



H.B. 201

125th General Assembly
(As Introduced)

Reps. Schmidt, Wolpert, Seitz, Allen, Schneider, Raussen, Grendell, Hoops

BILL SUMMARY

- Allows salvage motor vehicle auctions and salvage motor vehicle pools to sell salvage motor vehicles to certain specified purchasers.
- Provides that any violation by a salvage auction or pool of any of the current prohibitions relating to motor vehicle certificates of title is a fourth degree felony.
- Eliminates a buyer's identification card as a prerequisite for buying a salvage motor vehicle from a salvage auction or pool.
- Eliminates the restriction that provides that an insurer, repair facility, or installer may use a salvage motor vehicle part in the repair of a motor vehicle only if the part was removed by a licensed salvage motor vehicle dealer.

CONTENT AND OPERATION

Motor vehicle salvage dealers, salvage motor vehicle auctions, and salvage motor vehicle pool

Motor vehicle salvage dealers, salvage motor vehicle auctions, and salvage motor vehicle pools are licensed by the Registrar of Motor Vehicles and are regulated under Revised Code Chapter 4738. Current law defines these three businesses as follows:

(1) A "motor vehicle salvage dealer" is any person who engages in business primarily for the purpose of selling salvage motor vehicle parts and

secondarily for the purpose of selling at retail salvage motor vehicles or manufacturing or selling a product of gradable scrap metal (R.C. 4738.01(A)).¹

(2) A "salvage motor vehicle auction" is any person who on his own behalf or as an agent for a third party engages in business for the purpose of auctioning salvage motor vehicles *to motor vehicle salvage dealers* (R.C. 4738.01(C)). (Emphasis added.)

(3) A "salvage motor vehicle pool" means any person who as an agent for a third party engages in business for the purpose of storing, displaying, and offering for sale salvage motor vehicles *to motor vehicle salvage dealers* (R.C. 4738.01(D)). (Emphasis added.)

Consistent with these latter two definitions, current law prohibits salvage motor vehicle auctions and salvage motor vehicle pools from selling a salvage motor vehicle to any person *other* than a licensed motor vehicle salvage dealer (R.C. 4738.03(B)(3) and (C)(3)).

Changes made by the bill

The bill does not change the definition of motor vehicle salvage dealer, but it does change the definitions of salvage motor vehicle auction and salvage motor vehicle pool to permit these entities to sell salvage motor vehicles to *authorized purchasers* (R.C. 4738.01(C) and (D)).

The bill defines "authorized purchaser" to include any of the following:

- (1) A person licensed as a motor vehicle salvage dealer;
- (2) A person licensed as a motor vehicle dealer;
- (3) A person registered as a motor vehicle collision repair operator under state law;
- (4) A scrap metal processor who is not a motor vehicle salvage dealer;
- (5) A person who holds a valid license or registration from another state as a salvage motor vehicle dealer, motor vehicle dealer, or motor vehicle collision repair operator, or a person from another state authorized by that state to purchase

¹ A "salvage motor vehicle" is defined as any motor vehicle which (sic) is in a wrecked, dismantled, or worn out condition, or unfit for operation as a motor vehicle (R.C. 4738.01(B)).

a salvage motor vehicle, provided that when such a person purchases such a vehicle it is for immediate removal from Ohio;

(6) The employee of one of the persons listed in the above items who is designated by that person to purchase salvage motor vehicles on behalf of that person. (R.C. 4738.01(J).)

The bill requires each salvage motor vehicle auction or pool to verify each authorized purchaser. The verification must include the person's name and address, any applicable license or registration number, proof of the person's status as an exempt scrap metal processor if applicable, or proof of the person's status as a designated employee as provided in the bill. (New R.C. 4738.18.)

Offenses relating to motor vehicle certificates of title

Current law establishes a number of offenses relating to motor vehicle certificates of title. No person (including no salvage motor vehicle auction or pool) may do any of the following:

(1) Procure or attempt to procure a certificate of title or a salvage certificate of title to a motor vehicle, or pass or attempt to pass a certificate of title, a salvage certificate of title, or any assignment of a certificate of title or salvage certificate of title to a motor vehicle, or in any other manner gain or attempt to gain ownership to a motor vehicle, knowing or having reason to believe that the motor vehicle or any motor vehicle part has been acquired through the commission of a theft offense (R.C. 4505.19(A), not in the bill).

(2) Purport to sell or transfer a motor vehicle without delivering to the vehicle purchaser or transferee a certificate of title, a salvage certificate of title, or a manufacturer's or importer's certificate, properly assigned, except as otherwise provided in law (R.C. 4505.19(B)).

(C) With intent to defraud, possess, sell, offer to sell, counterfeit, or supply a blank, forged, fictitious, counterfeit, stolen, or fraudulently or unlawfully obtained certificate of title, registration, bill of sale, or other instruments of ownership of a motor vehicle, or conspire to do any of these actions (R.C. 4505.19(C)).

(D) Knowingly obtain goods, services, credit, or money by means of an invalid, fictitious, forged, counterfeit, stolen, or unlawfully obtained original or duplicate certificate of title, registration, bill of sale, or other instrument of ownership of a motor vehicle (R.C. 4505.19(D)).

(E) Knowingly obtain goods, services, credit, or money by means of a certificate of title to a motor vehicle, which must be surrendered to the Registrar or the clerk of the court of common pleas as provided in by law (R.C. 4505.19(E)).

Under current law, whoever violates any of these prohibitions must be fined not more than \$5,000 or imprisoned in the county jail or workhouse not less than six months but not more than one year, or both, or in a state correctional institution not less than one but not more than five years. (R.C. 4505.99(D), not in the bill.)

The bill specifically prohibits a salvage motor vehicle auction or pool from violating any of the above five prohibitions and establishes a separate penalty for these persons. Any such violation is a fourth degree felony, which is punishable by a definite term of imprisonment in a state prison for from 6 to 18 months and a fine of not more than \$5,000. (R.C. 2929.14 and 2929.18, neither of which is in the bill.)

Elimination of the buyer's identification card

Current law requires any licensed motor vehicle salvage dealer, salvage motor vehicle auction, or salvage motor vehicle pool that wishes to purchase salvage motor vehicles at salvage motor vehicle auctions or pools to obtain a buyer's identification card from the Registrar of Motor Vehicles. These cards are not nontransferable, and if a cardholder ceases to possess a valid salvage motor vehicle dealer's license or if an employee of the licensee ceases to be employed by the licensee, that person's buyer's identification card is invalid and the cardholder must return it to the Registrar.

Any person who holds a valid salvage motor vehicle dealer's license from another state that imposes qualifications and requirements with respect to the license that are equivalent to those required by Ohio may also apply for and receive a buyer's identification card. The Registrar may revoke or suspend the license of any salvage motor vehicle dealer who allows his card or the card of any employee to be used by any unauthorized person. (Current R.C. 4738.18 and 4501.25.)

The bill eliminates the buyer's identification card provisions from current law.

Use of salvage motor vehicle parts in repairs

Under current law, an insurer, repair facility, or installer may use a salvage motor vehicle part in the repair of a motor vehicle only if the part is of a like kind and quality to the part in need of repair *and* it is removed from a salvage motor vehicle by a licensed motor vehicle salvage dealer. The bill removes the

restriction that such a part be removed from the salvage motor vehicle only by a licensed motor vehicle salvage dealer. (R.C. 1345.81.)

HISTORY

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Introduced	05-22-03	p. 509

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