

MINUTES

MONTANA SENATE 52nd LEGISLATURE - REGULAR SESSION COMMITTEE ON BUSINESS & INDUSTRY

Call to Order: By Chairman J.D. Lynch, on February 13, 1991, at
10:00 a.m.

ROLL CALL

Members Present:

J.D. Lynch, Chairman (D)
John Jr. Kennedy, Vice Chairman (D)
Betty Bruski (D)
Eve Franklin (D)
Delwyn Gage (R)
Thomas Hager (R)
Jerry Noble (R)
Gene Thayer (R)
Bob Williams (D)

Members Excused: None

Staff Present: Bart Campbell (Legislative Council).

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Announcements/Discussion: None

HEARING ON SENATE BILL 232

Presentation and Opening Statement by Sponsor:

Senator Steve Doherty, sponsor of the bill, stated that he was asked to carry the bill by the department of justice and the chairman of the judiciary committee. The problems that the bill addresses is that Montana is becoming a growth industry of the stolen car business. Montana has become a haven for stolen cars. Montana consumers, because of the peculiarity of the titles, have bought stolen cars because titles aren't killed in Montana. Because there is a problem, the attorney general's office in cooperation with a number of businesses, business entities, insurance entities, and the people who are involved with the salvaged car business got together and had a task force over the last couple years. SB 232 is an outgrowth of that task force, it devises a way to kill the title in Montana, it provides a way to inspect vehicle identification numbers, and it figures out a way to pay for all of those things.

Proponents' Testimony:

Mark Rosco, attorney general, spoke in favor of the bill. He stated that this has been a product of a hard work of a number of people from a number of different interests that got together. They began back in January 1990, and there was a total number of four committee meetings held over a ten month period. Montana has become the dumping ground for stolen vehicles.

Melvin Mooers, special agent for the national automobile theft bureau, spoke in favor of the bill. He presented the committee with a great number of slides to show how in different incidences, a car can be stolen and made to be looked like it was a legitimate sale. Auto theft is the fastest rising crime in the nation at this time. Over a million and a half vehicles were stolen in the nation in 1989. Nationally a car is stolen every 20 seconds, in Montana a car is stolen every four hours and forty minutes. Montana has a 78% recovery rate. This is due to the person that is committing fraud changing the VIN numbers on the vehicles. Unsuspecting consumers can be taken in by this.

Daryll "Bud" Schoen, register of motor vehicles representing the department of justice motor vehicle division, spoke in favor of the bill (See Exhibit 1).

Peter Funk, assistant attorney general assigned to represent the motor vehicle division, spoke in favor of the bill. He had some proposed amendments to the bill (See Exhibit 2).

Gene Phillips, with the national association of independent insurers and the alliance of American insurers, he stated that both associations are in support of the bill.

Gary Rebel, president of the Montana auto dealers association, stated that they are in strong support of the bill.

Rick Later, sheriff for Beaverhead county of Dillion and representing the Montana sheriff's and peace officer's association, stated that they are in support of the bill.

Jon Dilliard, program officer for the motor vehicle recycling program and the department of health, spoke in favor of the bill (See Exhibit 3).

Ken Dietz, vice president of the dietz auto and truck salvage and president of the Montana automobile dealer dismantlers and recycling association, spoke in favor of the bill. He stated that the majority of the group he represents can work with SB 232, but would like an amendment made to guarantee that before the insurer can send the purchaser a salvage receipt they must first have a clear title and lien release sent to Deerlodge. This association needs a guarantee that they will have no problems getting a salvage certificate.

Jim Manion, representing triple A (AAA) Montana, spoke in favor of the bill. He stated that he had the pleasure of serving as the consumer on the task force, and after coming to realize the scope of the problem, certainly realized that the auto owners of Montana are going to benefit from this legislation. This bill directly solves the problem stated before in testimony.

Brent Sells, police officer for the city of Missoula, stated that he have found through his inspections and investigations that the people love Montana because we have an open title. When

a vehicle is salvaged, they give you an open title. The title is signed off by the owner, then in turn steal a truck out of Butte, take it over to Washington and sell it by switching the vehicle VIN plates.

Linda "Still" Anderson, representing county commissioner for Lewis and Clark county, she stated that she supports the bill.

