**A** **BILL**

TO AMEND SECTION 56-19-480(A), (B), (E), AND (G) AND SECTION 56‑19‑485 OF THE 1976 CODE, RELATING TO THE DESIGNATION OF VEHICLES AS “WRECKAGE” OR “SALVAGE”, TO PROVIDE FOR TITLE BRAND DESIGNATIONS; TO AMEND ARTICLE 39, CHAPTER 5, TITLE 56 OF THE 1976 CODE, RELATING TO THE DISPOSITION OF ABANDONED MOTOR VEHICLES ON HIGHWAYS, BY ADDING SECTION 56‑5‑5710, TO ESTABLISH PROVISIONS FOR SALVAGE POOL OPERATORS; AND TO DEFINE NECESSARY TERMS.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 56‑1‑10 of the 1976 Code is amended by adding appropriately numbered new items to read:

“( ) ‘Junk’ means a brand added to a vehicle’s title by the Department of Motor Vehicles to designate that an insurance company has determined that a vehicle has been damaged to the extent that it cannot be repaired for operation, or that it is only of value as a source of parts or scrap metal. A vehicle branded as junk cannot be repaired or rebuilt for on‑road use. The vehicle’s identification number is null and void for the purposes of titling for on‑road use. This vehicle must never be operated on South Carolina roads.

( ) ‘Off-road use only’ means a brand added to a vehicle’s title by the Department of Motor Vehicles to designate that a vehicle’s Manufacturer Certificate of Origin, or equivalent document of origin designating a vehicle, is not manufactured for use on public roads. The Department of Motor Vehicles shall not register and license such a vehicle, pursuant to Section 56‑3‑350. Vehicles brought into this State from a foreign jurisdiction without a title that clearly says ‘off-road use only,’ or its equivalent, that do not meet Federal Motor Vehicle Safety Standards may be subject to this brand at the discretion of the Department of Motor Vehicles.

( ) ‘Salvage’ means a brand added to a vehicle’s title by the Department of Motor Vehicles to designate a vehicle that has been declared a total loss by an insurance company; has repairs that exceed seventy‑five percent of the value of the vehicle before the damage occurred; or has damage to the body, unibody, or frame to the extent that it is unsafe for operation.

( ) ‘Salvage fire’ means a brand added to a vehicle’s title by the Department of Motor Vehicles to designate that an insurance company has paid a total loss claim on a vehicle due to damage caused by fire.

( ) ‘Salvage fire rebuilt’ means a brand added to a vehicle’s title by the Department of Motor Vehicles to designate a vehicle with a salvage fire brand that has been transferred to a new owner who has repaired the vehicle pursuant to Section 56‑19‑480(E).

( ) ‘Salvage flood’ means a brand added to a vehicle’s title by the Department of Motor Vehicles to designate that an insurance company has paid a total loss claim on a vehicle due to damage caused by:

(a) having been submerged in water to a point that the level of the water was higher than the door sill of the vehicle or having had water enter the passenger, trunk, or engine compartment of the vehicle; or

(b) having had water come into contact with the electrical or computer components of the vehicle.

( ) ‘Salvage flood rebuilt’ means a brand added to a vehicle’s title by the Department of Motor Vehicles to designate a vehicle with a salvage flood brand that has been transferred to a new owner who has repaired the vehicle pursuant to Section 56‑19‑480(E).

( ) ‘Salvage rebuilt’ means a brand added to a vehicle’s title by the Department of Motor Vehicles to designate a vehicle with a salvage brand that has been transferred to a new owner who has repaired the vehicle pursuant to Section 56‑19‑480(B).”

SECTION 2. Sections 56‑19‑480(A), (B), (E), and (G) and 56‑19‑485 of the 1976 Code are amended to read:

“Section 56‑19‑480. (A) An owner who scraps, dismantles, destroys, or in any manner disposes to another, except to a demolisher or secondary metals recycler, as ~~wreckage or~~ salvage, a motor vehicle otherwise required to be titled in this State immediately shall mail or deliver to the Department of Motor Vehicles the vehicle’s certificate of title notifying the department to whom the vehicle is delivered together with a report indicating the type and severity of any damage to the vehicle. A person or entity who disposes of a vehicle to a demolisher or secondary metals recycler shall provide the vehicle’s title certificate to the demolisher or secondary metals recycler so that the demolisher or secondary metals recycler can surrender the title certificate to the Department of Motor Vehicles pursuant to Sections 56‑5‑5670 and 56‑5‑5945.

