

First Extraordinary Session, 2005

HOUSE BILL NO. 11

BY REPRESENTATIVES SMILEY, ALEXANDER, BEARD, BOWLER, BRUNEAU, BURNS, CROWE, DOVE, DOWNS, ERDEY, GEYMAN, GREENE, HUTTER, JOHNS, KATZ, KENNARD, KLECKLEY, LABRUZZO, LAMBERT, LANCASTER, MARTINY, MCVEA, MORRISH, PITRE, M. POWELL, T. POWELL, SCALISE, SCHNEIDER, JANE SMITH, STRAIN, TOOMY, TRAHAN, TUCKER, WADDELL, WALSWORTH, WHITE, AND WINSTON AND SENATORS BARHAM, BOASSO, CAIN, DARDENNE, HOLLIS, KOSTELKA, LENTINI, MALONE, MICHOT, QUINN, ROMERO, SCHEDLER, AND THEUNISSEN

MTR VEHICLE/REGISTRATION: Provides for disposal of water damaged vehicles (Item #13)

1 AN ACT

2 To amend and reenact R.S. 32:706.1 and to enact R.S. 32:702(14) and (15) and 707.3,  
3 relative to vehicles sustaining water damage from a declared disaster; to provide for  
4 definitions; to provide for disclosure before transfer; to provide for certificates of  
5 destruction; to provide for restrictions on transfer and registration; to provide for  
6 crushing; to provide for rules and regulations; to provide for penalties; and to provide  
7 for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 32:706.1 is hereby amended and reenacted and R.S. 32:702(14) and  
10 (15) and 707.3 are hereby enacted to read as follows:

11 §702. Definitions

12 As used in this Chapter:

13 \* \* \*

14 (14) "Water-damaged vehicle" means any vehicle, other than an antique  
15 vehicle, whose power train, computer, or electrical system has been damaged by

1 flooding as the result of a gubernatorially declared disaster or emergency and that is  
2 a "total loss" as defined in Paragraph (11) of this Section.

3 (15) "Certificate of destruction" means a type of certificate of title issued by  
4 the office of motor vehicles for a water-damaged vehicle as defined in Paragraph  
5 (14) of this Section.

6 \* \* \*

7 §706.1. Disclosure by persons who transfer ownership of vehicles with salvage or  
8 reconstructed titles or certificate of destruction

9 A. Each person who sells, exchanges, donates, or otherwise transfers any  
10 interest in any vehicle for which a salvage title, certificate of destruction, or a  
11 reconstructed title has been issued shall disclose the existence of that title to the  
12 prospective purchaser, recipient in exchange, recipient by donation, or recipient by  
13 other act of transfer. The disclosure shall be made by a conspicuous written  
14 document and shall be made prior to the completion of the sale, exchange, donation,  
15 or other act of transfer.

16 B. If any person sells, exchanges, donates, or otherwise transfers any interest  
17 in any vehicle for which a salvage title, certificate of destruction, or a reconstructed  
18 title has been issued and does not make the disclosures required by this Section, the  
19 person to whom the interest in that vehicle was transferred may demand the  
20 rescission of the sale, exchange, donation, or other act of transfer and, in that event,  
21 shall be entitled to recover the price or other consideration for the transaction and  
22 any fees or taxes paid to any governmental agency in connection with that  
23 transaction.

24 \* \* \*

25 §707.3. Certificates of destruction; application requirements; restrictions on sale;  
26 disassembly requirement; department rules; penalties

27 A. Except as provided in Subsection B of this Section, every owner of a  
28 vehicle that meets the definition of a water-damaged vehicle, as defined in R.S.  
29 32:702(14), shall send the certificate of title, license plate, and registration to the

1 office of motor vehicles along with an application for a certificate of destruction  
2 within thirty days after the vehicle is determined to be water damaged. In the event  
3 a lienholder possesses the certificate of title to a water-damaged vehicle, the lien-  
4 holder shall send the certificate of title and other materials to the owner's insurer.

5 B. When, as a result of an insurance settlement, a motor vehicle is  
6 determined to be water damaged, as defined in this Chapter, the insurance company  
7 that acquires ownership of the vehicle shall within thirty days from the settlement of  
8 the property damages claim, send the certificate of title, license plate, and  
9 registration to the office of motor vehicles along with an application for a certificate  
10 of destruction.

11 C. Any person who otherwise acquires ownership or possession of a water-  
12 damaged vehicle for which a certificate of destruction has not been issued shall apply  
13 to the office of motor vehicles for the certificate no more than thirty days after  
14 ownership or possession is acquired. The certificate of destruction shall be acquired  
15 before any further transfer of such vehicle.

16 D.(1) Each application for a certificate of destruction shall be accompanied  
17 by the fee required for an original certificate of title.

