

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 1124

Short Title: Salvage Vehicle Dealers.

(Public)

Sponsors: Representative Daughtry.

Referred to: Judiciary II.

April 19, 1993

1 A BILL TO BE ENTITLED
2 AN ACT TO LICENSE SALVAGE VEHICLE DEALERS.

3 The General Assembly of North Carolina enacts:

4 Section 1. Chapter 20 of the General Statutes is amended by adding a new
5 Article to read:

6 **"ARTICLE 12A.**

7 **"SALVAGE VEHICLE DEALERS.**

8 **"§ 20-308.10. Definitions.**

9 For purposes of this Article:

10 (1) 'Actual cash value,' as applied to a vehicle, means the retail cash value
11 of the vehicle prior to damage as determined using recognized
12 valuation sources, either (i) by an insurance company responsible for
13 paying a claim, or (ii) if no insurance company is responsible for the
14 vehicle, by the Division of Motor Vehicles.

15 (2) 'Demolisher' means any person whose business is to crush, flatten, or
16 otherwise reduce a vehicle to a state where it can no longer be
17 considered a vehicle.

18 (3) 'Junk vehicle' means (i) any current year model or a vehicle or any of
19 the five preceding model years or any vehicle whose actual cash value
20 is determined to have been at least five thousand dollars (\$5,000) that
21 has been damaged and whose estimated cost of repair exceeds ninety
22 percent (90%) of its actual cash value prior to damage, or (ii) any
23 vehicle which has been determined to be junk by its insurer or owner.

- 1 or (iii) any other vehicle which has been damaged, is inoperable, and
2 has no value except for use as parts and scrap metal.
- 3 (4) 'Rebuilder' means a person who acquires and repairs, for use on the
4 public highways, two or more salvage vehicles within a 12-month
5 period.
- 6 (5) 'Rebuilt vehicle' means (i) any salvage vehicle that has been damaged
7 as a result of collision, fire, flood, accident, trespass, or any other
8 occurrence and has been repaired for use on public highways, at a cost
9 which exceeds seventy-five percent (75%) of its actual cash value, or
10 (ii) any current year model or a vehicle of any of the five preceding
11 model years or any vehicle whose actual cash value is determined to
12 have been at least five thousand dollars (\$5,000) which has been
13 repaired a cost which exceeded seventy-five percent (75%) of its
14 actual cash value, excluding the cost to repair damage to the engine,
15 transmission, or drive axle assembly.
- 16 (6) 'Salvage dealer' means any person who acquires any vehicle for the
17 purpose of selling any of its parts.
- 18 (7) 'Salvage pool' means any person providing a storage service for
19 salvage vehicles or junk vehicles who either displays the vehicle for
20 resale or solicits bids for the sale of salvage vehicles or junk vehicles,
21 but this definition shall not apply to an insurance company that moves
22 and displays fewer than 100 salvage vehicles and junk vehicles in one
23 location, however, any two or more insurance companies which
24 display salvage or junk vehicles for resale, using the same facilities
25 shall be considered a salvage pool.
- 26 (8) 'Scrap metal processor' means any person who is engaged in the
27 business of processing vehicles into scrap for remelting purposes, who
28 from a fixed location uses machinery and equipment for processing
29 and manufacturing ferrous and nonferrous metallic scrap into prepared
30 grades, and whose principal product is metallic scrap.
- 31 (9) 'Vehicle removal operator' means any person who acquires a vehicle
32 for the purpose of removing it to a demolisher, scrap metal processor,
33 or salvage dealer.

34 **"§ 20-308.11. Licensing of dealers of salvage vehicles; fees.**

35 It shall be unlawful for any person to engage in business in this State as a
36 demolisher, rebuilder, salvage dealer, salvage pool, or vehicle removal operator without
37 first acquiring a license as issued by the Commissioner for each business at each
38 location. The fee for the first license issued or renewed under this Article shall be one
39 hundred dollars (\$100.00) per license year, or part thereof. The fee for each additional
40 license issued or renewed under this Article for the same location shall be twenty-five
41 dollars (\$25.00) per license year, or part thereof. Provided, however, that no fee shall
42 be charged for supplemental locations of a business located within 500 yards of the
43 licensed location. No license shall be issued or renewed for any person unless the
44 licensed business contains at least 600 square feet of enclosed space and is shown to be

1 in compliance with all zoning ordinances. Nothing in this section shall authorize any
2 person to act as a motor vehicle dealer or salesperson without being licensed under
3 Article 12 of this Chapter and meeting all requirements imposed by that Article. On due
4 notice and hearing, the Commissioner may suspend or revoke any license issued under
5 this section for any violation of any provision of this Article or any other provision
6 relating to salvage vehicles or salvage titles. A suspension or revocation shall only be
7 imposed on the specific business found to be in violation.

8 **"§ 20-308.12. Certain sales prohibited; exceptions.**

9 (a) It shall be unlawful:

- 10 (1) For any scrap metal processor to sell a vehicle or vehicle components
11 or parts;
12 (2) For any salvage pool to sell a salvage vehicle to any person who is not
13 a scrap metal processor or licensed as a salvage dealer, rebuilder,
14 demolisher, motor vehicle dealer, or vehicle removal operator;
15 (3) For any person to sell a junk vehicle to any person who is not a scrap
16 metal processor or licensed as a salvage dealer, demolisher, or vehicle
17 removal operator; or
18 (4) For any person to sell a rebuilt vehicle without first having disclosed
19 the fact that the vehicle is a rebuilt vehicle to the buyer in writing on a
20 form prescribed by the Commissioner.

21 (b) Notwithstanding the provisions of subsection (a) of this section, it shall not be
22 unlawful:

- 23 (1) For a salvage dealer to sell vehicle components or parts to unlicensed
24 persons; or
25 (2) For an individual to dispose of a salvage vehicle acquired or retained
26 for his own use when it has been acquired or retained and used in good
27 faith and not for the purpose of avoiding the provisions of this Article.

28 **"§ 20-308.13. Duties of insurance companies upon acquiring a vehicle.**

29 Every insurance company which acquires, as a result of the claims process, any
30 vehicle title in the State shall apply to and obtain from the Division of Motor Vehicles a
31 salvage title, as provided in G.S. 20-71.3."

32 Sec. 2. This act becomes effective October 1, 1993.