(B) If a vehicle is acquired by an insurance company in settlement of a claim to the vehicle by fire, flood, collision, or other causes, or is left with the claimant after being declared a total loss by the insurance company, the company or its agent immediately shall deliver to the department the certificate of title together with a report indicating the type and severity of damage to the vehicle. If an insurance company or its agent is unable to obtain the certificate of title from the claimant within thirty days after acceptance by the claimant of an offer in settlement of total loss, the insurance company or its agent, on a form ~~provided~~ prescribed by the department, may submit an application to the department for a salvage, salvage flood, or salvage fire, as defined in Section 56‑1‑10, certificate of title. The application shall include evidence that the insurance company or its agent has fulfilled its settlement with and made two or more written attempts to obtain the certificate of title from the claimant. At such time as the insurance company may thereafter transfer the damaged vehicle, the company or its agent shall notify the department to whom the transfer was made on a form prescribed by the department. ~~Notwithstanding another provision of law, when~~ When an insurance company obtains a title to a vehicle from settling a total loss claim, the insurance company may obtain a title to the vehicle designated as ~~‘salvage’~~ ‘salvage, salvage flood, or salvage fire’, as defined in Section 56‑1‑10. The insurance company must pay the title fee contained in Section 56‑19‑420.

(E) If a salvage, salvage flood, or salvage fire vehicle is rebuilt, a regular certificate of title may not again be issued except upon submission of an application stating that the vehicle has been rebuilt and containing the information ordinarily required by the department for the issuance of a certificate of title as well as any information the department may require about the identity of the vehicle, the source and cost of any parts used in, and the extent of any repairs or other work done to the vehicle. ~~In addition, the department may require the vehicle to undergo an inspection by the Highway Patrol or someone authorized by the department to check the identity or the safety of the vehicle, or both.~~ The owner shall follow the procedure prescribed by the Department of Motor Vehicles if seeking a rebuilt brand on a title. Any regular certificate of title issued by the department for a previously salvaged vehicle must be annotated to show that the vehicle was ~~‘salvaged‑rebuilt’~~ salvaged rebuilt, salvage flood rebuilt, or salvage fire rebuilt, and the reason why the vehicle was salvaged.

(G) For purposes of this section, ~~a ‘wrecked vehicle’,~~ a ‘salvage vehicle’~~,~~ and a ‘vehicle declared to be a total loss’ are all synonyms and are defined to be any motor vehicle which is damaged to the extent that the cost of repairing the motor vehicle, including both parts and reasonable market charges for labor, equal or exceed seventy‑five percent of the fair market value of the motor vehicle. The provisions contained in this section do not apply to a motor vehicle that has a fair market value of two thousand dollars or less, or an antique motor vehicle as defined by Section 56‑3‑2210. When an insurance company is involved, the fair market value of the vehicle must be determined as of the date immediately before the event which gave rise to the claim. When an insurance company is not involved, then the fair market value must be determined as of the last day on which the vehicle was lawfully operated on a public highway or the last day on which it was registered, whichever is later.

Section 56‑19‑485. (A) Notwithstanding any other provision of law, whenever any motor vehicle, as defined in Section 56‑1‑10, ~~which qualifies as ‘wreckage’ or ‘salvage’~~ with a vehicle title brand is transferred in this State pursuant to Section 56‑19‑480, whether the vehicle was, immediately before such transfer, titled in this State or in another state, ~~the vehicle shall be designated as ‘wreckage’ or ‘salvage’, as may be applicable, to the extent necessary~~ the vehicle title shall maintain the designated brand to inform the transferee of the exact condition of the vehicle. No ~~wrecked or salvaged~~ out‑of‑state vehicle or South Carolina registered vehicle shall be registered under the laws of this State without such designation, and this designation must be applied to all subsequent transfers of the vehicle. If the title brand designation of a vehicle titled in another jurisdiction does not match exactly the definitions contained in Section 56‑1‑10, then the Department of Motor Vehicles shall determine which of the title branding definitions in Section 56‑1‑10 most nearly describes the condition of the vehicle when titling it in South Carolina. The Department of Motor Vehicles shall apply that brand to the vehicle, and it should remain on the vehicle through any subsequent transfers in South Carolina. Any vehicle previously title‑branded in another state must be title‑branded as the Department of Motor Vehicles deems appropriate pursuant to this section without regard to whether the vehicle was subsequently titled in a jurisdiction without a title brand.

(B) The provisions of this section apply to transfers of vehicles in all of the circumstances described in Section 56‑19‑480~~, whether the vehicle is ‘totaled’, declared a total loss, ‘junked’, or ‘salvaged’~~.