Senator Fred VanValkenburg, senate district 30, stated that he served on the task force with in a dual role as a legislator and a prosecutor and is in favor of the bill.

Mike Varone, vice president of Norwest bank and MBA chairman, stated that he also served on the task force and would like the committee's support on this bill.

Jim Sturgill, representing himself, stated that he was one of the victims. In 1986 he bought a used truck from a dealer. He received a Montana title for the truck. He then found out it was stolen. It has taken eight months for his insurance to come through. It could happen to anybody.

Lee Johnson, compliance specialist for Montana motor vehicle division, spoke in favor of the bill. He stated he regularly inspects vehicles on a specialized basis. He stated that the inspection process is a administrative function, and shouldn't be confused with a law enforcement function.

Opponents' Testimony:

William Romine, appearing on behalf of Henry Lohr a wrecking yard facility operator in Townsend, spoke in opposition of the bill (See Exhibit 4).

Loretta Miller, owner of Green Meadow auto salvage in Helena, spoke in opposition of the bill (See Exhibit 5).

Questions From Committee Members:

Senator Thayer asked about the situation brought up by the proponents having to do with the fact that they have thousands of cars sitting in their lots currently for which they probably never got a title because they didn't intend to sell or rebuild the vehicle anyway they were just going to sell it as parts. Are they going to have to get those vehicles titled when they in fact can't get them titled. Will they be liable for a five hundred dollar fee.

Bud Schoen replied that this bill would go into effect January 1992, any vehicles in inventory selling would not be affected by this bill.

Senator Thayer asked if that is specifically covered in the bill that that does not pertain to any inventory that may be on hand as of 1/92.

Bud Schoen replied that is not specifically covered in the bill.

Senator Noble stated that it was indicated because of the way Montana titles are made up that is an easy thing that thieves could do something with. Is there a way to change the makeup of the title to help deal with this problem.

Melvin Mooers replied by saying that the problem that they have and what they were trying to accomplish was to kill the title. Take the titles out of circulation for salvage vehicles. The title itself is in good form just how it is.

Senator Gage commented that the statement of intent is ridiculous, how will anybody know the legislative intent with that kind of statement of intent on the bill. He suggested that the people should get together and revise the statement of intent.

Closing by Sponsor:

Senator Doherty closed by saying that the people of the department should be able to do some amending. Simply because a years worth of work they have some amendments doesn't mean that the bill is fatally flawed. The department of attorney general and the industry did a good job on trying to address a very serious problem.

HEARING ON SENATE BILL 169

Presentation and Opening Statement by Sponsor:

Senator Steve Doherty, sponsor of the bill, went through the bill. He stated that the task force had some other items that they weren't able to fit into one bill that they thought needed addressing. The basic tone of the bill would allow the department to decide on vehicle identification numbers, and bump the penalty provisions for altering vehicle identification numbers from a misdemeanor to a felony, and alters the penalty provisions for altering the odometer readings from a misdemeanor to a felony. The reasoning of the task force is if a person is messing with the VIN's or with the odometer there is only one reason for doing it. Their either going to steal a car or milk somebody out of a lot of money.

Proponents' Testimony:

Daryll "Bud" Schoen, chief registrar's bureau motor vehicle division department of justice, spoke in favor of the bill (See Exhibit 6).

Gary Rebel, president of the Montana auto dealers association, was on the task force and is in favor of the bill.

Jim Manion, triple A (AAA) Montana, he stated that AAA of Montana also served on that task force and is in favor of the bill.

Jacqueline Terrell, representing the American insurance association, spoke in favor of the bill. She proposed a few amendments to sub section ii line 16 be deleted.

Opponents' Testimony:

None

Questions From Committee Members:

Senator Thayer asked that this bill which would increase penalties, how would the impact of this correct some of the problems that are addressed in SB 232.

Bud Schoen replied that the penalty would be increased to a misdemeanor, which he believes is a five hundred dollar maximum. He feels that it should be increased to five thousand dollar limit.

Senator Thayer asked in certain situations, a person couldn't purchase a car without a title.

Dean Roberts responded that a person could purchase a car without a title, he would just have a hard time selling it without a title.

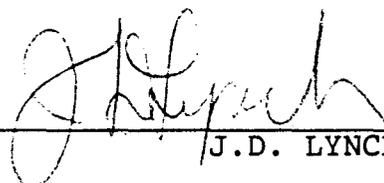
Senator Gage commented that the bill should have a fiscal note.

