

1 AN ACT relating to motor vehicles.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 186A.115 is amended to read as follows:

- 4 (1) (a) Except as otherwise provided in this section, the owner of every vehicle
5 brought into this state and required to be titled in this state shall, before
6 submitting his or her application for title to the county clerk, have the vehicle
7 together with his or her application for title and its supporting documents
8 inspected by a certified inspector in the county in which the application for
9 title is to be submitted to the county clerk.
- 10 (b) An owner of a military surplus vehicle seeking title in this state shall, before
11 submitting his or her application for title to the county clerk, have the vehicle
12 together with his or her application for title and its supporting documents
13 inspected by a certified inspector in the county in which the application for
14 title is to be submitted to the county clerk.
- 15 (2) For inspections under this section:
- 16 (a) The certified inspector shall be certified through the Department of Vehicle
17 Regulation following requirements set forth by the department by regulation
18 and shall be designated by the county sheriff. The certified inspector will be
19 held responsible for all certifications required pursuant to this chapter and will
20 be liable for any and all penalties prescribed in this chapter, and shall be
21 available during regular office hours at any and all offices and branches that
22 issue applications for titles;
- 23 (b) There shall be a five dollar (\$5) fee for this certification, payable to the
24 sheriff's office, upon completion of certification;
- 25 (c) There shall be an additional fee of ten dollars (\$10) per trip when it becomes
26 necessary for the certified inspector to travel to the site of the vehicle rather
27 than bringing the vehicle to the sheriff's inspection area; and

- 1 (d) An inspection conducted in one (1) county within the Commonwealth of
2 Kentucky under this subsection, and the fees paid for that inspection under
3 this subsection, shall be honored by the certified inspector, sheriff, and county
4 clerk in all other counties within this state. A second inspection shall not be
5 required and additional fees shall not be required.
- 6 (3) The Transportation Cabinet may require that modifications be made to a military
7 surplus vehicle. Any modifications required by the cabinet under this section shall
8 be made to the military surplus vehicle prior to its inspection.
- 9 (4) The Transportation Cabinet shall promulgate administrative regulations pursuant to
10 KRS Chapter 13A to implement the provisions of subsections (1)(b) and (3) of this
11 section, including but not limited to vehicle modification requirements and the
12 creation of a separate inspection form. The Transportation Cabinet shall note that
13 military vehicles were originally manufactured under the federally mandated
14 requirements set forth in 49 C.F.R. sec. 571.7 and shall only require these vehicles
15 to meet applicable federal motor vehicle safety standards.
- 16 (5) The following vehicles are excluded from the requirement of inspection by a
17 certified inspector prior to titling in this state:
- 18 (a) New motor vehicles sold by a dealer licensed in this state;
- 19 (b) Vehicles required to be registered in this state by reason of lack of a
20 reciprocity agreement with another state and for which a nonnegotiable
21 registration document is to be issued;
- 22 (c) Motor vehicles operated by a motor carrier under a nonnegotiable certificate
23 or permit issued by the Department of Vehicle Regulation;
- 24 (d) Motor vehicles owned by servicemen or servicewomen who are residents of
25 Kentucky stationed outside of Kentucky may be inspected by the post provost
26 or similar officer of the camp, post, or station. The post provost or similar
27 officer shall submit an affidavit stating the name of the owner, the

1 identification or serial number, the make, body style, current license or title
2 number, if any, and state in which currently registered or titled, if any, of the
3 motor vehicle;

4 (e) Motor vehicles purchased in another state by persons who are residents of
5 Kentucky but are temporarily residing out of state for at least thirty (30) days,
6 but not longer than nine (9) months, may after the purchase of the vehicle be
7 inspected by the state police, a local law enforcement agency, or the vehicle
8 inspection program of another state. If an inspector in another state examines a
9 vehicle under this paragraph, the purchaser may request the inspector to
10 complete an affidavit stating the name of the owner, the vehicle identification
11 number, the vehicle make and body style, the current state of registration, if
12 any, and the current vehicle license or title number, if any. The Transportation
13 Cabinet shall create an affidavit form containing at a minimum this
14 information and shall post the form on the cabinet's Internet Web site. A
15 person using an inspector in another state under this paragraph shall comply
16 with all requirements of that state's inspection program, including payment of
17 fees charged in that state. A person registering a motor vehicle for the first
18 time in Kentucky under this paragraph shall transmit the application for
19 registration, all supporting documentation, and payment for registration and
20 usage tax to the county clerk of the county in which the person resides, and
21 upon receipt of the appropriate documentation, the county clerk shall register
22 the vehicle;~~and~~

