

ASSEMBLY BILL NO. 204—COMMITTEE ON TRANSPORTATION

FEBRUARY 23, 2011

Referred to Committee on Transportation

SUMMARY—Revises provisions regarding salvage vehicles and total loss vehicles. (BDR 43-265)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in **bolded italics** is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to motor vehicles; revising provisions relating to licensed automobile wreckers that obtain vehicles to be processed as parts or scrap metal; revising provisions relating to the determination that a motor vehicle is a total loss vehicle; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires a licensed automobile wrecker to forward to the Department of Motor Vehicles the certificates of title and registration for certain vehicles acquired by the wrecker. (NRS 487.100) **Section 5** of this bill eliminates that requirement if the wrecker, pursuant to **section 4** of this bill, provides the Department with certain identifying information about a motor vehicle and affirms to the Department that the motor vehicle is to be processed as parts or scrap metal by the wrecker. **Section 4** provides that if a licensed automobile wrecker procures and files with the Department an additional bond, the wrecker may avail himself or herself of a streamlined procedure for processing as parts or scrap metal vehicles that have reached the end of their useful life. **Section 4** requires a licensed automobile wrecker to provide the Department with an affirmation and certain information about a motor vehicle that is to be processed as parts or scrap metal and sets forth that the wrecker may only process the motor vehicle as parts or scrap metal if 5 business days elapse and the wrecker has not been notified by the Department that the vehicle is not to be processed as parts or scrap metal. **Section 4** also provides that any liability which arises from the processing of a motor vehicle as parts or scrap metal is to be borne by the licensed automobile wrecker, not the Department. In addition, **section 4** requires the Department to issue a nonrepairable vehicle certificate for a motor vehicle which has been processed as parts or scrap metal. **Section 7** of this bill revises the requirements for a licensed automobile wrecker to maintain records of motor vehicles that have been processed as parts or scrap metal to include the retention for 2 years of any certificates of title or



registration or other documentation of ownership obtained when the motor vehicle was acquired.

Existing law restricts the sale of a salvage vehicle in certain circumstances. For example, if such a vehicle has not been repaired, it may only be sold to a salvage pool, automobile auction, rebuilder, automobile wrecker or a new or used motor vehicle dealer. (NRS 487.800) The term "salvage vehicle" includes a "total loss vehicle," which is defined as a vehicle that has sustained damage to such an extent that the cost of repair, not including the cost of painting any portion of the vehicle, is 65 percent or more of the fair market value of the vehicle immediately before it was damaged. (NRS 487.770, 487.790) **Section 11** of this bill revises the definition of "total loss vehicle" to exempt from the cost of repair the replacement of "major" electronic components in accordance with the specifications of the manufacturer and towing charges. **Section 11** also specifies that the term "total loss vehicle" does not include a vehicle that was stolen and subsequently recovered if the vehicle has no structural damage but is missing only tires, wheels, or audio or video equipment. **Section 13** of this bill makes conforming changes as to exempting from the cost of repair the replacement of "major" electronic components in accordance with the specifications of the manufacturer, and towing charges, when determining an estimate of repair costs for a vehicle in certain circumstances.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 482.470 is hereby amended to read as follows:
482.470 1. ~~Any~~ *Except as otherwise provided in section 4 of this act, if* any vehicle is dismantled, junked or rendered inoperative and unfit for further use in accordance with the original purpose for which it was constructed, the owner shall deliver to the Department any certificate of registration and certificate of title issued by the Department or any other jurisdiction, unless the certificate of title is required for the collection of any insurance or other indemnity for the loss of the vehicle, or for transfer in order to dispose of the vehicle.

2. ~~Any~~ *Except as otherwise provided in section 4 of this act, any* other person taking possession of a vehicle described in subsection 1 shall immediately deliver to the Department any license plate or plates, certificate of registration or certificate of title issued by the Department or any other jurisdiction, if the person has acquired possession of any of these and unless the certificate of title is required for a further transfer in the ultimate disposition of the vehicle.

3. The Department may issue a salvage title as provided in chapter 487 of NRS.

4. The Department shall destroy any plate or plates that are returned in a manner described in subsections 1 and 2.



1 **Sec. 2.** Chapter 487 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 3 and 4 of this act.

