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Transportation

AN ACT

To establish nationally uniform requirements regarding the
titling and registration of salvage, nonrepairable, and
rebuilt vehicles.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “National Salvage
3 Motor Vehicle Consumer Protection Act of 1997”.

4 **SEC. 2. MOTOR VEHICLE TITLING AND DISCLOSURE RE-**
5 **QUIREMENTS.**

6 (a) AMENDMENT TO TITLE 49, UNITED STATES
7 CODE.—Subtitle VI of title 49, United States Code, is
8 amended by inserting a new chapter at the end:

9 **“CHAPTER 333—AUTOMOBILE SAFETY**
10 **AND TITLE DISCLOSURE REQUIREMENTS**

“Sec.

“33301. Definitions.

“33302. Passenger motor vehicle titling.

“33303. Disclosure and label requirements on transfer of rebuilt salvage vehi-
cles.

“33304. Report on funding.

“33305. Effect on State law.

“33306. Civil and criminal penalties.

“33307. Actions by States.

11 **“§ 33301. Definitions**

12 “(a) DEFINITIONS.—For the purposes of this chap-
13 ter:

14 “(1) PASSENGER MOTOR VEHICLE.—The term
15 ‘passenger motor vehicle’ shall have the same mean-
16 ing given such term by section 32101(10), except,
17 notwithstanding section 32101(9), it shall include a
18 multipurpose passenger vehicle (constructed on a
19 truck chassis or with special features for occasional
20 off-road operation), or a truck, other than a truck
21 referred to in section 32101(10)(B), when that vehi-

1 cle or truck is rated by the manufacturer of such ve-
2 hicle or truck at not more than 10,000 pounds gross
3 vehicle weight, and except further, it shall only in-
4 clude a vehicle manufactured primarily for use on
5 public streets, roads, and highways.

6 “(2) SALVAGE VEHICLE.—The term ‘salvage ve-
7 hicle’ means any passenger motor vehicle, other than
8 a flood vehicle or a nonrepairable vehicle, which—

9 “(A) is a late model vehicle which has been
10 wrecked, destroyed, or damaged, to the extent
11 that the total cost of repairs to rebuild or re-
12 construct the passenger motor vehicle to its
13 condition immediately before it was wrecked,
14 destroyed, or damaged, and for legal operation
15 on the roads or highways, exceeds 80 percent of
16 the retail value of the passenger motor vehicle;

17 “(B) is a late model vehicle which has been
18 wrecked, destroyed, or damaged, and to which
19 an insurance company acquires ownership pur-
20 suant to a damage settlement (except in the
21 case of a settlement in connection with a recov-
22 ered stolen vehicle, unless such vehicle sus-
23 tained damage sufficient to meet the damage
24 threshold prescribed by subparagraph (A)); or

1 “(C) the owner wishes to voluntarily des-
2 ignate as a salvage vehicle by obtaining a sal-
3 vage title, without regard to the level of dam-
4 age, age, or value of such vehicle or any other
5 factor, except that such designation by the
6 owner shall not impose on the insurer of the
7 passenger motor vehicle or on an insurer proc-
8 essing a claim made by or on behalf of the
9 owner of the passenger motor vehicle any obli-
10 gation or liability.

11 “(3) SALVAGE TITLE.—The term ‘salvage title’
12 means a passenger motor vehicle ownership docu-
13 ment issued by the State to the owner of a salvage
14 vehicle. A salvage title shall be conspicuously labeled
15 with the word ‘salvage’ across the front.

16 “(4) REBUILT SALVAGE VEHICLE.—The term
17 ‘rebuilt salvage vehicle’ means—

18 “(A) any passenger motor vehicle which
19 was previously issued a salvage title, has passed
20 State anti-theft inspection, has been issued a
21 certificate indicating that the passenger motor
22 vehicle has passed the required anti-theft in-
23 spection, has passed the State safety inspection
24 in those States requiring a safety inspection
25 pursuant to section 33302(b)(8), has been is-

1 sued a certificate indicating that the passenger
2 motor vehicle has passed the required safety in-
3 spection in those States requiring such a safety
4 inspection pursuant to section 33302(b)(8), and
5 has a decal stating ‘Rebuilt Salvage Vehicle—
6 Anti-theft and Safety Inspections Passed’ af-
7 fixed to the driver’s door jamb; or

8 “(B) any passenger motor vehicle which
9 was previously issued a salvage title, has passed
10 a State anti-theft inspection, has been issued a
11 certificate indicating that the passenger motor
12 vehicle has passed the required anti-theft in-
13 spection, and has, affixed to the driver’s door
14 jamb, a decal stating ‘Rebuilt Salvage Vehicle—
15 Anti-theft Inspection Passed/No Safety Inspec-
16 tion Pursuant to National Criteria’ in those
17 States not requiring a safety inspection pursu-
18 ant to section 33302(b)(8).

