biennium | | | 2013-2015 Biennium | | |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |
| | | | | | | | | |

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill provides for issuance of a salvage certificate of title or a title with a previously salvaged notation for damaged vehicles brought into ND.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

This bill should have no material fiscal impact.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

| | | | |
|---------------|------------------|----------------|------------|
| Name: | Shannon L. Sauer | Agency: | NDDOT |
| Phone Number: | 328-4375 | Date Prepared: | 01/20/2011 |

Date: 2/17/11
Roll Call Vote #: 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 1405

House TRANSPORTATION Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☒ Do Pass ☐ Do Not Pass ☐ Amended ☐ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Vigessa Seconded By Delmore

| Representatives | Yes | No | Representatives | Yes | No |
|--------------------------|-----|----|--------------------------|-----|----|
| Chairman Ruby | X | | Representative Delmore | X | |
| Vice Chairman Weiler | X | | Representative Gruchalla | | X |
| Representative Frantsvog | X | | Representative Hogan | | X |
| Representative Heller | X | | Representative Onstad | | X |
| Representative R. Kelsch | X | | | | |
| Representative Louser | X | | | | |
| Representative Owens | X | | | | |
| Representative Sukut | X | | | | |
| Representative Vigessaa | X | | | | |
| Representative Weisz | X | | | | |
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Total (Yes) 11 No 3

Absent Ø

Floor Assignment Vigessa

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1405: Transportation Committee (Rep. Ruby, Chairman) recommends **DO PASS**
(11 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). HB 1405 was placed on the
Eleventh order on the calendar.

2011 SENATE TRANSPORTATION

HB 1405

2011 SENATE STANDING COMMITTEE MINUTES

Senate Transportation Committee Lewis and Clark Room, State Capitol

HB 1405
March 31, 2011
16241

☐ Conference Committee

House

Explanation or reason for introduction of bill/resolution:

Relating to damaged out-of-state vehicles.

Minutes:

Written Testimony

Chairman Senator G. Lee opened the hearing on HB 1405.

Representative Weisz, District #14, introduced and testified in support of HB 1405. He started by passing out a picture of a pickup and explained what the bill was about. See attached picture and the amendments #1. The way the law reads now a "salvage only" vehicle within North Dakota can be repaired and titled. What this bill does is it allows a "salvage only" vehicle from another state or province to be repaired and titled in North Dakota. He gave an example of the vehicle in the picture (nice almost new pick-up) that cannot be titled in ND because it comes from Canada and it had water damage up to it floor board and has a junk title.

He explained some of the concerns the House had particularly the Highway Patrol's concern about them being the inspectors. The amendments shift the inspection to the franchise dealers. This makes sense because of the knowledge and expertise of the mechanics. The inspector can't be any person involved in the rebuilding of the vehicle or employed by a person or entity involved in the rebuilding of the vehicle. Also, the dealers wanted to be sure that this inspection was not a warranty and that their liability only extends to proper inspection. It puts the burden on the owner that wants to get the vehicle titled.

The other section of the amendments says the department shall place the previous brand from the other state on all issued or subsequently issued certificate of title for the vehicle. This means the title will show that it was unrepairable or parts only or whatever from the state or province it will be coming from. This will follow the title. It will protect the public because the information is on the title.

There was a concern by the Auto Dealers Association about how they would know if it has a salvage title if the bank has the title? **Representative Weisz** said that the information can be found on the Federal website (NMVTIS) and it is available to everyone. The title would show up and it would show the branding.

Senator Oehlke asked when it says only franchise motor vehicle dealers, does that take the highway patrol out of the picture.

Representative Weisz concluded that the highway patrol would be out of the picture, completely.

Senator Sitte was concerned that naïve people might buy these vehicles in state thinking that they can take them into another state. Will there be some type of notification with the sale of these vehicles.

Representative Weisz said that theoretically someone may not realize that they can't go somewhere else with that vehicle but he is not sure if we can always protect the public from everything. When we have all these things on the title it should be a red flag to the consumer and consumers should be asking why they are getting such a good deal.

Senator Lee asked about the amendments.

Representative Weisz replied that the latest amendments were finished last night and he had been working with the Auto Dealers and NDDOT. These latest amendments are the language that they came up with. He said that he liked these amendments even if they aren't exactly the way he wanted it.

Opposing testimony

Pat Ward representing Property and Casualty Insurers in North Dakota testified in opposition to HB 1405. He stated that in its current statues the bill is one sentence that looks like a paragraph and reads like I don't know what. He believes that statues should be written so the average Joe can understand them. At least so a lawyer could understand them. This sentence is very confusing and it should be at least two sentences. As for the bill, the insurance industry has a concern that North Dakota will become a title washing state. They don't want people bringing cars in here from other states that can't be titled or insured in their state but could be titled and insured in North Dakota if this bill passes. One of the problems in this area is that the laws are not uniformed from state to state. In North Dakota we talk about salvage titles but other states have language like junk, nonrepairable, scrap, parts only. He had concerns that there was no fiscal note on the bill and also liked some of the language in SB 2076 better. Another concern was the inspections.