3 **Sec. 3.** *“Electronic components” means major electrical or*
4 *electronic items or parts within a motor vehicle, including, without*
5 *limitation:*

6 1. *Computer control modules for the:*

7 (a) *Engine of the vehicle;*

8 (b) *Air conditioning systems and parts thereof;*

9 (c) *Traction control systems and parts thereof;*

10 (d) *Antilock braking systems and parts thereof;*

11 (e) *Electrical or electronic items used to power or propel a*
12 *hybrid vehicle;*

13 (f) *Wiring harnesses; or*

14 (g) *Supplemental restraint systems; and*

15 2. *Any other major electrical item or part declared by*
16 *regulation of the Department to be an electronic component.*

17 **Sec. 4.** 1. *If a licensed automobile wrecker, in addition to*
18 *any other bond required by NRS 487.047 to 487.200, inclusive,*
19 *procures and files with the Department a good and sufficient bond*
20 *in the amount of \$50,000, with a corporate surety thereon licensed*
21 *to do business in the State of Nevada, approved as to form by the*
22 *Attorney General, and conditioned that the applicant conducts his*
23 *or her relevant activities in accordance with the provisions of this*
24 *section, the wrecker may use the procedure set forth in this section*
25 *to process a motor vehicle as parts or scrap metal. The additional*
26 *bond described in this subsection may cover more than one*
27 *location at which the licensed automobile wrecker does business,*
28 *if the wrecker holds an ownership interest of 51 percent or more in*
29 *each such business location.*

30 2. *Upon obtaining a motor vehicle that is to be processed as*
31 *parts or scrap metal, a licensed automobile wrecker who has*
32 *procured and filed the additional bond described in subsection 1*
33 *and who wishes to use the procedure provided in this section:*

34 (a) *Shall transmit to the Department electronically or via*
35 *facsimile, as specified by the Department, a report that includes:*

36 (1) *The make, model, vehicle identification number and*
37 *registration number, if applicable, of the motor vehicle; and*

38 (2) *An affirmation by the licensed automobile wrecker that*
39 *the motor vehicle has been designated by the licensed automobile*
40 *wrecker for processing as parts or scrap metal.*

41 (b) *May process the motor vehicle for parts or scrap metal only*
42 *if:*

43 (1) *Five or more business days elapse after transmission to*
44 *the Department of the report required by paragraph (a); and*



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1 (2) *The licensed automobile wrecker does not receive*
2 *notification from the Department that the motor vehicle is not to*
3 *be processed as parts or scrap metal.*

4 3. *A licensed automobile wrecker who processes a motor*
5 *vehicle for parts or scrap metal pursuant to this section assumes*
6 *all liability for any injuries to any person or property arising from*
7 *or incident to the act of such processing. No action may be*
8 *brought under NRS 41.031 or against an officer or employee of*
9 *the State or any of its agencies or political subdivisions which is*
10 *based upon any injuries to any person or property arising from or*
11 *incident to the act of processing a motor vehicle for parts or scrap*
12 *metal as authorized pursuant to this section.*

13 4. *If a licensed automobile wrecker submits to the*
14 *Department the report described in subsection 2 and the*
15 *Department confirms that the motor vehicle which is the subject of*
16 *the report has been processed as parts or scrap metal, the*
17 *Department shall issue a nonrepairable vehicle certificate for the*
18 *motor vehicle.*

19 **Sec. 5.** NRS 487.100 is hereby amended to read as follows:

20 487.100 1. Except as otherwise provided in ~~subsection 2,~~
21 *subsections 2 and 3*, any automobile wrecker purchasing from any
22 person other than a licensed operator of a salvage pool any vehicle
23 subject to registration pursuant to the laws of this State shall forward
24 to the Department the certificates of title and registration last issued
25 therefor.

26 2. The certificate of ownership last issued for a mobile home or
27 commercial coach must be sent by the wrecker to the Manufactured
28 Housing Division of the Department of Business and Industry.

29 3. *An automobile wrecker is not required to:*

30 (a) *Provide the Department with a certificate of title, salvage*
31 *title or a nonrepairable vehicle certificate and certificate of*
32 *registration last issued; or*

33 (b) *Obtain from the Department a certificate of title, salvage*
34 *title, nonrepairable vehicle certificate or certificate of registration,*
35 *↪ for a motor vehicle that is to be processed as parts or scrap*
36 *metal by the automobile wrecker pursuant to section 4 of this act.*

37 **Sec. 6.** NRS 487.160 is hereby amended to read as follows:

38 487.160 1. The Department may suspend, revoke or refuse to
39 renew a license of an automobile wrecker upon determining that the
40 automobile wrecker:

41 (a) Is not lawfully entitled thereto;

42 (b) Has made, or knowingly or negligently permitted, any illegal
43 use of that license;



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(c) Has failed to return a salvage title to the state agency when and as required of the licensee by NRS 487.710 to 487.890, inclusive; or

(d) ~~Has~~ *Except as otherwise provided in section 4 of this act, has* failed to surrender to the state agency certificates of title for vehicles before beginning to dismantle or wreck the vehicles.