Closing by Sponsor:

Senator Doherty closed.

ADJOURNMENT

Adjournment At: 12:00 a.m.



J.D. LYNCH, Chairman



DARA ANDERSON, Secretary

JDL/dia

COMMITTEE ON BUSINESS & INDUSTRY

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
William L. Romine	Henry Lohr	SB 232		X
Ken P. Dietz	MAORA	SB 232	X	
Curtis Johnson	MAORA	SB 232	X	
DARVLL (BUDD) SCHOLEN	DOJ-MOTOR VEHICLE DIV	SB 232 SB 169	X	
Duane Tolley	DOJ DRIVER SERVICES	SB 232	✓	
MELVIN C. MOORE	NATIONAL AUTO THEFT BUREAU	SB 232 SB 169	X	
Dean Roberts	DOJ mvd div	SB 232 169	X	
Jim Mawick	AAA MONTANA	SB 232 169	X	
Brent R. Sells	Missoula Police Dep	SB 232 SB 169	X	
Lenette Miller	Green Meadow Auto Salvage	SB 232		X
Charlotte Matzran	Moltzen's Auto	SB 232		X
Jon Dilliard	Dept. of Health	SB 232	X	
Jim Stragg, II	Rep. Self	SB 232 SB 169	X	
Mrs. Varone	NRAUSTOR + MGA chair	SB 232 SB 169	X	
LEE JOHNSON	MOTOR VEHICLE DIVISION	SB 232 SB 169	X	
Fred Va. Volkenburg	Senate Dist 30	SB 232	X	
" " "	" " "	SB 169	X	
Mike Still-Cudde	Self	SB 232 169	✓	
RICK LATER	MT. Sheriff's Peace off.	SB 232 SB 169	✓	
Gene Turbulovic	MT Auto Dealers Assn	SB 232 SB 169	✓	
GENE PHILLIPS	NAII & AAI	SB 169	X	
Steve Browning	STATE FARM Insurance	SB 169 SB 232	✓	
Marguerite Merrill	Amer. Ins. Assoc.	SB 169 SB 232	✓	
Don W. Hill	MAIDA	SB 232 SB 169	✓	

(Please leave prepared statement with Secretary)

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 13 day of Feb, 1991.

Name: Curtis X Johnson

Address: 6767 Grand ave
Belling Mt

Telephone Number: 656 8935

Representing whom?
MADRA

Appearing on which proposal?
SB 232

Do you: Support? Amend? Oppose?

Comments:
Support if good titles are given
time limit to get titles

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this day of February, 1991.

Name: Ken Dietz

Address: 1104 Bench Blvd.
Billings MT.

Telephone Number: 248-1204

Representing whom?

Montana Auto Dismantler + Recycling Assoc.

Appearing on which proposal?

SB232

Do you: Support? Amend? X Oppose?

Comments:

We feel that the majority of our group can work with
SB232 But we need an amendment made to guarantee that
before the insurer can send the purchaser a Salvage Receipt
they must first have clear title + Lien Release sent to
Deer Lodge. We need a guarantee that we will have no
problems getting a Salvage certificate

ROLL CALL

Business & Industry COMMITTEE

DATE 2/13/91

LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
Senator Bruski	X		
Senator Franklin	X		
Senator Gage	X		
Senator Hager	X		
Senator Noble	X		
Senator Thayer	X		
Senator Williams	X		
Senator Kennedy	X		
Senator Lynch	X		

Each day attach to minutes.

SENATE BILL 232 -- STATEMENT

Prepared by: **DARYLL E. (BUD) SCHOEN**
CHIEF, REGISTRAR'S BUREAU
MOTOR VEHICLE DIVISION
DEPARTMENT OF JUSTICE

February 12, 1991

Section 1. Beginning on page 2 this new section defines the elements involved in vehicle salvage.

Section 2. Page 5, lines 6 and 7, replaces the outmoded term serial number and replacing it with the term vehicle identification number.