19 “(5) REBUILT SALVAGE TITLE.—The term ‘re-
20 built salvage title’ means the passenger motor vehi-
21 cle ownership document issued by the State to the
22 owner of a rebuilt salvage vehicle. A rebuilt salvage
23 title shall be conspicuously labeled either with the
24 words ‘Rebuilt Salvage Vehicle—Anti-theft and
25 Safety Inspections Passed’ or ‘Rebuilt Salvage Vehi-

1 cle—Anti-theft Inspection Passed/No Safety Inspec-
2 tion Pursuant to National Criteria,’ as appropriate,
3 across the front.

4 “(6) NONREPAIRABLE VEHICLE.—The term
5 ‘nonrepairable vehicle’ means any passenger motor
6 vehicle, other than a flood vehicle, which is incapable
7 of safe operation for use on roads or highways and
8 which has no resale value except as a source of parts
9 or scrap only or which the owner irreversibly des-
10 ignates as a source of parts or scrap. Such pas-
11 senger motor vehicle shall be issued a nonrepairable
12 vehicle certificate and shall never again be titled or
13 registered.

14 “(7) NONREPAIRABLE VEHICLE CERTIFI-
15 CATE.—The term ‘nonrepairable vehicle certificate’
16 means a passenger motor vehicle ownership docu-
17 ment issued by the State to the owner of a non-
18 repairable vehicle. A nonrepairable vehicle certificate
19 shall be conspicuously labeled with the word ‘Non-
20 repairable’ across the front.

21 “(8) SECRETARY.—The term ‘Secretary’ means
22 the Secretary of Transportation.

23 “(9) LATE MODEL VEHICLE.—The term ‘Late
24 Model Vehicle’ means any passenger motor vehicle
25 which—

1 “(A) has a manufacturer’s model year des-
2 ignation of or later than the year in which the
3 vehicle was wrecked, destroyed, or damaged, or
4 any of the six preceding years; or

5 “(B) has a retail value of more than
6 \$7,500.

7 The Secretary shall adjust such retail value on an
8 annual basis in accordance with changes in the
9 consumer price index.

10 “(10) RETAIL VALUE.—The term ‘retail value’
11 means the actual cash value, fair market value, or
12 retail value of a passenger motor vehicle as—

13 “(A) set forth in a current edition of any
14 nationally recognized compilation (to include
15 automated databases) of retail values; or

16 “(B) determined pursuant to a market sur-
17 vey of comparable vehicles with regard to condi-
18 tion and equipment.

19 “(11) COST OF REPAIRS.—The term ‘cost of re-
20 pairs’ means the estimated retail cost of parts need-
21 ed to repair the vehicle or, if the vehicle has been
22 repaired, the actual retail cost of the parts used in
23 the repair, and the cost of labor computed by using
24 the hourly labor rate and time allocations that are
25 reasonable and customary in the automobile repair

1 industry in the community where the repairs are to
2 be performed.

3 “(12) FLOOD VEHICLE.—The term ‘flood vehi-
4 cle’ means any passenger motor vehicle that—

5 “(A) has been acquired by an insurance
6 company as part of a damage settlement due to
7 water damage; or

8 “(B) has been submerged in water to the
9 point that rising water has reached over the
10 door sill, has entered the passenger or trunk
11 compartment, and has exposed any electrical,
12 computerized, or mechanical component to
13 water, except—

14 “(i) where a passenger motor vehicle
15 which, pursuant to an inspection conducted
16 by an insurance adjuster or estimator, a
17 motor vehicle repairer or motor vehicle
18 dealer in accordance with inspection guide-
19 lines or procedures established by the Sec-
20 retary or the State, is determined to have
21 no electrical, computerized or mechanical
22 components which were damaged by water;
23 or

24 “(ii) where a passenger motor vehicle
25 which, pursuant to an inspection conducted

1 by an insurance adjuster or estimator, a
2 motor vehicle repairer or motor vehicle
3 dealer in accordance with inspection guide-
4 lines or procedures established by the Sec-
5 retary or the State, is determined to have
6 one or more electrical, computerized or me-
7 chanical components which were damaged
8 by water and where all such damaged com-
9 ponents have been repaired or replaced.

