

SESSION OF 2014

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2728

As Amended by Senate Committee on
Transportation

Brief*

HB 2728 would allow an insurance company to apply to the Division of Vehicles for a salvage title 30 or more days after the company enters into a damage settlement agreement in which the owner agrees to transfer title if the insurance company is unable to obtain voluntary assignment of the title from the owner of the vehicle. The bill would require the application form to be accompanied by an affidavit stating the following:

- The insurance company is unable to obtain a transfer of title from the owner;
- There is evidence of the damage settlement;
- There are no liens on the vehicle or all liens have been released;
- The insurance company has physical possession of the vehicle; and
- The insurance company notified the owner, at the owner's last known address, 30 days prior to the notice of the intent to transfer and the owner has not delivered a written objection.

The bill also would remove a requirement that three copies be prepared of any permit to allow the owner of a salvage vehicle to operate that vehicle on the highways and would remove language related to distribution of the copies.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Background

HB 2728 was requested by the Division of Vehicles, and a Division representative testified in favor of the bill before the House Transportation Committee. He stated the permits now are issued directly through the Division's computer system and retained electronically, eliminating the need for paper copies for the Division and the county treasurer. There was no other testimony.

A permit issued under the statute that would be amended allows operation of the specified vehicle, with a salvage title only, over the most direct route from where the salvage vehicle is located to a specified location named on the permit and to return to its original location. The vehicle owner must have motor vehicle liability insurance coverage. The permit must be carried in the vehicle.

The Senate Committee on Transportation also heard testimony in support of the bill from a representative of the Division of Vehicles. There was no other testimony at the Senate Committee hearing.

The Senate Committee amended the bill to include the contents of SB 385, which would allow an insurance company to apply to the Division of Vehicles for a salvage title. The background to SB 385 is discussed below.

According to the fiscal note, the Department of Revenue indicates HB 2728, as introduced, would have no effect on state revenues or expenditures. No fiscal note on the amended version of HB 2728 was available at the time of the Senate Committee's action.

SB 385

SB 385 was introduced by the Senate Committee on Transportation at the request of Farmers Insurance. At the Senate Committee hearing on SB 385, a representative of

Farmers Insurance testified there was no statutory remedy for an insurance company if the owner of the vehicle would not voluntarily transfer the title of a salvage vehicle. The representative testified there are many reasons a title may not be transferred, ranging from an error by any involved party to a refusal by the owner to transfer the title. A representative of the Kansas Automobile Dealers Association (KADA) offered an amendment and testified in support of an amended version of the bill. Written proponent testimony was received from Farmers Alliance, Insurance Auto Auctions, the Kansas Association of Property and Casualty Insurance Companies, and the State Farm Insurance Companies.

A representative of the Division of Vehicles provided neutral testimony. There was no opponent testimony.

The Senate Committee adopted an amendment to SB 385 on February 26 suggested by KADA to provide a process for lienholders and owners of the vehicle to challenge the issuance of a salvage title. Additionally, the amendment provided that lienholders would retain their security interests in the salvage vehicle unless the interest was paid or released.

The Senate Committee further amended SB 385 on March 18 to replace the KADA amendment with an amendment presented by the Division of Vehicles on behalf of the various parties, providing for an affidavit to replace procedures included in the KADA amendment.

According to the fiscal note prepared by the Division of the Budget, the Department of Revenue indicates SB 385, as introduced, would require the creation of a new policy and procedure for accepting and processing the application for a salvage title, but the cost could be absorbed within existing resources. No fiscal note on the amended version of SB 385 was available at the time of Senate Committee action.