Pages 5, 6, 7 and 8, these new subsections are the basic operating sections for the new inspection program and provide for the inspection of the vehicle identification number on all new vehicles brought into the state, except those sold by a Montana new car dealer, all used vehicles brought into the state, and all rebuilt and reconstructed vehicles, allows the department to contract for inspection sites and establishes an inspection fee of \$15 for a regular inspection and \$75 for a "rebuilt" inspection, there is also a provision for the seizure of any vehicle which has an altered V.I.N. or which appears from the record to have been stolen and the vehicle can be held until legal ownership has been verified.

Section 3. Page 8 provides that unencumbered titles for salvage vehicles acquired by an insurer be submitted to the registrar within 15 days of the time the title is obtained, and that a salvage certificate will be issued within 5 days by the registrar to the insurer as an ownership document for the salvage vehicle. This section also provides for the sale of a salvage vehicle within the 15 day limit mentioned above, and provides for a "salvage receipt" to be issued by the insurer which can be used by the purchaser to apply for a salvage certificate. (The insurer is still responsible to submit the title to the Registrar.)

The section also provides for the retention of the salvage vehicle by an owner who must then apply for the salvage certificate and submit the title.

The section establishes a \$5 fee for a salvage certificate.

Section 4. Page 10 This section establishes the methods of inspection for salvage and reconstructed vehicles, and requires documentation establishing ownership of the vehicle and/or constituent parts. The section also provides for a 72 hour permit allowing the vehicle to be moved to an inspection facility.

The section also provides for a misdemeanor penalty of a fine not to exceed \$500 for failure to comply with the provisions of the act.

Section 5. Page 13 line 6 through 10 amends 75-10-513 M.C.A. deleting the issuance of salvage receipts under present law.

On lines 14 through 19, the section adds new language authorizing the department to have access to wrecking facility records to insure compliance with the act.

Amendments to Senate Bill 232
Introduction CopyPrepared by Peter Funk
Department of Justice
February 12, 1991

1. Title, line 10.
Strike: "REBUILT"
2. Page 3, line 7 through line 9.
Strike: All of subsection (6).
3. Page 3, line 10 through line 13.
Strike: All of subsection (7).
4. Page 6, line 2.
Strike: "rebuilt".
5. Page 6, line 3.
Strike: "vehicle or reconstructed vehicle".
6. Page 6, line 12.
Strike: "rebuilt" and "or reconstructed vehicles".
7. Page 6, line 14.
Strike: "\$15"
Insert: "\$17.50".
8. Page 6, line 17 through 18.
Strike: "rebuilt" and "or reconstructed vehicle".
9. Page 6, line 22 through line 23.
Strike: "rebuilt" and "and reconstructed".
10. Page 7, line 1.
Strike: "rebuilt" and "and reconstructed vehicle".
11. Page 10, line 23.
Strike: "rebuilt" and "or reconstructed vehicle".
12. Page 10 and 11, line 25 through line 1.
Strike: "it is a rebuilt salvage vehicle".
Insert: "one has been issued".
13. Page 11, line 1 through line 2.
Strike: "if it is a reconstructed vehicle".
- !4. Page 11, line 4.
Strike: "or reconstructed".
15. Page 11, line 9.
Strike: "rebuilt" and "or reconstructed".

16. Page 11, line 12 through line 18.
Strike: All language following "verify".
Insert: "the identity of the vehicle".

17. Page 11, line 20.
Strike: "or reconstructed".

18. Page 12, line 1 through line 3.
Strike: "for a rebuilt salvage vehicle or certificate of ownership
for a reconstructed vehicle".

19. Page 12, line 6 through line 7.
Strike: "rebuilt" and "or a reconstructed vehicle".

20. Page 12 and Page 13, line 20 through line 19.
Strike: All language.
Insert: (See Attachment A).

21. Page 13 and Page 14, line 20 through line 14.
Strike: All of Section 6.

ATTACHMENT A

75-10-512. Records required of facilities. (1) Every motor vehicle wrecking facility shall maintain books or files in which are kept a record and description of every junk vehicle obtained by it, together with the name and address of the person from whom the vehicle was purchased.

(2) This record shall also contain:

- (a) the certificate of ownership, sheriff's certificate of sale, notarized bill of sale from the former owner, or sheriff's release;
- (b) the name of the state where the vehicle was last registered;
- (c) the make of the vehicle;
- (d) the motor or identification number or serial number;
- (e) the date purchased;
- (f) the disposition of the vehicle.