2. The applicant or licensee may, within 30 days after receipt of the notice of refusal, suspension or revocation, petition the Department in writing for a hearing.

3. Hearings under this section and appeals therefrom must be conducted in the manner prescribed in NRS 482.353 and 482.354.

4. The Department may suspend, revoke or refuse to renew a license of an automobile wrecker, or may deny a license to an applicant therefor, for any reason determined by the Director to be in the best interest of the public, or if the licensee or applicant:

(a) Does not have or maintain an established place of business in this State.

(b) Made a material misstatement in any application.

(c) Willfully fails to comply with any applicable provision of this chapter.

(d) Fails to furnish and keep in force any bond required by NRS 487.047 to 487.200, inclusive.

(e) Fails to discharge any final judgment entered against the licensee or applicant when the judgment arises out of any misrepresentation of a vehicle, trailer or semitrailer.

(f) Fails to maintain any license or bond required by a political subdivision of this State.

(g) Has been convicted of a felony.

(h) Has been convicted of a misdemeanor or gross misdemeanor for a violation of a provision of this chapter.

(i) Fails or refuses to provide to the Department an authorization for the disclosure of financial records for the business as required pursuant to subsection 7.

(j) Knowingly submits or causes to be submitted any false, forged or otherwise fraudulent document to the Department to obtain a lien, title, salvage title or certificate of ownership, or any duplicate thereof, for a vehicle.

(k) Knowingly causes or allows a false, forged or otherwise fraudulent document to be maintained as a record of the business.

(l) Interferes with or refuses to allow an agent of the Department or any peace officer access to and, upon demand, the opportunity to examine any record held in conjunction with the operation of the wrecker.

(m) Displays evidence of unfitness for a license pursuant to NRS 487.165.



5. If an application for a license as an automobile wrecker is denied, the applicant may not submit another application for at least 6 months after the date of the denial.

6. The Department may refuse to review a subsequent application for licensing submitted by any person who violates any provision of this chapter.

7. Upon the receipt of any report or complaint alleging that an applicant or a licensee has engaged in financial misconduct or has failed to satisfy any financial obligation related to the business of dismantling, scrapping, processing or wrecking of vehicles, the Department may require the applicant or licensee to submit to the Department an authorization for the disclosure of financial records for the business as provided in NRS 239A.090. The Department may use any information obtained pursuant to such an authorization only to determine the suitability of the applicant or licensee for initial or continued licensure. Information obtained pursuant to such an authorization may be disclosed only to those employees of the Department who are authorized to issue a license to an applicant pursuant to NRS 487.047 to 487.200, inclusive, or to determine the suitability of an applicant or a licensee for such licensure.

8. For the purposes of this section, failure to adhere to the directives of the state agency advising the licensee of noncompliance with any provision of NRS 487.047 to 487.200, inclusive, or NRS 487.710 to 487.890, inclusive, **and section 4 of this act**, or regulations of the state agency, within 10 days after the receipt of those directives, is prima facie evidence of willful failure to comply.

Sec. 7. NRS 487.170 is hereby amended to read as follows:

487.170 **1.** Every licensed automobile wrecker ~~[-rebuilder or scrap processor-]~~ shall maintain a record of all vehicles acquired and processed ~~[-, junked, dismantled, wrecked, sold as a part or parts or disposed of-]~~ as **parts or** scrap metal ~~[-]~~ **pursuant to section 4 of this act**. The records must be open to inspection during business hours by any peace officer or investigator of the state agency. Every vehicle record must contain:

~~[-1-]~~ **(a)** The name ~~[-]~~ **and** address ~~[-and original signature-]~~ of the person from whom the vehicle was acquired ; ~~[-until such time as the original signature is submitted to the Department, at which time the record must contain a duplicate of the signature;-]~~

~~[-2-]~~ **(b)** The date the vehicle was acquired;

~~[-3-]~~ **(c)** The manner in which the vehicle was acquired by the wrecker ; ~~[-rebuilder or scrap processor;-]~~

~~[-4-]~~ **(d)** The registration number last assigned to the vehicle; ~~[-and]~~

~~[-5-]~~ **(e)** A brief description of the vehicle, including, insofar as the data may exist with respect to a given vehicle, the make, type,



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1 *vehicle identification number*, serial number and motor number, or
2 any other number of the vehicle ~~H~~; and

