Senate Engrossed

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JANICE K. BREWER
SECRETARY OF STATE

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CHAPTER 60

SENATE BILL 1596

AN ACT

AMENDING SECTION 28-2091, ARIZONA REVISED STATUTES; RELATING TO SALVAGE OR NONREPAIRABLE VEHICLES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 28-2091, Arizona Revised Statutes, is amended to read:

28-2091. Salvage certificate of title; nonrepairable vehicle certificate of title; recovered vehicles; violation; classification; definitions

A. If a vehicle that is subject to titling or registration pursuant to this chapter becomes a salvage vehicle or nonrepairable vehicle and is acquired by an insurance company as a result of a total loss insurance settlement, the insurance company or its authorized agent shall submit an application to the department within thirty days after the title is properly assigned by the owner to the insurance company, with all liens released, on a form prescribed by the department for a salvage certificate of title or nonrepairable vehicle certificate of title and include the following:

1. A properly endorsed certificate of title.

2. A lien satisfaction, if applicable.

~~3. The registration card.~~

~~4. The license plates, if the license plates are not retained pursuant to section 28-2356 or an affidavit of license plate destruction is not submitted.~~

~~5.~~ 3. The appropriate fees.

~~B. If the registration card or license plate is lost or destroyed, the applicant shall state in a form prescribed by the department, under penalty of perjury, the circumstances of the loss or destruction.~~

~~C.~~ B. Except for vehicles registered pursuant to section 28-2482, 28-2483 or 28-2484, if the owner retains possession of a salvage vehicle or nonrepairable vehicle, the owner shall comply with this section before receiving a total loss settlement from the insurance company or otherwise disposing of the vehicle.

~~D.~~ C. Any other owner of a vehicle that is a salvage vehicle or nonrepairable vehicle shall apply for a salvage certificate of title or nonrepairable vehicle certificate of title pursuant to this section.

~~E.~~ D. On receipt of a proper application, the department shall issue a salvage certificate of title or nonrepairable vehicle certificate of title for the vehicle.

~~F.~~ E. If the department issues a nonrepairable vehicle certificate of title for a vehicle, the registration of the vehicle is cancelled. The front of a nonrepairable vehicle certificate of title shall be branded with the word "nonrepairable". The ownership of a vehicle for which a nonrepairable vehicle certificate of title has been issued shall not be reassigned more than two times on that certificate of title. If a nonrepairable vehicle certificate of title is issued for a vehicle, the department shall not issue any further certificate of title for that vehicle.

~~G.~~ F. An owner of a vehicle that is not a salvage vehicle who sells the vehicle as scrap or for purposes of dismantling or destroying shall

assign the certificate of title to the purchaser, and the purchaser shall comply with section 28-2094.

~~H.~~ G. On sale of the vehicle, an owner of a salvage vehicle for which a salvage certificate of title has been obtained or an owner of a nonrepairable vehicle for which a nonrepairable vehicle certificate of title has been obtained shall assign and deliver the salvage certificate of title or nonrepairable vehicle certificate of title to the purchaser and shall notify the department of the name and address of the purchaser.

~~I.~~ H. Except as provided in subsection ~~L~~ K of this section, the department shall issue a certificate of title to a vehicle that has been issued a salvage certificate of title as a result of a total loss settlement by reason of theft if the vehicle is recovered and was not wrecked or stripped of essential parts and the insurance company or its authorized agent submits an affidavit to the department in a form prescribed by the department stating either of the following:

1. The vehicle is a recovered theft and both of the following:

(a) The vehicle was not wrecked or stripped of essential parts.

(b) To the insurance company's or its authorized agent's actual knowledge, no air bag or component part necessary to the proper function of the air bag system deployed in the vehicle or was removed from the vehicle.

2. The vehicle is a recovered theft and, to the insurance company's or its authorized agent's actual knowledge, an air bag or an air bag module deployed in the vehicle or was removed from the vehicle. The insurance company or its authorized agent shall list the location in the vehicle of each deployment or removal of an air bag or an air bag module.

~~J.~~ I. On receipt of an affidavit submitted pursuant to subsection ~~I~~ H, paragraph 2 of this section, the department shall mark its records to indicate the deployment or removal of the air bag or air bag module from the vehicle and the location of each deployment or removal.

~~K.~~ J. The insurance company or its authorized agent shall give the purchaser of a vehicle that is a recovered theft, as described in subsection ~~I~~ H of this section, a copy of the affidavit submitted pursuant to subsection ~~I~~ H of this section.