(3)

An authorized representative of the department of justice who presents his credentials may also inspect, have access to, and copy records required under 75-10-512. Authorized representatives of the department of justice may report violations of this part to the department of health and environmental sciences."

DEPARTMENT OF
HEALTH AND ENVIRONMENTAL SCIENCES



STAN STEPHENS, GOVERNOR

FAX #(406) 444-1499

STATE OF MONTANA

OFFICE 836 Front Street
LOCATION: Helena, Montana

MAILING Cogswell Building
ADDRESS: Helena, MT 59620

Solid and Hazardous Waste Bureau
(406) 444-1430

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 3

DATE 2/13/91

BILL NO. SB 232

February 7, 1991

DHES TESTIMONY ON S.B. 232
CREATE JUSTICE DEPT SALVAGE AND MOTOR VEHICLE
INSPECTION/IDENTIFYING PROGRAM

Although the Department of Health and Environmental Sciences has no objections to the intent of the proposed legislation, we are concerned about the structure of some of the changes as proposed.

The Department of Justice's desire to allow their representatives access to motor vehicle wrecking facility records to help prevent the possibility of vehicle titling fraud or theft is understandable. However, we believe that the proposed amendment to Section 75-10-513 (3), MCA, is misplaced. To understand our concern with this amendment it is necessary to first understand the difference between a "motor vehicle wrecking facility" and a "motor vehicle graveyard". As defined in the Motor Vehicle Recycling and Disposal Act a motor vehicle wrecking facility means "a facility buying, selling, or dealing in four or more vehicles per year, of a type required to be licensed, for the purpose of wrecking, dismantling, disassembling, or substantially changing the form of a motor vehicle". It is these type of facilities which the Department of Justice proposes to inspect. On the other hand a motor vehicle graveyard means "a collection point established by a county for junk motor vehicles prior to their disposal". These "graveyards" are the 59 storage and recycling areas used by the county junk vehicle programs for the vehicles released to the state.

The paragraph that the Department of Justice has chosen to amend in the Act deals specifically with the records required of county junk vehicle collection programs for the junk vehicles they have collected and stored in their graveyards. It has no bearing whatsoever on the required records for motor vehicle wrecking facilities. Since the release of ownership records for the county graveyard vehicles are submitted to the Department of

EXHIBIT NO. 4

DATE 2/13/91

BILL NO. SB 232

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 13th day of February, 1991.

Name: William L. Romine

Address: P. O. Box 1691 (320 E. 6th Ave.), Helena, MT 59624

Telephone Number: 442-2220

Representing whom?
Henry Lohr (wrecking yard owner)

Appearing on which proposal?
S.B. 232

Do you: Support? Amend? Oppose?

Comments:
Please see attached testimony.

Mr. Chairman and Members of the Committee, my name is Bill Romine and I am appearing on behalf of Henry Lohr, the owner of a wrecking facility near Townsend. I am here in opposition to S.B. 232, especially that part which affects the wrecking yards of this State.

First of all, Section 4, page 12, lines 11 through 16 will require all of the wrecking yards to request salvage certificates on all the vehicles in their yards on the day this Bill becomes effective. There are thousands of such vehicles in this State and Deer Lodge will be swamped for months. Until the certificates are issued, every wrecking yard in this State will be in violation of the law and subject to a \$500 fine on each vehicle.

Second, in many instances the wrecking yard does not get a title. Most people do not carry the title to their car with them. If an out-of-state car is wrecked in Montana and sold to a yard, the owner gives a release, and although he may agree to send the title, he very seldom does so. Under this Bill, the wrecking yard could not get a salvage certificate.

Third, under the provisions of Sections 3 and 4, we have a catch-22 situation. The insurer can sell a totalled vehicle to a wrecking yard without a salvage certificate, under Section 3, if it does so within 15 days of receiving the title. But, under Section 4, the wrecking yard cannot possess such a vehicle because it would not have a salvage certificate.

Fourth, the fiscal note shows that this Bill will have a severe impact on both the General Fund and the Department of Health & Environmental Fund. However, it will actually have more impact than is shown on the fiscal note. The note points out that the Bill will put 30 yards a year out of business. This will mean a loss to tax revenue paid by the yards, plus the loss of tax revenue from those employees put out of work. There will also be an increase in unemployment compensation payments.

