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Senate Engrossed

State of Arizona  
Senate  
Forty-seventh Legislature  
First Regular Session  
2005

# SENATE BILL 1167

AN ACT

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

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

4 28-2091. Salvage certificate of title; nonrepairable vehicle  
5 certificate of title; recovered vehicles; violation;  
6 classification; definitions

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

- 15 1. A properly endorsed certificate of title.
- 16 2. A lien satisfaction, if applicable.
- 17 3. The registration card.
- 18 4. The license plates, if the license plates are not retained pursuant  
19 to section 28-2356 or an affidavit of license plate destruction is not  
20 submitted.

21 5. The appropriate fees.

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

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

30 D. Any other owner of a vehicle that is a salvage vehicle or  
31 nonrepairable vehicle shall apply for a salvage certificate of title or  
32 nonrepairable vehicle certificate of title pursuant to this section **EXCEPT IF**  
33 **A DEALER IS THE OWNER AND SELLS THE VEHICLE TO ANOTHER DEALER. ON THE SALE**  
34 **OF THE VEHICLE, THE PURCHASING DEALER SHALL APPLY FOR A SALVAGE CERTIFICATE**  
35 **OF TITLE OR NONREPAIRABLE VEHICLE CERTIFICATE OF TITLE.**

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

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

1 G. An owner of a vehicle that is not a salvage vehicle who sells the  
2 vehicle as scrap or for purposes of dismantling or destroying shall assign  
3 the certificate of title to the purchaser, and the purchaser shall comply  
4 with section 28-2094.

5 H. On sale of the vehicle, an owner of a salvage vehicle for which a  
6 salvage certificate of title has been obtained or an owner of a nonrepairable  
7 vehicle for which a nonrepairable vehicle certificate of title has been  
8 obtained shall assign and deliver the salvage certificate of title or  
9 nonrepairable vehicle certificate of title to the purchaser and shall notify  
10 the department of the name and address of the purchaser.

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

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

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

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

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

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

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

36 L. If the vehicle is a recovered theft and components of the vehicle's  
37 air bag system, other than the air bag or the air bag module described in  
38 subsection I, paragraph 2 of this section, or other parts of the vehicle were  
39 removed compromising the functional integrity of the air bag system or the  
40 structural integrity of the vehicle, the insurance company or its authorized  
41 agent shall submit an affidavit to the department in a form prescribed by the  
42 department stating that the vehicle is a recovered theft and that components  
43 of the vehicle's air bag system, other than the air bag or the air bag module  
44 described in subsection I, paragraph 2 of this section, or other parts of the  
45 vehicle were removed compromising the functional integrity of the air bag  
46 system or the structural integrity of the vehicle. The department shall not  
47 issue a certificate of title to the vehicle but may issue a restored salvage

1 certificate of title pursuant to section 28-2095 if all of the following  
2 apply:

- 3 1. The vehicle is repairable.
- 4 2. The department successfully completes a level three inspection as  
5 prescribed in section 28-2011.
- 6 3. The vehicle meets other requirements the director prescribes.

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

16 N. Subsection M of this section does not apply to either of the  
17 following:

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

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

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

31 P. If a vehicle that is titled as a salvage vehicle is to be scrapped,  
32 dismantled or destroyed, the owner or purchaser shall comply with section  
33 28-2094.

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

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

- 46 1. The frame is the component part replaced.
- 47 2. The frame replacement is performed by the vehicle manufacturer.

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

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

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

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

12          T. For the purposes of this section:

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

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

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

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

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

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

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