10 Disclosure that a vehicle is a flood vehicle must be
11 made at the time of transfer of ownership and the
12 brand 'Flood' shall be conspicuously marked on all
13 subsequent titles for the vehicle. No inspection shall
14 be required unless the owner or insurer of the pas-
15 senger motor vehicle is seeking to avoid a brand of
16 'Flood' pursuant to subparagraph (B). Disclosing a
17 passenger motor vehicle's status as a flood vehicle or
18 conducting an inspection pursuant to subparagraph
19 (B) shall not impose on any person any liability for
20 damage to (except in the case of damage caused by
21 the inspector at the time of the inspection) or re-
22 duced value of a passenger motor vehicle.

23 "(b) CONSTRUCTION.—The definitions set forth in
24 subsection (a) shall only apply to vehicles in a State which
25 are wrecked, destroyed, or otherwise damaged on or after

1 the date on which such State complies with the require-
2 ments of this chapter and the rule promulgated pursuant
3 to section 33302(b).

4 **“§ 33302. Passenger motor vehicle titling**

5 “(a) CARRY-FORWARD OF INFORMATION ON A
6 NEWLY ISSUED TITLE WHERE THE PREVIOUS TITLE FOR
7 THE VEHICLE WAS NOT ISSUED PURSUANT TO NEW NA-
8 TIONALLY UNIFORM STANDARDS.—For any passenger
9 motor vehicle, the ownership of which is transferred on
10 or after the date that is 1 year from the date of the enact-
11 ment of this chapter, each State receiving funds, either
12 directly or indirectly, appropriated under section 30503(c)
13 of this title after fiscal year 1998, in licensing such vehicle
14 for use, shall disclose in writing on the certificate of title
15 whenever records readily accessible to the State indicate
16 that the passenger motor vehicle was previously issued a
17 title that bore any word or symbol signifying that the vehi-
18 cle was ‘salvage’, ‘unrebuildable’, ‘parts only’, ‘scrap’,
19 ‘junk’, ‘nonrepairable’, ‘reconstructed’, ‘rebuilt’, or any
20 other symbol or word of like kind, or that it has been dam-
21 aged by flood.

22 “(b) NATIONALLY UNIFORM TITLE STANDARDS AND
23 CONTROL METHODS.—Not later than 18 months after the
24 date of the enactment of this chapter, the Secretary shall
25 by rule require each State receiving funds, either directly

1 or indirectly, appropriated under section 30503(c) of this
2 title after fiscal year 1998, in licensing any passenger
3 motor vehicle where ownership of such passenger motor
4 vehicle is transferred more than 2 years after publication
5 of such final rule, to apply uniform standards, procedures,
6 and methods for the issuance and control of titles for
7 motor vehicles and for information to be contained on such
8 titles. Such titling standards, control procedures, methods,
9 and information shall include the following requirements:

10 “(1) A State shall conspicuously indicate on the
11 face of the title or certificate for a passenger motor
12 vehicle, as applicable, if the passenger motor vehicle
13 is a salvage vehicle, a nonrepairable vehicle, a rebuilt
14 salvage vehicle, or a flood vehicle.

15 “(2) Such information concerning a passenger
16 motor vehicle’s status shall be conveyed on any sub-
17 sequent title, including a duplicate or replacement
18 title, for the passenger motor vehicle issued by the
19 original titling State or any other State.

20 “(3) The title documents, the certificates, and
21 decals required by section 33301(4), and the issuing
22 system shall meet security standards minimizing the
23 opportunities for fraud.

24 “(4) The certificate of title shall include the
25 passenger motor vehicle make, model, body type,

1 year, odometer disclosure, and vehicle identification
2 number.

3 “(5) The title documents shall maintain a uni-
4 form layout, to be established in consultation with
5 the States or an organization representing them.

6 “(6) A passenger motor vehicle designated as
7 nonrepairable shall be issued a nonrepairable vehicle
8 certificate and shall not be retitled.

9 “(7) No rebuilt salvage title shall be issued to
10 a salvage vehicle unless, after the salvage vehicle is
11 repaired or rebuilt, it complies with the requirements
12 for a rebuilt salvage vehicle pursuant to section
13 33301(4). Any State inspection program operating
14 under this paragraph shall be subject to continuing
15 review by and approval of the Secretary. Any such
16 anti-theft inspection program shall include the fol-
17 lowing:

18 “(A) A requirement that the owner of any
19 passenger motor vehicle submitting such vehicle
20 for an anti-theft inspection provide a completed
21 document identifying the vehicle’s damage prior
22 to being repaired, a list of replacement parts
23 used to repair the vehicle, and proof of owner-
24 ship of such replacement parts, as may be evi-
25 denced by bills of sale, invoices, or, if such doc-

1 uments are not available, other proof of owner-
2 ship for the replacement parts. The owner shall
3 also include an affirmation that the information
4 in the declaration is complete and accurate and
5 that, to the knowledge of the declarant, no sto-
6 len parts were used during the rebuilding.