3 *(f) Any certificate of title, salvage title, nonrepairable vehicle*
4 *certificate or other appropriate documentation of ownership*
5 *required by the Department that was provided to the licensed*
6 *automobile wrecker by the person from whom the vehicle was*
7 *acquired.*

8 *2. Records maintained pursuant to subsection 1 must be*
9 *retained by the licensed automobile wrecker for a period of at least*
10 *2 years.*

11 **Sec. 8.** NRS 487.250 is hereby amended to read as follows:

12 487.250 1. The state agency or political subdivision shall,
13 within 48 hours after the appraisal, notify the head of the state
14 agency of the removal of the vehicle. The notice must contain:

15 (a) A description of the vehicle.

16 (b) The appraised value of the vehicle.

17 (c) A statement as to whether the vehicle will be junked,
18 dismantled or otherwise disposed of.

19 2. The person who removed the vehicle must notify the
20 registered owner and any person having a security interest in the
21 vehicle by registered or certified mail that the vehicle has been
22 removed and will be junked or dismantled or otherwise disposed of
23 unless the registered owner or the person having a security interest
24 in the vehicle responds and pays the costs of removal.

25 3. Failure to reclaim within 15 days after notification a vehicle
26 appraised at \$500 or less constitutes a waiver of interest in the
27 vehicle by any person having an interest in the vehicle.

28 4. If all recorded interests in a vehicle appraised at \$500 or less
29 are waived, either as provided in subsection 3 or by written
30 disclaimer by any person having an interest in the vehicle, the state
31 agency, *except as otherwise provided in subsection 3 of NRS*
32 *487.100*, shall issue a salvage title pursuant to NRS 487.810 to the
33 automobile wrecker who towed the vehicle or to whom the vehicle
34 may have been delivered, or a certificate of title to the garage owner
35 if the garage owner elects to retain the vehicle and the vehicle is
36 equipped as required by chapter 484D of NRS.

37 **Sec. 9.** NRS 487.260 is hereby amended to read as follows:

38 487.260 1. If the vehicle is appraised at a value of more than
39 \$500, the state agency or political subdivision shall dispose of it as
40 provided in NRS 487.270.

41 2. If the vehicle is appraised as a junk vehicle, the Department
42 may issue a junk certificate to the automobile wrecker or tow
43 operator who removed the vehicle.

44 3. An automobile wrecker who possesses a junk certificate for
45 a junk vehicle may ~~disassemble, scrap, crush or otherwise destroy the~~



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~~vehicle.]~~ *process the vehicle for parts or scrap metal pursuant to section 4 of this act.*

4. A vehicle for which a junk certificate has been issued may be sold to an automobile wrecker by the person to whom the junk certificate was issued by the seller's endorsement on the certificate. ~~[An]~~ *Except as otherwise provided in subsection 3 of NRS 487.100,* an automobile wrecker who purchases a vehicle for which a junk certificate has been issued shall immediately affix the business name of the automobile wrecker as purchaser to the first available space provided on the reverse side of the certificate. For the purposes of this subsection, such an automobile wrecker is the owner of the junk vehicle.

5. If insufficient space exists on the reverse side of a junk certificate to transfer the vehicle pursuant to subsection 4, *except as otherwise provided in subsection 3 of NRS 487.100,* an automobile wrecker who purchases a junk vehicle for which a junk certificate has been previously issued shall, within 10 days after purchase, apply to the Department for a new junk certificate and surrender the original certificate.

6. A person who sells ~~[, dismantles, scraps, crushes or otherwise destroys]~~ a junk vehicle shall maintain, for at least 2 years, a copy of the junk certificate and a record of the name and address of the person from whom the vehicle was acquired and the date thereof. The person shall allow any peace officer or any investigator employed by a state agency to inspect the records during business hours.

7. *An automobile wrecker who processes a junk vehicle for parts or scrap metal shall maintain records as required by NRS 487.170.*

8. As used in this section, "junk vehicle" means a vehicle, including component parts, which:

- (a) Has been discarded or abandoned;
- (b) Has been ruined, wrecked, dismantled or rendered inoperative;
- (c) Is unfit for further use in accordance with the original purpose for which it was constructed;
- (d) Is not registered with the Department or has not been reclaimed by the registered owner or a person having a security interest in the vehicle within 15 days after notification pursuant to NRS 487.250; and
- (e) Has value principally as scrap which does not exceed \$200.