Senator Nething asked him about the amendments.

Mr. Ward said that he hadn't seen the amendment until last night and hasn't had much feedback from the companies that he sent it to. He does like the sentence being added on page 1, line 11 but not sure how DOT will make it work. Continues to have problems with the franchise dealer's inspections and had questions on who is certifying the certifiers. He reiterated the idea of bring back SB 2076.

Senator Oehlke asked his thoughts on what liability franchise dealers may have to say if they are signing off on a vehicle that has an accident down the road or deteriorates after being giving a certificate for being in good shape.

Mr. Ward thought that would be an issue. There is the question of how many of the dealers will actually do this when they look at the liability aspect.

Sarah Krein, owner and operator of CK Auto Inc. in Bismarck, testified in opposition to HB 1405. They are a salvage company that does restore and sell parts. She stated that she was in opposition to this bill as far as the junk titles go. She passed around some pictures and explained the different degrees of damage. She believes that North Dakota shouldn't be able to clean up these junk titles.

Senator Mathern asked if parts have a salvage or junk title.

Ms. Krein replied no. She purchases vehicles for parts only.

Senator Lee asked Linda Sitz about the amendments that Senator Weisz proposed and if the last amendments were the ones that they most agree with.

Linda Sitz said that the amendments that Representative Weisz offered don't work one hundred percent for North Dakota Motor Vehicles. They would like to see language closer to what was in SB 2076. That would work better with the verbiage change on the bottom section that Matthew Larsgarrd suggested.

Senator Lee asked if Mr. Larsgarrd verbiage change is in what Representative Weisz offered.

Ms. Sitz answered that is correct. She said that there are concerns with the bill. She gave an example of the research they had done on the pickup from Canada. It had water damage up to the dashboard. What HB 1405 is proposing is that it doesn't matter how the other state tags it, ND should it put it on our roads. That concerns Motor Vehicles.

Matthew Larsgarrd, Auto Dealers Association, thanked Representative Weisz for addressing their concerns with respect to the amendment on the bottom of the page. The only concern that they still have is the liability that might be imposed on the new motor vehicle dealers as they inspect these vehicles.

Senator Oehlke believes the liability issue is huge. He asked if anyone checked with the franchise dealer's insurance carriers to ask them if they like this and if the franchise would be able to get coverage for this if they are doing a big volume of inspections?

Mr. Larsgarrd said that the big unknown is the scope of the damage to the vehicle and what is that inspection check list going to consist of. There are a lot of unknowns.

Senator Lee closed the hearing on HB 1405.

Committee Work

Senator Oehlke informed the committee that he was not excited about this bill and he had concerns with it.

Discussion followed on flood damages and what happened after Katarina. The testimony of different people expressed concern with insurance and liability. The committee discussed SB 2076 and its attributes. The committee expressed frustration on how the current bill was written and concerns that they had relating to protecting the public.

Senator Oehlke moved a **Do Not Pass**.

Senator Sitte seconded the motion.

Roll call vote: 6-0-0. **Motion passed.**

Date: 3-31-11
Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1405

Senate Transportation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: ☐ Do Pass ☒ Do Not Pass ☐ Amended ☐ Adopt Amendment
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Senator Oehlke Seconded By Senator Sitte

| Senators | Yes | No | Senators | Yes | No |
|---------------------------|-----|----|---------------------|-----|----|
| Chairman Gary Lee | ✓ | | Senator Tim Mathern | ✓ | |
| Vice Chairman Dave Oehlke | ✓ | | | | |
| Senator Dave Nething | ✓ | | | | |
| Senator George Nodland | ✓ | | | | |
| Senator Margaret Sitte | ✓ | | | | |
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Total (Yes) 6 No 0

Absent 0

Floor Assignment Senator Lee

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1405: Transportation Committee (Sen. G. Lee, Chairman) recommends **DO NOT PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1405 was placed on the Fourteenth order on the calendar.

2011 TESTIMONY

HB 1405

HOUSE TRANSPORTATION COMMITTEE
February 3, 2011 – 9:15 a.m. – Fort Totten Room

North Dakota Department of Transportation
Linda Sitz, Motor Vehicle Division

HB 1405

Mr. Chairman and members of the committee, I'm Linda Sitz, Director of the Motor Vehicle Division at the North Dakota Department of Transportation. Thank you for giving me the opportunity to present information to you today. I have also brought with me, Keith Keiser, my predecessor, to help answer any questions. Keith now works for the American Association of Motor Vehicle Administrators and is their subject expert on a titling clearing house called National Motor Vehicle Titling Information System (NMVTIS).

House Bill 1405 is a bill which will require the N.D. Motor Vehicle Division to develop a process to title a vehicle that has not been titled in another state, due to a determination by the state that the vehicle had been so badly damaged that it could not safely be put back on the road.

Before I comment on this bill, I would like to give background on how the Motor Vehicle Division arrived at our current vehicle titling process.