7 “(B) A requirement to inspect the pas-
8 senger motor vehicle or any major part or any
9 major replacement part required to be marked
10 under section 33102 for signs of such mark or
11 vehicle identification number being illegally al-
12 tered, defaced, or falsified. Any such passenger
13 motor vehicle or any such part having a mark
14 or vehicle identification number that has been
15 illegally altered, defaced, or falsified, and that
16 cannot be identified as having been legally ob-
17 tained (through bills of sale, invoices, or other
18 ownership documentation), shall be contraband
19 and subject to seizure. The Secretary, in con-
20 sultation with the Attorney General, shall, as
21 part of the rule required by this section, estab-
22 lish procedures for dealing with those parts
23 whose mark or vehicle identification number is
24 normally removed during industry accepted re-
25 manufacturing or rebuilding practices, which

1 parts shall be deemed identified for purposes of
2 this section if they bear a conspicuous mark of
3 a type, and applied in such a manner, as des-
4 ignated by the Secretary, indicating that they
5 have been rebuilt or remanufactured. With re-
6 spect to any vehicle part, the Secretary's rule,
7 as required by this section, shall acknowledge
8 that a mark or vehicle identification number on
9 such part may be legally removed or altered as
10 provided for in section 511 of title 18, United
11 States Code, and shall direct inspectors to
12 adopt such procedures as may be necessary to
13 prevent the seizure of a part from which the
14 mark or vehicle identification number has been
15 legally removed or altered.

16 “(8) Any safety inspection for a rebuilt salvage
17 vehicle performed pursuant to this chapter shall be
18 performed in accordance with nationally uniform
19 safety inspection criteria established by the Sec-
20 retary. A State may determine whether to conduct
21 such safety inspection itself, contract with one or
22 more third parties, or permit self-inspection by a
23 person licensed by such State in an automotive-relat-
24 ed business, all subject to criteria promulgated by
25 the Secretary hereunder. Any State inspection pro-

1 gram operating under this paragraph shall be sub-
2 ject to continuing review by and approval of the Sec-
3 retary. A State requiring such safety inspection may
4 require the payment of a fee for the privilege of such
5 inspection or the processing thereof.

6 “(9) No duplicate or replacement title shall be
7 issued unless the word ‘duplicate’ is clearly marked
8 on the face thereof and unless the procedures for
9 such issuance are substantially consistent with Rec-
10 ommendation three of the Motor Vehicle Titling,
11 Registration and Salvage Advisory Committee.

12 “(10) A State shall employ the following titling
13 and control methods:

14 “(A) If an insurance company is not in-
15 volved in a damage settlement involving a sal-
16 vage vehicle or a nonrepairable vehicle, the pas-
17 senger motor vehicle owner shall apply for a
18 salvage title or nonrepairable vehicle certificate,
19 whichever is applicable, before the passenger
20 motor vehicle is repaired or the ownership of
21 the passenger motor vehicle is transferred, but
22 in any event within 30 days after the passenger
23 motor vehicle is damaged.

24 “(B) If an insurance company, pursuant to
25 a damage settlement, acquires ownership of a

1 passenger motor vehicle that has incurred dam-
2 age requiring the vehicle to be titled as a sal-
3 vage vehicle or nonrepairable vehicle, the insur-
4 ance company or salvage facility or other agent
5 on its behalf shall apply for a salvage title or
6 nonrepairable vehicle certificate within 30 days
7 after the title is properly assigned by the owner
8 to the insurance company and delivered to the
9 insurance company or salvage facility or other
10 agent on its behalf with all liens released.

11 “(C) If an insurance company does not as-
12 sume ownership of an insured’s or claimant’s
13 passenger motor vehicle that has incurred dam-
14 age requiring the vehicle to be titled as a sal-
15 vage vehicle or nonrepairable vehicle, the insur-
16 ance company shall notify the owner of the
17 owner’s obligation to apply for a salvage title or
18 nonrepairable vehicle certificate for the pas-
19 senger motor vehicle and notify the State pas-
20 senger motor vehicle titling office that a salvage
21 title or nonrepairable vehicle certificate should
22 be issued for the vehicle, except to the extent
23 such notification is prohibited by State insur-
24 ance law.

1 “(D) If a leased passenger motor vehicle
2 incurs damage requiring the vehicle to be titled
3 as a salvage vehicle or nonrepairable vehicle,
4 the lessor shall apply for a salvage title or non-
5 repairable vehicle certificate within 21 days
6 after being notified by the lessee that the vehi-
7 cle has been so damaged, except when an insur-
8 ance company, pursuant to a damage settle-
9 ment, acquires ownership of the vehicle. The
10 lessee of such vehicle shall inform the lessor
11 that the leased vehicle has been so damaged
12 within 30 days after the occurrence of the dam-
13 age.

