

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 90

(Senator Della)

Judicial Proceedings

Environmental Matters

Motor Vehicles - Certificate of Title - Rebuilt Salvage

This bill addresses title to salvaged vehicles that an insurance company takes possession of after an auto claim settlement. The bill requires the Motor Vehicle Administration (MVA) to issue a certificate of title to a vehicle owner that contains a conspicuous notation that the vehicle is “rebuilt salvage” regardless of the insurance company’s valuation of the cost to repair the vehicle.

The MVA must issue a certificate of title that does not contain such a conspicuous notation of “rebuilt salvage” if the salvage certificate accompanying the application is for a vehicle more than seven model years old.

Fiscal Summary

State Effect: The bill’s requirements could be absorbed within existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: An insurance company must apply for a salvage certificate on a form provided by the MVA for each vehicle titled in the State that is acquired as a result of a claim settlement arising from an accident that occurred in Maryland. In addition to the

MVA fee, the certificate of title to the vehicle must accompany the salvage certificate application and the insurance company must provide one of the following statements:

- the cost to repair the vehicle for highway operation is greater than the fair market value of the vehicle prior to sustaining the damage for which the claim was paid;
- the cost to repair the vehicle for highway operation is equal to or less than the fair market value of the vehicle prior to sustaining the damage for which the claim was paid;
- the vehicle is not rebuildable, will be used for parts only, and is not to be retitled;
or
- the vehicle has been stolen.

Except as otherwise specified in statute, the salvage certificate must contain a conspicuous notation by the MVA that describes which of the aforementioned statements applies to the vehicle.

A vehicle owner that applies for a certificate of title of a vehicle for which a salvage certificate has been issued must do so on a form required by the MVA. Unless otherwise specified, the application must be accompanied by the vehicle salvage certificate and required certificates of inspection. The MVA is authorized to establish an inspection fee. Collected fees must be paid into the Vehicle Theft Prevention Fund established in statute.

The certificate of title issued by the MVA must be issued in the applicant's name on the proper form. The MVA must issue a certificate of title that contains a conspicuous notation that the vehicle is "rebuilt salvage" if: (1) the salvage certificate is accompanied by a statement by the insurance company that the cost to repair the vehicle for highway operation is greater than the fair market value of the vehicle prior to sustaining the damage for which the claim was paid; or (2) the certificate does not bear a notation that the cost to repair the vehicle for highway operation is equal to or less than the fair market value of the vehicle prior to the damage for which the claim was paid.

The MVA must issue a certificate that does not bear the conspicuous notation of "rebuilt salvage" if the salvage certificate accompanying the application:

- contains a statement from the insurance company that the cost to repair the vehicle for highway operation is equal to or less than the fair market value of the vehicle prior to sustaining the damage for which the claim was paid;
- was issued before October 1, 1992 and the application is accompanied by a written statement from the insurance company that the cost to repair the vehicle

was equal to or less than the fair market value of the vehicle prior to the sustained damage; or

- is issued for a vehicle more than seven model years old.

State Expenditures: The MVA advises that computer programming modifications to three programs will be needed to meet the bill's requirements. These changes could result in a one-time expenditure of \$18,000 in special funds. However, the Department of Legislative Services (DLS) advises that if other legislation is passed requiring computer reprogramming changes, economies of scale could be realized. This would reduce computer programming costs associated with this bill and other legislation affecting the MVA system. Further, DLS advises that the increased computer expenditure is simply an estimate and that the MVA may be able to handle the changes within existing resources.

Background: Unless the title to a vehicle labels the vehicle as "rebuilt salvage," a person may not know that the vehicle was salvaged and rebuilt or repaired. A person may see a salvage certificate to a vehicle if a person pays to receive documentation from a service called "CarFax," although not all vehicle salvage certificates are contained in CarFax files.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Transportation, Department of Legislative Services

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