Sec. 10. NRS 487.710 is hereby amended to read as follows:

487.710 As used in NRS 487.710 to 487.890, inclusive, *and sections 3 and 4 of this act,* unless the context otherwise requires, the words and terms defined in NRS 487.720 to 487.790, inclusive,



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1 *and section 3 of this act* have the meanings ascribed to them in
2 those sections.

3 **Sec. 11.** NRS 487.790 is hereby amended to read as follows:

4 487.790 1. "Total loss vehicle" means a motor vehicle:

5 (a) Of a type which is subject to registration; and

6 (b) Which has been wrecked, destroyed or otherwise damaged to
7 such an extent that the cost of repair ~~[, not including any cost~~
8 ~~associated with painting any portion of the vehicle,]~~ is 65 percent or
9 more of the fair market value of the vehicle immediately before it
10 was wrecked, destroyed or otherwise damaged ~~[,]~~ *, except that, for*
11 *the purposes of this paragraph, the cost of repair does not include*
12 *the cost of:*

13 *(1) Painting any portion of the vehicle;*

14 *(2) Replacing electronic components in accordance with*
15 *the specifications of the manufacturer; or*

16 *(3) Towing the vehicle.*

17 2. The term does not include:

18 (a) A nonrepairable vehicle;

19 (b) A motor vehicle which is 10 model years old or older and
20 which, to restore the vehicle to its condition before it was wrecked,
21 destroyed or otherwise damaged and regardless of cost, requires the
22 replacement of only:

23 (1) The hood;

24 (2) The trunk lid;

25 (3) *A fender;*

26 *(4) Two or fewer of the following parts or assemblies, which*
27 *may be bolted or unbolted:*

28 (I) Doors;

29 (II) A grill assembly;

30 (III) A bumper assembly;

31 (IV) A headlight assembly; or

32 (V) A taillight assembly; or

33 ~~[(4)]~~ *(5) Any combination of subparagraph (1), (2), ~~[(3)]~~ (3)*
34 *[(3)] or (4);*

35 (c) A motor vehicle, regardless of the age of the vehicle, for
36 which the cost to repair the vehicle ~~[, not including any cost~~
37 ~~associated with painting any portion of the vehicle,]~~ is less than 65
38 percent of the fair market value of the vehicle immediately before
39 the vehicle was wrecked, destroyed or otherwise damaged ~~[,]~~ *,*
40 *except that, for the purposes of this paragraph, the cost of repair*
41 *does not include the cost of:*

42 *(1) Painting any portion of the vehicle;*

43 *(2) Replacing electronic components in accordance with*
44 *the specifications of the manufacturer; or*

45 *(3) Towing the vehicle; or*



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(d) A motor vehicle that was stolen and subsequently recovered, if the motor vehicle:

(1) Has no structural damage; and

(2) Is missing only tires, wheels, audio or video equipment, or some combination thereof.

3. For the purposes of this section, the model year of manufacture is calculated based on a year beginning on January 1 of the calendar year in which the damage occurs.

Sec. 12. NRS 487.880 is hereby amended to read as follows:

487.880 A nonrepairable vehicle:

1. Must be processed as parts or scrap metal by a licensed automobile wrecker ~~or dismantler or recycler.~~

2. May not be rebuilt, reconstructed or restored for operation on the highways of this State.

3. Must be issued a certificate by the state agency which indicates that it is a nonrepairable vehicle before any ownership interest in the vehicle may be transferred.

Sec. 13. NRS 487.890 is hereby amended to read as follows:

487.890 An estimate of the cost of repair for a motor vehicle pursuant to NRS 487.800:

1. Must be calculated using the cost of the parts and labor required to restore the vehicle to the condition it was in immediately before it was wrecked, destroyed or otherwise damaged. The cost of parts and labor must be based on:

(a) The current published actual retail price of original manufacturer equipment, retail price of new alternative equipment or the actual cost of used parts.

(b) Rates for labor which are commonly charged in the community in which the repairs will be performed.

2. May not include any cost associated with ~~painting~~ :

(a) Painting any portion of the vehicle ~~H~~;

(b) Replacing electronic components in accordance with the specifications of the manufacturer; or

(c) Towing the vehicle.

Sec. 14. The Department of Motor Vehicles shall adopt the regulations necessary to implement the provisions of sections 1, 4 to 9, inclusive, and 12 of this act on or before December 31, 2011.

Sec. 15. 1. This section and section 14 of this act become effective upon passage and approval.

2. Sections 2, 3, 10, 11 and 13 of this act become effective on July 1, 2011.

3. Sections 1, 4 to 9, inclusive, and 12 of this act become effective on January 1, 2012.