14 “(E) Any person acquiring ownership of a
15 damaged passenger motor vehicle that meets
16 the definition of a salvage or nonrepairable ve-
17 hicle for which a salvage title or nonrepairable
18 vehicle certificate has not been issued, shall
19 apply for a salvage title or nonrepairable vehicle
20 certificate, whichever is applicable. This appli-
21 cation shall be made before the vehicle is fur-
22 ther transferred, but in any event, within 30
23 days after ownership is acquired. The require-
24 ments of this subparagraph shall not apply to
25 any scrap metal processor which acquires a pas-

1 senger motor vehicle for the sole purpose of
2 processing it into prepared grades of scrap and
3 which so processes such vehicle.

4 “(F) State records shall note when a non-
5 repairable vehicle certificate is issued. No State
6 shall issue a nonrepairable vehicle certificate
7 after 2 transfers of ownership.

8 “(G) When a passenger motor vehicle has
9 been flattened, baled, or shredded, whichever
10 comes first, the title or nonrepairable vehicle
11 certificate for the vehicle shall be surrendered
12 to the State within 30 days. If the second
13 transferee on a nonrepairable vehicle certificate
14 is unequipped to flatten, bale, or shred the vehi-
15 cle, such transferee shall, at the time of final
16 disposal of the vehicle, use the services of a pro-
17 fessional automotive recycler or professional
18 scrap processor who is hereby authorized to
19 flatten, bale, or shred the vehicle and to effect
20 the surrender of the nonrepairable vehicle cer-
21 tificate to the State on behalf of such second
22 transferee. State records shall be updated to in-
23 dicate the destruction of such vehicle and no
24 further ownership transactions for the vehicle
25 will be permitted. If different than the State of

1 origin of the title or nonrepairable vehicle cer-
2 tificate, the State of surrender shall notify the
3 State of origin of the surrender of the title or
4 nonrepairable vehicle certificate and of the de-
5 struction of such vehicle.

6 “(H) When a salvage title is issued, the
7 State records shall so note. No State shall per-
8 mit the retitling for registration purposes or is-
9 suance of a rebuilt salvage title for a passenger
10 motor vehicle with a salvage title without a cer-
11 tificate of inspection, which complies with the
12 security and guideline standards established by
13 the Secretary pursuant to paragraphs (3), (7),
14 and (8), as applicable, indicating that the vehi-
15 cle has passed the inspections required by the
16 State. This subparagraph does not preclude the
17 issuance of a new salvage title for a salvage ve-
18 hicle after a transfer of ownership.

19 “(I) After a passenger motor vehicle titled
20 with a salvage title has passed the inspections
21 required by the State, the inspection official will
22 affix the secure decal required pursuant to sec-
23 tion 33301(4) to the driver’s door jamb of the
24 vehicle and issue to the owner of the vehicle a
25 certificate indicating that the passenger motor

1 vehicle has passed the inspections required by
2 the State. The decal shall comply with the per-
3 manency requirements established by the Sec-
4 retary.

5 “(J) The owner of a passenger motor vehi-
6 cle titled with a salvage title may obtain a re-
7 built salvage title or vehicle registration, or
8 both, by presenting to the State the salvage
9 title, properly assigned, if applicable, along with
10 the certificate that the vehicle has passed the
11 inspections required by the State. With such
12 proper documentation and upon request, a re-
13 built salvage title or registration, or both, shall
14 be issued to the owner. When a rebuilt salvage
15 title is issued, the State records shall so note.

16 “(11) A seller of a passenger motor vehicle that
17 becomes a flood vehicle shall, at or prior to the time
18 of transfer of ownership, give the buyer a written
19 notice that the vehicle has been damaged by flood,
20 provided such person has actual knowledge that such
21 vehicle has been damaged by flood. At the time of
22 the next title application for the vehicle, disclosure
23 of the flood status shall be provided to the applicable
24 State with the properly assigned title and the word

1 ‘Flood’ shall be conspicuously labeled across the
2 front of the new title.

3 “(12) In the case of a leased passenger motor
4 vehicle, the lessee, within 15 days of the occurrence
5 of the event that caused the vehicle to become a
6 flood vehicle, shall give the lessor written disclosure
7 that the vehicle is a flood vehicle.

8 “(13) Ownership of a passenger motor vehicle
9 may be transferred on a salvage title, however, a
10 passenger motor vehicle for which a salvage title has
11 been issued shall not be registered for use on the
12 roads or highways unless it has been issued a rebuilt
13 salvage title.