Fifth, that part of Section 4 concerning re-builts has some problems. The State Inspector must verify the parts used in the re-builts are not stolen. What inspector would stick his or her neck out that far? In addition, the re-builder has to have receipts for every part used in the re-build. Most of the parts will probably come from vehicles in his wrecking yard. This Bill will create a paper nightmare for not only the wrecking yard but also the Department.

Sixth, Section 3, which concerns the disposal of wrecked vehicles by the insurance companies discriminates against wrecking yards and the general public. The Department must issue a salvage certificate to the insurance company within 5 working days. However, there is no time limit on the Department when issuing a certificate to a wrecking yard. In fact, there is no time limit in issuing a title on a new or used vehicle to the general public. Why insurance companies are given preferential treatment is beyond me. There is already a sizeable delay in

getting titles from Deer Lodge, and with the addition of inspections, salvage certificates, additional paper work and preferential treatment for insurance companies, the delays to the general public will be even longer.

Seventh, Section 2, page 6 creates regional inspection sites for the inspection of re-builts and re-constructed vehicles. Since we do not know the size of the regions, re-builders might have to travel hundreds of miles to have the vehicle inspected. To do this, the re-builder first submits his certificate of ownership to the Department, along with his receipts and bills of sale. He then applies for a 72-hour temporary registration permit from the Department. Next he calls to make sure an inspector will be at the regional inspection site. He travels to the site, with all of his papers, has the vehicle inspected, secures the inspection report and then sends all of these papers to the Department for a new title. Again, more and more paperwork. In addition to having to pay the normal fees to title the vehicle, he will also have to pay \$75.00 for the inspection and probably a fee for the temporary permit. We must also realize that this Bill also affects the general public. A person who replaces the bed on his pickup, must go through all of the above steps and have his truck re-titled because he now has a re-constructed vehicle. In fact, the change of a radiator can, under this Bill, be considered a re-constructed vehicle. (See Section 1, page 3, lines 3 through 6 and lines 10 through 13).

Finally, there are going to be some very angry and frustrated people when they go to register their car after moving to Montana. Take the case of a family moving to Montana from Idaho. Both parents work, and the husband takes the titles to their two cars to the Treasurer's Office during his lunch hour. After standing in line for a half hour or so, he finds out he must have the cars inspected first. Well, that is one lunch hour shot. Now he has to find the time to take the two cars to be inspected. I submit that he would not be able to have inspections done during the noon hour. Right now you cannot take a driving test here in Helena except on Mondays, Wednesdays and Fridays, but even then, not during the noon hour. I do not think things will get better if this Bill passes.

I urge the Committee, for all of the reasons stated above, to give an unfavorable recommendation to S.B. 232.

WITNESS STATEMENT

NAME: Loretta Miller DATE: 2/13/91

ADDRESS: Green Meadow Auto Salvage
7313 Green Meadow Dr SENATE BUSINESS & INDUSTRY

PHONE: 458-9204 EXHIBIT NO. 5

REPRESENTING WHOM? Green Meadow Auto Salvage DATE 2/13/91

APPEARING ON WHICH PROPOSAL: SB 232 BILL NO. SB232

DO YOU: SUPPORT? _____ AMEND? _____ OPPOSE? X

COMMENTS: see attached sheet

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

My understanding of the purpose of the Task Force who offered suggestions to the Justice Department for developing SB332 was to provide a way to stem the increasing stolen vehicle traffic in our state and to provide consumer protection. I don't believe SB332 provides adequate measures to accomplish either goal.

There are several problems with the bill as proposed. Presently there is an unenforced law requiring all wrecking yards to submit all the titles to the Department of Motor Vehicles on a quarterly basis. Presently the insurance companies give the title directly to the wrecking yard which is required to turn that title over to the DMV. With the enforcement of the present law requiring submission of the titles the DMV has access to all the titles that SB332 would have the insurance companies send in.

This bill also overlooks many other titles that should be collected and the insurance companies do not have access to. One of the biggest areas that comes to mind are the cars involved in a collision but only carry liability. In this case, an insurance carrier never becomes involved with that title. I went through my records of the cars we bought in 1989 and 1990. In 1989, we purchased 181 cars. Only 12 of those cars, just 12%, were in the State's insurance database as an insurance salvage title. In 1990 we acquired 154 cars. Only 22 of those vehicles were in the insurance database as the insured salvage title. I believe this is very typical of most of the yards in the state. I have had many conversations with the state many contracts with the insurance companies and they are very different. Many will be that, including the insurance carrier to be able to collect the title and the most efficient place to collect the title is directly from the wrecking yard.