(C) Notwithstanding the provisions of this section, the owner of a vehicle whose total cost of repair, including all labor and parts, is estimated to be seventy‑five percent or more of the fair market value of the vehicle must provide the Department of Motor Vehicles an affidavit from a person who reconstructs or rebuilds a vehicle indicating the cost of repair along with other data the department may prescribe to obtain a certificate of title. The provisions contained in this section do not apply to a motor vehicle that has a fair market value of two thousand dollars or less, or an antique motor vehicle as defined by Section 56‑3‑2210. A certificate of title issued for a vehicle described in this paragraph must be annotated to indicate the motor vehicle is designated ~~‘wreckage’ or~~ ‘salvage’ as applicable to the extent necessary to inform the transferee of the exact condition of the vehicle. A ~~wrecked or~~ salvaged out‑of‑state vehicle or South Carolina registered vehicle may not be registered in this State without this designation, and this designation must be applied to subsequent transfer of the vehicle.

(D) If a vehicle’s Manufacturer’s Certificate of Origin or equivalent document of origin is branded with a designation, then the Department of Motor Vehicles shall apply that same brand to the vehicle, and it should remain with the vehicle through any subsequent transfers in South Carolina. If the title brand designation of the Manufacturer’s Certificate of Origin or equivalent document of origin does not match exactly the definitions in Section 56‑1‑10, then the Department of Motor Vehicles shall determine which title branding definition in Section 56‑1‑10 most nearly describes the condition of the vehicle when titling it in South Carolina.”

SECTION 3. Article 39, Chapter 5, Title 56 of the 1976 Code is amended by adding:

“Section 56‑5‑5710. (A) As contained in this section, ‘salvage pool operator’ means a person who engages in the business of selling salvage motor vehicles at auction, including wholesale auction.

(B) This section applies only to a salvage pool operator who, upon the request of an insurance company or charity, takes possession of a motor vehicle that is the subject of an insurance claim or charity donation if subsequently:

(1) the insurance company denies coverage to the motor vehicle; or

(2) the insurance company or the charity does not take ownership of the motor vehicle.

(C) An insurance company or charity described in subsection (B) shall notify the salvage pool operator of a denial of a claim regarding the motor vehicle or other disposition of the motor vehicle. The insurance company or charity must include in the notice the name and address of the owner of the motor vehicle and the lienholder, if any.

(D) Before the sixteenth day after receiving notice under subsection (C), a salvage pool operator shall notify the owner of the motor vehicle and any lienholder that:

(1) the owner or lienholder must reimburse the salvage pool operator for all fees incurred and remove the motor vehicle from the salvage pool operator’s possession at the location specified in the notice to the owner and lienholder, if any, no later than the thirtieth day after the date the notice is mailed; and

(2) if the motor vehicle is not removed within the time specified in the notice, the salvage pool operator shall sell the motor vehicle and retain from the proceeds any costs incurred by the operator in obtaining, handling, storing, and disposing of the motor vehicle as described by subsection (E).

(E) The salvage pool operator may include in the costs described by subsection (D)(2) only costs actually incurred by the salvage pool operator that have not been reimbursed by a third party or are not subject to being reimbursed by a third party, including the costs of notices, title searches, and towing, and other costs incurred with respect to the motor vehicle. The costs described by subsection (D)(2):

(1) may include charges for the towing, storage, or impoundment of the motor vehicle that have been paid prior to acquisition by the salvage pool facility and incurred after the salvage pool facility takes possession of the vehicle; and

(2) may be deducted only from the proceeds of a sale of the motor vehicle.

(F) The notice required of a salvage pool operator under this section must be sent by registered or certified mail, return receipt requested, or by a commercial delivery service that has tracking available to show proof of delivery.

(G) If a motor vehicle is not removed from a salvage pool operator’s possession before the thirty‑first day after the date a notice is mailed to the motor vehicle’s owner and any lienholder under subsection (D), then the salvage pool operator may obtain from the Department of Motor Vehicles a lien‑free salvage vehicle title for a salvage motor vehicle.

(H) An application for a title under subsection (G) must:

(1) be submitted to the Department of Motor Vehicles on a form prescribed by the Department of Motor Vehicles; and

(2) include confirmation by the salvage pool operator that the notice was mailed as required by subsection (D) to the motor vehicle owner and any lienholder.

(I) A title issued under this section must be issued in the name of the salvage pool operator.

(J) The Department of Motor Vehicles shall issue the appropriate title to a person authorized to apply for the title under this section if the Department of Motor Vehicles determines his application is complete and complies with applicable law.

(K) On receipt of a title under this section, the salvage pool operator shall sell the motor vehicle and retain from the proceeds of the sale the costs incurred by the salvage pool operator as permitted by subsection (E), along with the costs of titling and selling the motor vehicle. The salvage pool operator shall pay any excess proceeds from the sale, first to the lienholder to satisfy any liens and the remainder mailed to the owner, if any.

(L) If the previous owner of the motor vehicle and the lienholder, if any, cannot be identified or located, then any excess proceeds from the sale of the motor vehicle under subsection (K) shall escheat to the State.”

SECTION 4. This act takes effect one hundred eighty days after approval by the Governor.

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