Congress enacted the Anti Car Theft Act of 1992, a statute requiring the federal government to implement NMVTIS, a single database that would provide public access to vehicle-history gathered from states, insurance companies, junk and salvage yards. Before purchasing a potentially dangerous used car, one could instantly check the validity of the vehicle's title, verify its mileage, and learn whether it had been stolen or given a non-roadworthy or salvage title. Congress viewed the database as an important solution to the problems of auto theft, auto fraud, and the dangers associated with unsafe and unreliable vehicles. They set a deadline of January 31, 1997 for establishment of the system.

In 1994, North Dakota lost sovereign immunity because of a decision by the North Dakota Supreme Court. North Dakota's response was the creation of the Risk Management Agency. With this loss of sovereign immunity, the state was exposed to potentially greater liability by titling vehicles that were not roadworthy.

In 1998, after it became obvious NMVTIS was not going to be implemented in a timely manner, a policy was adopted at NDDOT Motor Vehicle Division to manage the risk of titling severely damaged vehicles. This policy is still in use today. Per this policy we do not issue certificates of title for vehicles that have been totally destroyed, such as vehicles that have been damaged so severely that they have been declared to be non-rebuildable. These vehicles have certificates of title from other states that are branded as "JUNK," "UNREPAIRABLE," "NON-REPAIRABLE," or some similar notation. We do, however, continue to title vehicles branded as "SALVAGE." In N.D., a salvage or previously salvaged title may, under certain circumstances, be put back on the road.

In 2008, as a result of a consumer lawsuit, Judge Marilyn Hall Patel of the Northern District of California, ordered the U.S. Department of Justice to make NMVTIS information available to consumers by the end of January 2009. This was further amended and all state jurisdictions were required to participate in NMVTIS by the end of January, 2010. Today, all jurisdictions participate or are working on implementation.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1405

Page 1, line 1, after 39-05, insert "and to amend and reenact section 39-05-20.2"

Page 1, line 11, after the underscored period, insert "The department shall place the previous brand from the other state on all issued or subsequently issued certificates of title for the vehicle."

Page 1, after line 11, insert:

SECTION 2. Section 39-05-20.2 of the North Dakota Century Code is amended and reenacted as follows:

39-05-20.2. Issuance of salvage certificate of title.

The owner of a vehicle that is damaged in excess of seventy-five percent of the vehicle's retail value as determined by the national automobile dealers association official used car guide shall forward the title for that vehicle to the department within ten days and the department shall issue a salvage certificate of title. Glass damage and hail damage must be excluded in the determination of whether a vehicle has been damaged in excess of seventy-five percent of the vehicle's retail value.

If a vehicle for which a salvage certificate of title has been issued is reconstructed, a regular certificate of title may be obtained by completing an application for the certificate. The applicant shall include with the application a certificate of inspection in the form required by the department, the salvage certificate of title, and a five dollar fee. The department shall place on the regular certificate of title and on all subsequent certificates of title issued for the vehicle the words "previously salvaged" and a notation that damage disclosure information is available from the department. The department may not issue a new certificate unless the vehicle identification number of the vehicle has been inspected and found to conform to the description given in the application or unless other proof of the identity of the vehicle has been provided to the satisfaction of the department.

Only franchise motor vehicle dealers located in this state are authorized to perform inspections under this section. No inspections under this section may be performed by any person involved in the rebuilding of the vehicle or employed by a person or entity involved in the rebuilding of the vehicle. Inspections under this section shall not operate as a warranty but rather only as a certification that a previously salvaged title may be available as provided under this section.

Renumber accordingly

mat's
amendment

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1405

Page 1, line 11, after "notation" insert ", unless the vehicle has been branded scrap, parts-only, junk, unrepairable, nonrebuildable, certificate of destruction, dismantler, or some similar notation"

SECTION 2. Section 39-05-20.2 of the North Dakota Century Code is amended and reenacted as follows:

39-05-20.2. Issuance of salvage certificate of title.

The owner of a vehicle that is damaged in excess of seventy-five percent of the vehicle's retail value as determined by the national automobile dealers association official used car guide shall forward the title for that vehicle to the department within ten days and the department shall issue a salvage certificate of title. Glass damage and hail damage must be excluded in the determination of whether a vehicle has been damaged in excess of seventy-five percent of the vehicle's retail value.

If a vehicle for which a salvage certificate of title has been issued is reconstructed, a regular certificate of title may be obtained by completing an application for the certificate. The applicant shall include with the application a certificate of inspection in the form required by the department, the salvage certificate of title, and a five dollar fee. The department shall place on the regular certificate of title and on all subsequent certificates of title issued for the vehicle the words "previously salvaged" and a notation that damage disclosure information is available from the department. The department may not issue a new certificate unless the vehicle identification number of the vehicle has been inspected and found to conform to the description given in the application or unless other proof of the identity of the vehicle has been provided to the satisfaction of the department.

Only franchise motor vehicle dealers located in this state are authorized to perform inspections under this section. No inspections under this section may be performed by any person involved in the rebuilding of the vehicle or employed by a person or entity involved in the rebuilding of the vehicle. Inspections under this section shall not operate as a warranty but rather only as a certification that a previously salvaged title may be available as provided under this section.