23 (f) Motor vehicles no longer located in Kentucky but which require inspection in
24 order to issue a corrected Kentucky title due to error in vehicle identification
25 or serial number may be inspected by an inspector authorized to inspect
26 vehicle identification or serial number by the laws of the state or foreign
27 country where application for a new title has been submitted; **and**

1 (g) Motor vehicles:

2 1. That are more than ten (10) model years old;

3 2. That meet the definition of a salvage vehicle as set forth in KRS
 4 186A.520(1);

5 3. That have been issued a salvage certificate of title in Kentucky, or a
 6 similar title in another state which does not have a brand that
 7 disqualifies the vehicle from being titled for use on the highways in
 8 that state, pursuant to KRS 186A.530;

9 4. That have been restored to roadworthy condition; and

10 5. For which the owners are making application for a new certificate of
 11 title pursuant to KRS 186.115.

12 (6) When presented to a certified inspector for inspection or to a county clerk for
 13 processing, the owner's application for a first certificate of registration or title in his
 14 or her name shall be accompanied by proof of insurance in compliance with KRS
 15 304.39-080 and one (1) of the following documents as applicable:

16 (a) If the vehicle is a new vehicle not previously registered in this state, the
 17 properly assigned manufacturer's statement of origin for the vehicle for which
 18 registration or title is sought;

19 (b) If the vehicle was last registered in this state, and is a vehicle for which a title
 20 is not required in this state, a certificate of registration, or if the vehicle is one
 21 for which a certificate of title is required in this state, a properly assigned
 22 certificate of title;

23 (c) If the vehicle was last previously titled in another state, a properly assigned
 24 certificate of title;

25 (d) If the application refers to a vehicle previously registered in another country,
 26 the documents of that country establishing ownership of the vehicle;

27 (e) If the application refers to a vehicle last previously registered in another

1 country by a person on active duty in the Armed Forces of the United States,
2 the county clerk may accept on behalf of the Department of Vehicle
3 Regulation evidence of ownership provided the applicant by the United States
4 Department of Defense; and

5 (f) Except as provided in KRS 186A.072(2)(c) governing custom-built
6 motorcycles, if the application relates to a vehicle which has been specially
7 constructed or reconstructed, that fact shall be stated in the application, and
8 the application shall be accompanied by the documents specified by
9 administrative regulations of the Department of Vehicle Regulation.

10 (7) When requested to inspect a vehicle pursuant to this section, the certified inspector
11 shall personally and physically inspect the vehicle, when registration or title is
12 sought in this state, on the following points:

13 (a) He or she shall ensure that the application is legible and properly executed to
14 the extent required at the time of execution;

15 (b) He or she shall compare the vehicle identification number as appearing on
16 both the vehicle identification number plate, and the federal safety standards
17 label of the vehicle which is sought to be registered or titled, with the
18 corresponding number inscribed on the application, and its supporting
19 documentation, and ensure that the vehicle identification number appearing at
20 each described location appears legitimate and that they are consistent with
21 each other;

22 (c) He or she shall examine the primary odometer of the vehicle and legibly
23 record the reading in the space provided in the inspection section of the
24 application; and

25 (d) After exercising due diligence in inspecting the vehicle, the application, and
26 its supporting documentation, and finding that they appear to be in order, the
27 certified inspector shall execute the preprinted certificate of inspection

1 according to its terms by printing in the spaces provided his or her first name,
2 middle initial, and last name, and his or her title; the name of the county in
3 which he serves; and the telephone number including the telephone area code
4 of his or her agency, and sign in ink his or her signature in the space provided,
5 and print the month, day, and year in which his or her inspection was made,
6 certifying under penalty of forgery in the second degree the character,
7 accuracy, and date of his or her inspection.