18 (2) Upon receiving an application for a certificate of destruction, the office  
19 of motor vehicles shall issue a certificate of destruction that is conspicuously labeled  
20 with such designation and that contains the same information as other certificates of  
21 title issued under this Chapter.

22 E.(1) Notwithstanding any other law to the contrary, no motor vehicle for  
23 which a certificate of destruction has been issued shall be later issued a salvage or  
24 reconstructed title or otherwise titled or registered by the office of motor vehicles for  
25 use on the roads or highways of this state.

26 (2) Notwithstanding any other law to the contrary, no motor vehicle which  
27 has been issued a certificate of destruction shall be resold as a retail unit, and such  
28 vehicle shall be crushed by a licensed motor vehicle crusher and sold for scrap.  
29 However, the exterior sheet metal parts of the vehicle may be sold as used parts.

1           F.(1) Notwithstanding R.S. 32:717, 759.1(B), or any other law to the  
2           contrary, a person who purchases or acquires a vehicle for which a certificate of  
3           destruction has been issued shall not be required to apply for or acquire a permit to  
4           dismantle. The certificate of destruction itself shall be sufficient for a motor vehicle  
5           crusher to crush the vehicle.

6           (2) When the water-damaged vehicle has been crushed and scrapped as  
7           provided above, the owner shall surrender the certificate of destruction to the office  
8           of motor vehicles with the word recycled written or stamped across its face, and no  
9           certificate of title of any type shall be issued again for such vehicle.

10           G. The Department of Public Safety and Corrections may adopt rules and  
11           regulations necessary to carry out the provisions of this Section.

12           H. Whoever violates any provision of this Section shall be guilty of a  
13           misdemeanor and upon conviction shall for each offense be punished by  
14           imprisonment of not more than six months or by fine not less than five hundred  
15           dollars nor more than five thousand dollars, or both.

16           Section 2. This Act shall become effective upon signature by the governor or, if not  
17 signed by the governor, upon expiration of the time for bills to become law without signature  
18 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
19 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
20 effective on the day following such approval.

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#### DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument.

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Smiley

HB No. 11

**Abstract:** Provides for water-damaged vehicles that are a total loss to be issued a certificate of destruction and to be crushed.

Proposed law provides definitions for "water-damaged vehicle" and "certificate of destruction".

Present law requires disclosure by persons who transfer ownership of vehicles with salvage or reconstructed titles.

Proposed law retains present law and provides that a disclosure shall be required by persons who transfer ownership of vehicles that were issued certificates of destruction.

Proposed law provides that except as provided in proposed law, every owner of a water-damaged vehicle shall apply to the office of motor vehicles for a certificate of destruction within 30 days after the vehicle is determined to be water damaged as provided in proposed law. Proposed law further provides that a lienholder who possesses a certificate of title to a water-damaged vehicle shall send the certificate and other materials to the owner's insurer.

Proposed law provides that an insurance company that acquires ownership of a water-damaged vehicle pursuant to a settlement shall apply for the certificate of destruction within 30 days of the settlement.

Proposed law provides that any person who otherwise acquires ownership or possession of a water-damaged vehicle for which a certificate of destruction has not been issued shall apply for a certificate of destruction no more than 30 days after ownership or possession is acquired.

Proposed law provides that each application for a certificate of destruction shall be accompanied by the fee required for an original certificate of title.

Proposed law provides that upon receiving an application for a certificate of destruction, the office of motor vehicles shall issue a certificate of destruction that is conspicuously labeled with such designation and that contains the same information as other certificates of title.

Proposed law provides that no motor vehicle for which a certificate of destruction has been issued shall be later issued a salvage or reconstructed title or otherwise titled or registered by the office of motor vehicles for use on the roads or highways of this state.

Proposed law provides that no motor vehicle which has been issued a certificate of destruction shall be resold as a retail unit, and such vehicle shall be crushed by a licensed motor vehicle crusher and sold for scrap. However, proposed law provides that exterior sheet metal parts of a water-damaged vehicle may be sold as used parts.

Proposed law provides that notwithstanding present law to the contrary, a person who purchases or acquires a vehicle for which a certificate of destruction has been issued shall not be required to apply for or acquire a permit to dismantle. Proposed law provides that the certificate of destruction itself shall be sufficient for a motor vehicle crusher to crush the vehicle.

Proposed law provides that after the water-damaged vehicle has been crushed and scrapped, the owner shall surrender the certificate of destruction to the office of motor vehicles with the word recycled written or stamped across its face, and no certificate of title of any type shall be issued again for such vehicle.

Proposed law provides that the Dept. of Public Safety and Corrections may adopt rules and regulations necessary to carry out the provisions of proposed law.

Proposed law provides that whoever violates any provision of proposed law shall be guilty of a misdemeanor and upon conviction shall for each offense be punished by imprisonment of not more than six months or by fine not less than \$500 nor more than \$5,000, or both.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 32:706.1; Adds R.S. 32:702(14) and (15) and 707.3)