The proposal which would flag a great many more titles, will work quickly and more efficiently is to have a single check-off on the accident report filed by the officer at the accident scene. If the officer deemed the vehicle to be seriously damaged, he will simply check that box. The accident report already requires all pertinent vehicle information so when the report is submitted, that title is immediately flagged in Deer Lodge. Because of the immediacy of transferring the information to Deer Lodge, the chances are much smaller that a title will be slipped out of this system by someone with illicit purposes. It catches all vehicles whether they are insured or not. The flagging information is also immediately available to all county treasurers. By using this system, anyone not following the legal requirements would not be able to relicense the vehicle.

This bill contains no provision to inform a buyer of a vehicle that at sometime the vehicle he is considering buying has had major repair or has been rebuilt. It also does not provide a way to insure the vehicle was properly rebuilt. The only inspection done on a vehicle is a VIN inspection to determine if the VIN has been tampered with. Most rebuilders are very good and upset with their customers about the vehicle being rebuilt. Other times that information is conveyed to the second and third buyers. Car dealers, mechanics and others look at rebuilds differently than they look at a car that has never undergone serious repair.

The vehicle inspection fee for a vehicle being titled in the state of Montana from another state is \$15. That is for only a VIN inspection. The inspection fee for a rebuilt or repaired vehicle is \$75. That is also a VIN inspection only, nothing to check the safety of the vehicle. There seems to be a difference here which I do not understand. Most of the stolen vehicles that have been titled through the Montana system were out of state vehicles which will only incur the \$15 charge. But the legitimate Montana builder must pay the bigger fee of \$75. for the same inspection.

There is also a provision that requires us to purchase a salvage certificate for every vehicle prior to disposal of the vehicle. Many vehicles we receive are never to be retitled again and have to go directly to the crusher. The present law requires that we get a salvage receipt only when we have a vehicle that we are going to title. Now the only time that the salvage certificate can be issued is if the titles are completely in order. The provision of SB2002 requires we apply for salvage certificates for any vehicle before disposal even if we do not receive a title. This is contradictory to present procedures and could cause a great problem because salvage certificates are documents of legal ownership and can be used to title a vehicle. Presently we only ask for 3 or 3 salvage certificates per year. With the provisions outlined here we will require 127 or 140 salvage certificates a year that are unnecessary paperwork.

Another problem I see in SB2002 is that the bill allows a person to title his salvage. SB2002 would require that the title be held by the state. This is going to be a very difficult situation to enforce. Independent appraisers and other people will be able to find this especially difficult to enforce.

I feel this bill will do little to help protect consumers. The DMV already has the ability to do what SB2002 proposes. I also strongly feel it does not achieve the goals of protecting our Montana consumers and making Montana less attractive to those using the system for legitimizing their stolen vehicles.

SENATE BILL 169 -- STATEMENT

PREPARED BY: DARYLL E. (BUD) SCHOEN
CHIEF, REGISTRAR'S BUREAU
MOTOR VEHICLE DIVISION
DEPARTMENT OF JUSTICE

February 12, 1991

Section 1. Pages 2 through 5 of the bill provides for the exchange of information relating to specific motor vehicle theft or insurance fraud between insurers, authorized governmental agencies and lienholders. The information provided remains privileged and may not become part of a public record. The section provides immunity for civil and criminal liability of insurers relating to the release of information.

Section 2. Page 5 lines 12 through 21 are deletions from 61-3-107 which concerns the stamping of identification numbers assigned to trailers.

Page 5 beginning at line 22, new language provides for the assignment by the registrar of special identification numbers to vehicles on which the numbers have been altered, removed or are otherwise absent. If the true identification number of the vehicle can be established the department shall duplicate the manufacturers number. The section also establishes a \$5 application fee for an assigned or duplicated number.

Section 3 and 4 Pages 7 through 9 amend 61-3-604 and 61-3-607 M.C.A. by deleting existing penalty provisions and substituting an increased penalty.