14 “(14) Ownership of a passenger motor vehicle
15 may be transferred on a rebuilt salvage title, and a
16 passenger motor vehicle for which a rebuilt salvage
17 title has been issued may be registered for use on
18 the roads and highways.

19 “(15) Ownership of a passenger motor vehicle
20 may only be transferred 2 times on a nonrepairable
21 vehicle certificate. A passenger motor vehicle for
22 which a nonrepairable vehicle certificate has been is-
23 sued can never be titled or registered for use on
24 roads or highways.

1 “(c) CONSUMER NOTICE IN NONCOMPLIANT
 2 STATES.—Any State receiving, either directly or indi-
 3 rectly, funds appropriated under section 30503(c) of this
 4 title after fiscal year 1998 and not complying with the re-
 5 quirements of subsections (a) and (b) of this section, shall
 6 conspicuously print the following notice on all titles or
 7 ownership certificates issued for passenger motor vehicles
 8 in such State until such time as such State is in compli-
 9 ance with the requirements of subsections (a) and (b) of
 10 this section: ‘NOTICE: This State does not conform to
 11 the uniform Federal requirements of the National Salvage
 12 Motor Vehicle Consumer Protection Act of 1997.’.

13 **“§ 33303. Disclosure and label requirements on trans-**
 14 **fer of rebuilt salvage vehicles**

15 “(a) WRITTEN DISCLOSURE REQUIREMENTS.—

16 “(1) GENERAL RULE.—Under regulations pre-
 17 scribed by the Secretary of Transportation, a person
 18 transferring ownership of a rebuilt salvage vehicle
 19 shall give the transferee a written disclosure that the
 20 vehicle is a rebuilt salvage vehicle when such person
 21 has actual knowledge of the status of such vehicle.

22 “(2) FALSE STATEMENT.—A person making a
 23 written disclosure required by a regulation pre-
 24 scribed under paragraph (1) of this subsection may
 25 not make a false statement in the disclosure.

1 “(3) COMPLETENESS.—A person acquiring a
2 rebuilt salvage vehicle for resale may accept a disclo-
3 sure under paragraph (1) only if it is complete.

4 “(4) REGULATIONS.—The regulations pre-
5 scribed by the Secretary shall provide the way in
6 which information is disclosed and retained under
7 paragraph (1).

8 “(b) LABEL REQUIREMENTS.—

9 “(1) IN GENERAL.—The Secretary shall by reg-
10 ulation require that a label be affixed to the wind-
11 shield or window of a rebuilt salvage vehicle before
12 its first sale at retail containing such information re-
13 garding that vehicle as the Secretary may require.
14 The label shall be affixed by the individual who con-
15 ducts the applicable State antitheft inspection in a
16 participating State.

17 “(2) REMOVAL, ALTERATION, OR ILLEGIBILITY
18 OF REQUIRED LABEL.—No person shall willfully re-
19 move, alter, or render illegible any label required by
20 paragraph (1) affixed to a rebuilt salvage vehicle be-
21 fore the vehicle is delivered to the actual custody
22 and possession of the first retail purchaser.

23 “(c) LIMITATION.—The requirements of subsections
24 (a) and (b) shall only apply to a transfer of ownership
25 of a rebuilt salvage vehicle where such transfer occurs in

1 a State which, at the time of the transfer, is complying
2 with subsections (a) and (b) of section 33302.

3 **“§ 33304. Report on funding**

4 “The Secretary shall, contemporaneously with the is-
5 suance of a final rule pursuant to section 33302(b), report
6 to appropriate committees of Congress whether the costs
7 to the States of compliance with such rule can be met by
8 user fees for issuance of titles, issuance of registrations,
9 issuance of duplicate titles, inspection of rebuilt vehicles,
10 or for the State services, or by earmarking any moneys
11 collected through law enforcement action to enforce re-
12 quirements established by such rule.

13 **“§ 33305. Effect on State law**

14 “(a) IN GENERAL.—Unless a State is in compliance
15 with subsection (c) of section 33302, effective on the date
16 the rule promulgated pursuant to section 33302 becomes
17 effective, the provisions of this chapter shall preempt all
18 State laws in States receiving funds, either directly or in-
19 directly, appropriated under section 30503(c) of this title
20 after fiscal year 1998, to the extent they are inconsistent
21 with the provisions of this chapter or the rule promulgated
22 pursuant to section 33302, which—

23 “(1) set forth the form of the passenger motor
24 vehicle title;

1 “(2) define, in connection with a passenger
2 motor vehicle (but not in connection with a pas-
3 senger motor vehicle part or part assembly separate
4 from a passenger motor vehicle), any term defined
5 in section 33301 or the terms ‘salvage’, ‘junk’, ‘re-
6 constructed’, ‘nonrepairable’, ‘unrebuildable’, ‘scrap’,
7 ‘parts only’, ‘rebuilt’, ‘flood’, or any other symbol or
8 word of like kind, or apply any of those terms to any
9 passenger motor vehicle (but not to a passenger
10 motor vehicle part or part assembly separate from a
11 passenger motor vehicle); or

12 “(3) set forth titling, recordkeeping, anti-theft
13 inspection, or control procedures in connection with
14 any salvage vehicle, rebuilt salvage vehicle, non-
15 repairable vehicle, or flood vehicle.

