

**STORAGE NAME:** h0661s1.ric.doc

**DATE:** March 4, 2002

## HOUSE OF REPRESENTATIVES

### COUNCIL FOR READY INFRASTRUCTURE ANALYSIS

**BILL #:** CS/HB 661

**RELATING TO:** Vehicle Title Certificates

**SPONSOR(S):** Council for Ready Infrastructure and Representative(s) Wiles & others

**TIED BILL(S):** None

**ORIGINATING COMMITTEE(S)/COUNCIL(S)/COMMITTEE(S) OF REFERENCE:**

- (1) TRANSPORTATION YEAS 11 NAYS 2
  - (2) BUSINESS REGULATION YEAS 9 NAYS 0
  - (3) COUNCIL FOR READY INFRASTRUCTURE YEAS 17 NAYS 0
  - (4)
  - (5)
- 

I. SUMMARY:

Current law regulates the handling of vehicles or mobile homes that have been determined to be a "total loss." The owner of such a vehicle or mobile home, or an insurance company that acquires one, may not dispose of the vehicle or mobile home before it has obtained a salvage certificate of title or a certificate of destruction from the Department of Highway Safety and Motor Vehicles (DHSMV).

The bill redefines the term "total loss" to require the owner of a damaged vehicle or mobile home to request the DHSMV to brand "Total Loss Vehicle" on the certificate of title if the actual costs of repair exceed 100 percent of the cost of replacing the damaged vehicle or mobile home. This application must be made within 72 hours of the agreement between the owner and the insurance company to repair rather than replace the damaged vehicle or mobile home. This brand on the certificate of title will become a part of the vehicle's title history.

Section 319.41, F.S., is created by the bill requiring the DHSMV to create a title history database for vehicles to be implemented by July 1, 2003. The bill requires the program to provide access to information relating to the year, make, model, mileage, date of sales, and outstanding liens on motor vehicles. This database is required to be made available on the Internet.

The bill has an effective date of July 1, 2002, with the exception of section 3.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- |                                   |   |  |   |
|-----------------------------------|---|--|---|
| 1. <u>Less Government</u>         | Yes <input type="checkbox"/>            | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/>            |
| 2. <u>Lower Taxes</u>             | Yes <input type="checkbox"/>            | No <input type="checkbox"/>            | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u>      | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/>            | N/A <input type="checkbox"/>            |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/>            | No <input type="checkbox"/>            | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u>      | Yes <input type="checkbox"/>            | No <input type="checkbox"/>            | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

Less Government: This bill does not support the principle of less government because it creates a new program whereby the Department of Highway Safety and Motor Vehicles (DHSMV) must create a database of vehicle title transactions for public access on the Internet.

B. PRESENT SITUATION:

Current law regulates the handling of vehicles or mobile homes that have been determined to be a "total loss." The owner of such a vehicle or mobile home, or an insurance company that acquires one, may not dispose of the vehicle or mobile home before it has obtained a salvage certificate of title or a certificate of destruction from the Department of Highway Safety and Motor Vehicles (DHSMV).

Whenever the owner of a "total loss" vehicle or mobile home or an insurance company applies for one of these title substitutes, that person must provide to DHSMV an estimate of the cost to repair the damage to the vehicle. If that estimate is equal to 80 percent or more of the "blue book" value of the vehicle or mobile home, DHSMV will declare the vehicle unrebuildable and will issue a certificate of destruction. The certificate authorizes dismantling or destruction of the vehicle. However, if the blue book value of the vehicle is \$1500 or less, the vehicle need not be issued a certificate of destruction, and it can be rebuilt or repaired under clean title. A stolen vehicle recovered in substantially intact condition that can be readily repaired and sold also need not receive a certificate of destruction.

A vehicle or mobile home is considered a "total loss" when an insurance company pays an owner to replace it because it was wrecked or damaged, or because it was stolen. However, if the insurance company and the owner agree to repair the vehicle or mobile home, it is not a "total loss." An *uninsured* vehicle or mobile home is considered a "total loss" if the cost to repair the wrecked or damaged vehicle or mobile home would exceed 80 percent of the cost to replace it with one of like kind and quality.

C. EFFECT OF PROPOSED CHANGES:

The bill amends the definition of "total loss" under s. 319.30, F.S. It requires the owner of a damaged vehicle or mobile home to request the DHSMV to brand "Total Loss Vehicle" on the certificate of title if the actual cost of repair exceeds 100 percent of the cost of replacing the damaged vehicle or mobile home. This application must be made within 72 hours of an agreement between the owner and insurance company to repair rather than replace.

The bill also creates s. 319.41, F.S., requiring the DHSMV to create a title history database for vehicles to be implemented by July 1, 2003. The bill requires the program to provide access to information relating to the year, make, model, mileage, date of sales, and outstanding liens on motor vehicles. This database is required to be made available on the Internet.

D. SECTION-BY-SECTION ANALYSIS:

Please refer to the Effect of Proposed Changes for a description of the bill.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to expend funds or to take actions requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that counties or municipalities have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On January 30, 2002, the Committee on Transportation adopted a strike-everything amendment that substantially changes the bill.

The strike-everything amendment provides that a vehicle or mobile home is a total loss: when an owner and insurer agree to replace a wrecked or damaged vehicle or mobile home; when they reach a theft settlement; or when the cost of repairing a wrecked or damaged vehicle or mobile home is at least 80 percent of the replacement cost. The amendment further provides a vehicle is not a "total loss" if the owner and insurer agree to repair the vehicle or mobile home. However, the owner must request within 72 hours of the agreement that DHSMV brand the title certificate with the words "Total Loss Vehicle."

The amendment provides that self-insured persons are among the "owners" who are required to forward title to DHSMV for processing when application for a certificate of destruction is necessary.

The amendment provides for an exemption from the provisions of s. 319.30(3), F.S., for vehicles or mobile homes that are at least ten years old. This exemption replaces the existing exemption for vehicles or mobile homes that have a retail value of less than \$1500.

The strike-everything amendment further creates s. 319.41, F.S., to require the DHSMV to create a title history database for vehicles to be implemented by July 1, 2003. The amendment requires the program to provide access to information relating to the year, make, model, mileage, date of sales, and outstanding liens on motor vehicles. This information is required to be made available on the Internet.

The bill was then reported FAVORABLY as amended, and the amendment is traveling with the bill.

On February 21, 2002, the Committee on Business Regulation adopted a substitute strike-everything amendment to the Transportation Committee amendment. The amendment differs from the Transportation Committee amendment in the following ways.

The amendment reverts language back to current law relating to an uninsured vehicle or mobile home when calculating percentage of damage for purposes of determining "total loss." (s. 319.30(3)(a)2.)

The amendment continues to allow the repair of a damaged vehicle or mobile home rather than replacement. It further provides that a vehicle or mobile home that requires greater than 100 percent repair costs in relation to value would require branding the title with the words "Total Loss Vehicle" (creates s. 319.30(3)(a)3.).

This bill was reported favorably as a council substitute at the February 26, 2002, meeting of the Council for Ready Infrastructure.

VII. SIGNATURES:

COMMITTEE ON TRANSPORTATION:

Prepared by:

William C. Garner

Staff Director:

Phillip B. Miller

AS REVISED BY THE COMMITTEE ON BUSINESS REGULATION:

Prepared by:

Alan W. Livingston

Staff Director:

Paul Liepshutz

AS FURTHER REVISED BY THE COUNCIL FOR READY INFRASTRUCTURE:

Prepared by:

Randy L. Havlicak

Council Director:

Thomas J. Randle