- 8 (8) The certified inspector shall refrain from executing the certificate of inspection if:
- 9 (a) He or she has not personally and physically inspected the vehicle in
10 accordance with this section;
 - 11 (b) He or she has reason to believe that the vehicle displays an unlawfully altered
12 vehicle identification number;
 - 13 (c) The application and any of its copies are illegible or otherwise improperly
14 executed, or contain information reasonably believed to be inaccurate or
15 fraudulent;
 - 16 (d) The documentation required in support of any application is not present, or
17 not consistent with the vehicle and the owner's application or appears
18 fraudulent; or
 - 19 (e) He or she has probable cause to believe the vehicle is stolen.
- 20 (9) (a) Inspections on motor vehicles that meet the definition of a "historic vehicle"
21 under KRS 186.043(2) and are brought into this state shall be limited to
22 verification of the vehicle identification number with supporting
23 documentation for purposes of titling.
- 24 (b) Inspections on motor vehicles that meet the definition of a classic motor
25 vehicle project as set forth in KRS 186A.510 shall be limited to verification of
26 the vehicle identification number with supporting documentation for purposes
27 of issuing a classic motor vehicle project certificate of title under KRS

1 186A.535(1).

2 ➔Section 2. KRS 186A.530 is amended to read as follows:

3 (1) The owner of a motor vehicle that meets the definition of a salvage vehicle as set
4 forth in KRS 186A.520(1) and has been issued a salvage certificate of title in
5 Kentucky, or the equivalent thereof by another licensing jurisdiction, and has been
6 rebuilt, may make application for a new certificate of title pursuant to KRS 186.115.
7 The Transportation Cabinet may promulgate administrative regulations pursuant to
8 KRS Chapter 13A governing the form of application.

9 (2) (a) Except as provided in paragraph (b) of this subsection, upon receipt of a
10 salvage certificate of title issued pursuant to KRS 186A.520, or similar title
11 issued by another state if the title does not disqualify the vehicle from being
12 titled for use on the highway in that state, and proof of passing the inspection
13 required by KRS 186A.115, the cabinet shall issue a new certificate of title
14 with the words "rebuilt vehicle" printed on the face of the title. The brand
15 shall be carried forward and printed in the appropriate section on the face of
16 all titles issued thereafter for that motor vehicle.

17 (b) Motor vehicles that are exempt from inspection under subsection (5)(g) of
18 Section 1 of this Act shall be granted a rebuilt title without an inspection
19 provided the owner of the vehicle submits an affidavit to either the county
20 clerk or the Kentucky Transportation Cabinet's central office in Frankfort
21 that the vehicle is in roadworthy condition.

22 (3) If ownership of a motor vehicle has been transferred to an insurance company
23 through payment of damages, the insurance company making the payment of
24 damages shall be deemed the owner of the vehicle.

25 (4) The owner of a water damaged vehicle shall make application to the cabinet for a
26 salvage certificate of title as provided for in KRS 186A.520. The owner of a vehicle
27 with a brand from another jurisdiction identifying the vehicle as water damaged or

1 other similar designation who is making application for a Kentucky title shall be
2 issued a title with the words "water damaged" printed on the face of the title.

3 (5) A Kentucky salvage certificate of title may be issued from an out-of-state junking
4 certificate or other ownership document bearing a designation of "junk,"
5 "unrebuildable," or other similar classification that disqualifies the vehicle from
6 being titled for use on the highway in that state with the following provisions:

7 (a) The out-of-state junking certificate of title or other ownership certificate shall
8 be an original, secure document.

9 (b) The applicant shall submit a minimum of two (2) photographs of the motor
10 vehicle showing the damage to the motor vehicle. The photographs shall be
11 included in the application for a salvage certificate of title.

12 (c) The applicant shall submit a minimum of two (2) estimates of damage
13 verifying that the condition of the vehicle which has been issued the junking
14 certificate constitutes less than seventy-five percent (75%) of the retail value
15 of the vehicle, as set forth in a current edition of the National Auto Dealers'
16 Association N.A.D.A. price guide.

17 (d) A salvage title issued under this subsection shall be branded "SALVAGE."
18 The Transportation Cabinet shall use a unique method of identification to
19 differentiate a salvage title issued under this subsection from other salvage
20 titles.