~~L.~~ K. If the vehicle is a recovered theft and components of the vehicle's air bag system, other than the air bag or the air bag module described in subsection ~~I~~ H, paragraph 2 of this section, or other parts of the vehicle were removed compromising the functional integrity of the air bag system or the structural integrity of the vehicle, the insurance company or its authorized agent shall submit an affidavit to the department in a form prescribed by the department stating that the vehicle is a recovered theft and that components of the vehicle's air bag system, other than the air bag or the air bag module described in subsection ~~I~~ H, paragraph 2 of this section, or other parts of the vehicle were removed compromising the functional integrity of the air bag system or the structural integrity of the vehicle. The department shall not issue a certificate of title to the

vehicle but may issue a restored salvage certificate of title pursuant to section 28-2095 if all of the following apply:

1. The vehicle is repairable.

2. The department successfully completes a level three inspection as prescribed in section 28-2011.

3. The vehicle meets other requirements the director prescribes.

~~M.~~ L. Except as provided in subsection ~~N.~~ M of this section, any person who sells a vehicle that is issued a certificate of title pursuant to subsection ~~I.~~ H of this section and who has actual knowledge that an air bag, an air bag module or components of the vehicle's air bag system compromising the functional integrity of the air bag system deployed or were removed from the vehicle shall not fail to disclose the deployment or removal to the buyer before completion of the sale with the intention of concealing the deployment or removal. A person who violates this subsection is guilty of a class 1 misdemeanor.

~~N.~~ M. Subsection ~~M.~~ L of this section does not apply to either of the following:

1. An insurance company or its authorized agent who issues an affidavit pursuant to subsection ~~I.~~ H of this section unless the insurance company or its authorized agent intentionally fails to disclose the deployment or removal of an air bag, an air bag module or components of the vehicle's air bag system that compromise the functional integrity of the air bag system.

2. A person who owns a vehicle that is issued a certificate of title pursuant to subsection ~~I.~~ H of this section if the person repairs or replaces the air bag or air bag module in the vehicle.

~~O.~~ N. Any person who sells a vehicle for which a salvage certificate of title has been issued and who knows a salvage certificate of title has been issued for the vehicle shall disclose to the buyer before completion of the sale that the vehicle is a salvage vehicle.

~~P.~~ O. If a vehicle that is titled as a salvage vehicle is to be scrapped, dismantled or destroyed, the owner or purchaser shall comply with section 28-2094.

~~Q.~~ P. The provisions of this chapter that refer to titles apply to salvage certificates of title and nonrepairable vehicle certificates of title issued pursuant to this section unless they conflict with this section.

~~R.~~ Q. If a component part of a vehicle on which the vehicle identification number is affixed is to be replaced and if the vehicle is being repaired by a person other than its owner, the person shall notify the owner in writing and in the manner prescribed by the department that the part has been replaced, and the owner shall comply with section 28-2165. This subsection does not apply if the department has not issued a salvage certificate of title or a nonrepairable certificate of title and if the vehicle manufacturer or the manufacturer's authorized agent meets all of the following conditions:

1. The frame is the component part replaced.

2. The frame replacement is performed by the vehicle manufacturer or the manufacturer's authorized agent.

3. If the original frame contained a vehicle identification number or serial number, the original vehicle identification number or serial number, in a similar size and style, is restamped in the replacement frame by the manufacturer or the manufacturer's authorized agent.

4. Any existing manufacturer warranties remaining on the vehicle are not voided.

5. The manufacturer or the manufacturer's authorized agent obliterates all vehicle identification numbers or serial numbers contained on the original frame.

~~S.~~ R. Except as otherwise provided, a person who violates this section is guilty of a class 2 misdemeanor.

~~T.~~ S. For the purposes of this section:

1. "Essential parts" means integral and body parts, the removal, alteration or substitution of which will tend to conceal the identity or substantially alter the appearance of the vehicle.

2. "Nonrepairable vehicle" means a vehicle of a type that is otherwise subject to titling and registration pursuant to this chapter and that either:

(a) Has no resale value except as a source of parts or scrap metal and the owner or insurer designates the vehicle solely as a source of parts or scrap metal.

(b) Is a completely stripped vehicle that is recovered from theft and that is missing the engine or motor, the transmission, all of the bolt-on sheet metal body panels, all of the doors and hatches, substantially all of the interior components and substantially all of the grill and light assemblies or that the owner designates has little or no resale value except its worth as a source of scrap metal or as a source of a vehicle identification number that could be used illegally.

(c) Is a completely burned vehicle that has been burned to the extent that there are no usable or repairable body or interior components, tires and wheels, engine or motor or transmission and that the owner irreversibly designates as having little or no resale value except as a source of scrap metal or as a source of a vehicle identification number that could be used illegally.

3. "Nonrepairable vehicle certificate of title" means a vehicle ownership document issued to the owner of a nonrepairable vehicle.

4. "Salvage vehicle" means a vehicle, other than a nonrepairable vehicle, of a type that is subject to titling and registration pursuant to this chapter and that has been stolen, wrecked, destroyed, flood or water damaged or otherwise damaged to the extent that the owner, leasing company, financial institution or insurance company considers it uneconomical to repair the vehicle.

APPROVED BY THE GOVERNOR APRIL 16, 2007.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 16, 2007.