16 The requirements described in paragraph (3) shall not be
17 construed to affect any State consumer law actions that
18 may be available to residents of the State for violations
19 of this chapter.

20 “(b) CONSTRUCTION.—Additional disclosures of a
21 passenger motor vehicle’s title status or history, in addi-
22 tion to the terms defined in section 33301, shall not be
23 deemed inconsistent with the provisions of this chapter.
24 Such disclosures shall include disclosures made on a cer-
25 tificate of title. When used in connection with a passenger

1 motor vehicle (but not in connection with a passenger
2 motor vehicle part or part assembly separate from a pas-
3 senger motor vehicle), any definition of a term defined in
4 section 33301 which is different than the definition in that
5 section or any use of any term listed in subsection (a),
6 but not defined in section 33301, shall be deemed incon-
7 sistent with the provisions of this chapter. Nothing in this
8 chapter shall preclude a State from disclosing on a rebuilt
9 salvage title that a rebuilt salvage vehicle has passed a
10 State safety inspection which differed from the nationally
11 uniform criteria to be promulgated pursuant to section
12 33302(b)(8).

13 **“§ 33306. Civil and criminal penalties**

14 “(a) PROHIBITED ACTS.—It shall be unlawful for any
15 person knowingly and willfully to—

16 “(1) make or cause to be made any false state-
17 ment on an application for a title (or duplicate title)
18 for a passenger motor vehicle or any disclosure made
19 pursuant to section 33303;

20 “(2) fail to apply for a salvage title when such
21 an application is required;

22 “(3) alter, forge, or counterfeit a certificate of
23 title (or an assignment thereof), a nonrepairable ve-
24 hicle certificate, a certificate verifying an anti-theft
25 inspection or an anti-theft and safety inspection, a

1 decal affixed to a passenger motor vehicle pursuant
2 to section 33302(b)(10)(I), or any disclosure made
3 pursuant to section 33303;

4 “(4) falsify the results of, or provide false infor-
5 mation in the course of, an inspection conducted
6 pursuant to section 33302(b)(7) or (8);

7 “(5) offer to sell any salvage vehicle or non-
8 repairable vehicle as a rebuilt salvage vehicle;

9 “(6) fail to make any disclosure required by
10 section 33303, except when the person lacks actual
11 knowledge of the status of the rebuilt salvage vehi-
12 cle;

13 “(7) violate a regulation prescribed under this
14 chapter; or

15 “(8) conspire to commit any of the acts enu-
16 merated in paragraph (1), (2), (3), (4), (5), (6), or
17 (7).

18 “(b) CIVIL PENALTY.—Any person who commits an
19 unlawful act as provided in subsection (a) of this section
20 shall be fined a civil penalty of up to \$2,000 per offense.
21 A separate violation occurs for each passenger motor vehi-
22 cle involved in the violation.

23 “(c) CRIMINAL PENALTY.—Any person who commits
24 an unlawful act as provided in subsection (a) of this sec-

tion shall be fined up to \$50,000 or sentenced to up to 3 years imprisonment or both, per offense.

“§ 33307. Actions by States

“(a) IN GENERAL.—Whenever an attorney general of any State has reason to believe that the interests of the residents of that State have been or are being threatened or adversely affected because any person has violated or is violating section 33302 or 33303, the State, as *parens patriae*, may bring a civil action on behalf of its residents in an appropriate district court of the United States or the appropriate State court to enjoin such violation or to enforce the civil penalties under section 33306 or enforce the criminal penalties under section 33306.

“(b) NOTICE.—The State shall serve prior written notice of any civil or criminal action under subsection (a) or (e)(2) upon the Attorney General and provide the Attorney General with a copy of its complaint, except that if it is not feasible for the State to provide such prior notice, the State shall serve such notice immediately upon instituting such action. Upon receiving a notice respecting a civil or criminal action, the Attorney General shall have the right—

“(1) to intervene in such action;

“(2) upon so intervening, to be heard on all matters arising therein; and

1 “(3) to file petitions for appeal.