21 (6) (a) Upon receipt of a salvage certificate of title issued pursuant to subsection (5)
22 of this section, or an out-of-state junking certificate or other ownership
23 document bearing a designation of "junk," "unrebuildable," or other similar
24 classification that disqualifies the vehicle from being titled for use on the
25 highway in that state, and proof of passing the inspection required by KRS
26 186A.115, the cabinet shall issue a new certificate of title with the words
27 "REBUILT VEHICLE" printed on the face of the title. The Transportation

1 Cabinet shall use a unique method of identification to differentiate a rebuilt
2 brand issued under this paragraph from other rebuilt brands. The brand shall
3 be carried forward and printed in the appropriate section on the face of all
4 titles issued thereafter for that motor vehicle.

5 (b) A person who obtains a rebuilt title under this subsection shall permanently
6 affix a plate of metallic composition within the opening for the driver's side
7 door which states "REBUILT VEHICLE - May Not Be Eligible For Title In
8 All States."

9 (7) (a) When an insurance company makes a claim settlement on a vehicle that has
10 been stolen and recovered, if the vehicle meets the definition of a salvage
11 vehicle as set forth in KRS 186A.520, the company shall apply for a salvage
12 certificate of title as provided for in KRS 186A.520. Upon receipt of this
13 information, the cabinet shall issue the company a certificate of title to replace
14 a salvage certificate of title. The cabinet shall promulgate administrative
15 regulations pursuant to KRS Chapter 13A regarding the forms and any
16 additional information which insurance companies shall be required to obtain
17 and submit when seeking a certificate of title to replace a salvage certificate of
18 title.

19 (b) In claim settlements that do not involve transfer of the vehicle to the insurance
20 company, an insurer shall not render payment on a damage claim for a vehicle
21 whose damage meets or exceeds seventy-five percent (75%) of the value of
22 the vehicle, until the insurer has received proof that the owner has surrendered
23 the title or has applied for a salvage certificate of title as set forth in KRS
24 186A.520. The owner shall apply for a salvage certificate of title within three
25 (3) working days of the agreed settlement. This subsection shall not apply to
26 hail-damaged vehicles under KRS 186A.555.

27 (c) An insurance company shall not refuse coverage to, and shall not reclassify

1 coverage of, a vehicle that has been issued a rebuilt title pursuant to the
2 provisions of this section.

3 (8) A motor vehicle owner or a motor vehicle dealer licensed in this state who offers
4 for sale, trade, or transfer a motor vehicle which carries a title brand, as set forth in
5 subsection (2) or (6) of this section, shall disclose the nature of the brand to any
6 prospective buyer or transferee, prior to the sale, and according to the following:

7 (a) Dealer disclosure shall be located on a sticker placed on the vehicle. The
8 sticker wording shall be printed in at least ten (10) point, bold face type, on a
9 background of obviously different color, and shall include the following:
10 "THIS IS A REBUILT VEHICLE." This disclosure information shall not
11 appear on vehicles that do not have a branded title. Dealer disclosure shall
12 also be located on a buyer's notification form to be approved by the
13 Transportation Cabinet. The form shall inform the buyer that the vehicle is a
14 rebuilt vehicle and may include any other information the cabinet deems
15 necessary.

16 (b) Nondealer disclosure shall be made in accordance with the procedures
17 provided for in KRS 186A.060. The Department of Vehicle Regulation shall
18 ensure that disclosure information appears near the beginning of the
19 application for title and informs the buyer that the vehicle is a rebuilt vehicle.

20 (9) Failure of a dealer to procure the buyer's acknowledgment signature on the buyer's
21 notification form or failure of any person other than a dealer to procure the buyer's
22 acknowledgment signature on the vehicle transaction record form shall render the
23 sale voidable at the election of the buyer. The election to render the sale voidable
24 shall be limited to forty-five (45) days after issuance of the title. This provision shall
25 not bar any other remedies otherwise available to the purchaser.

26 (10) The notification provisions of this section shall not apply to motor vehicles more
27 than ten (10) model years old.

1 (11) The Transportation Cabinet shall promulgate administrative regulations pursuant to
2 KRS Chapter 13A, regarding the administration of the title branding procedure. The
3 administrative regulations shall include the manner in which salvage titles and
4 rebuilt brands on vehicles previously declared unrebuildable by another state are
5 differentiated from other salvage titles and rebuilt brands. The administrative
6 regulations may include designation of additional brands which provide significant
7 information to the owner.