2 “(c) CONSTRUCTION.—For purposes of bringing any
3 civil or criminal action under subsection (a), nothing in
4 this Act shall prevent an attorney general from exercising
5 the powers conferred on the attorney general by the laws
6 of such State to conduct investigations or to administer
7 oaths or affirmations or to compel the attendance of wit-
8 nesses or the production of documentary and other evi-
9 dence.

10 “(d) VENUE; SERVICE OF PROCESS.—Any civil or
11 criminal action brought under subsection (a) in a district
12 court of the United States may be brought in the district
13 in which the defendant is found, is an inhabitant, or trans-
14 acts business or wherever venue is proper under section
15 1391 of title 28, United States Code. Process in such an
16 action may be served in any district in which the defend-
17 ant is an inhabitant or in which the defendant may be
18 found.

19 “(e) ACTIONS BY STATE OFFICIALS.—

20 “(1) Nothing contained in this section shall
21 prohibit an attorney general of a State or other au-
22 thorized State official from proceeding in State court
23 on the basis of an alleged violation of any civil or
24 criminal statute of such State.

“333. Automobile Safety and Title Disclosure Requirements33301”.

11 (a) DEFINITIONS.—

14 “(4) ‘nonrepairable vehicle’, ‘salvage vehicle’,
15 and ‘rebuilt salvage vehicle’ shall have the same
16 meanings given those terms in section 33301 of this
17 title.”.

(3) Amend section 30501(8) by striking “sal-
vage automobiles” and inserting “salvage vehicles”.

1 (4) Strike paragraph (7) of section 30501 of
2 title 49, United States Code, and renumber the suc-
3 ceeding sections accordingly.

4 (b) NATIONAL MOTOR VEHICLE TITLE INFORMA-
5 TION SYSTEM.—

6 (1) Amend section 30502(d)(3) of title 49,
7 United States Code, to read as follows:

8 “(3) whether an automobile known to be titled
9 in a particular State is or has been a nonrepairable
10 vehicle, a rebuilt salvage vehicle, or a salvage vehi-
11 cle;”.

12 (2) Amend section 30502(d)(5) of title 49,
13 United States Code, to read as follows:

14 “(5) whether an automobile bearing a known
15 vehicle identification number has been reported as a
16 nonrepairable vehicle, a rebuilt salvage vehicle, or a
17 salvage vehicle under section 30504 of this title.”.

18 (c) STATE PARTICIPATION.—Amend section 30503 of
19 title 49, United States Code, to read as follows:

20 **“§ 30503. State participation**

21 “(a) STATE INFORMATION.—Each State receiving
22 funds appropriated under subsection (c) shall make titling
23 information maintained by that State available for use in
24 operating the National Motor Vehicle Title Information

1 System established or designated under section 30502 of
2 this title.

3 “(b) VERIFICATION CHECKS.—Each State receiving
4 funds appropriated under subsection (c) shall establish a
5 practice of performing an instant title verification check
6 before issuing a certificate of title to an individual or en-
7 tity claiming to have purchased an automobile from an
8 individual or entity in another State. The check shall con-
9 sist of—

10 “(1) communicating to the operator—

11 “(A) the vehicle identification number of
12 the automobile for which the certificate of title
13 is sought;

14 “(B) the name of the State that issued the
15 most recent certificate of title for the auto-
16 mobile; and

17 “(C) the name of the individual or entity
18 to whom the certificate of title was issued; and

19 “(2) giving the operator an opportunity to com-
20 municate to the participating State the results of a
21 search of the information.

22 “(c) GRANTS TO STATES.—

23 “(1) In cooperation with the States and not
24 later than January 1, 1994, the Attorney General
25 shall—

1 “(A) conduct a review of systems used by
2 the States to compile and maintain information
3 about the titling of automobiles; and

4 “(B) determine for each State the cost of
5 making titling information maintained by that
6 State available to the operator to meet the re-
7 quirements of section 30502(d) of this title.

8 “(2) The Attorney General may make reason-
9 able and necessary grants to participating States to
10 be used in making titling information maintained by
11 those States available to the operator.

12 “(d) REPORT TO CONGRESS.—Not later than Octo-
13 ber 1, 1998, the Attorney General shall report to Congress
14 on which States have met the requirements of this section.
15 If a State has not met the requirements, the Attorney
16 General shall describe the impediments that have resulted
17 in the State’s failure to meet the requirements.”.

18 (d) REPORTING REQUIREMENTS.—Section 30504 of
19 title 49, United States Code, is amended by striking “junk
20 automobiles or salvage automobiles” every place it appears
21 and inserting “nonrepairable vehicles, rebuilt salvage vehi-
22 cles, or salvage vehicles”.

Passed the House of Representatives November 4,
1997.

Attest:

ROBIN H. CARLE,
Clerk.