

MAINE STATE LEGISLATURE

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STATE OF MAINE
LEGISLATIVE RESEARCH COMMITTEE

SUMMARY REPORT
TO THE
ONE HUNDRED AND SIXTH LEGISLATURE

VOLUME ONE

JANUARY, 1973

STATE OF MAINE

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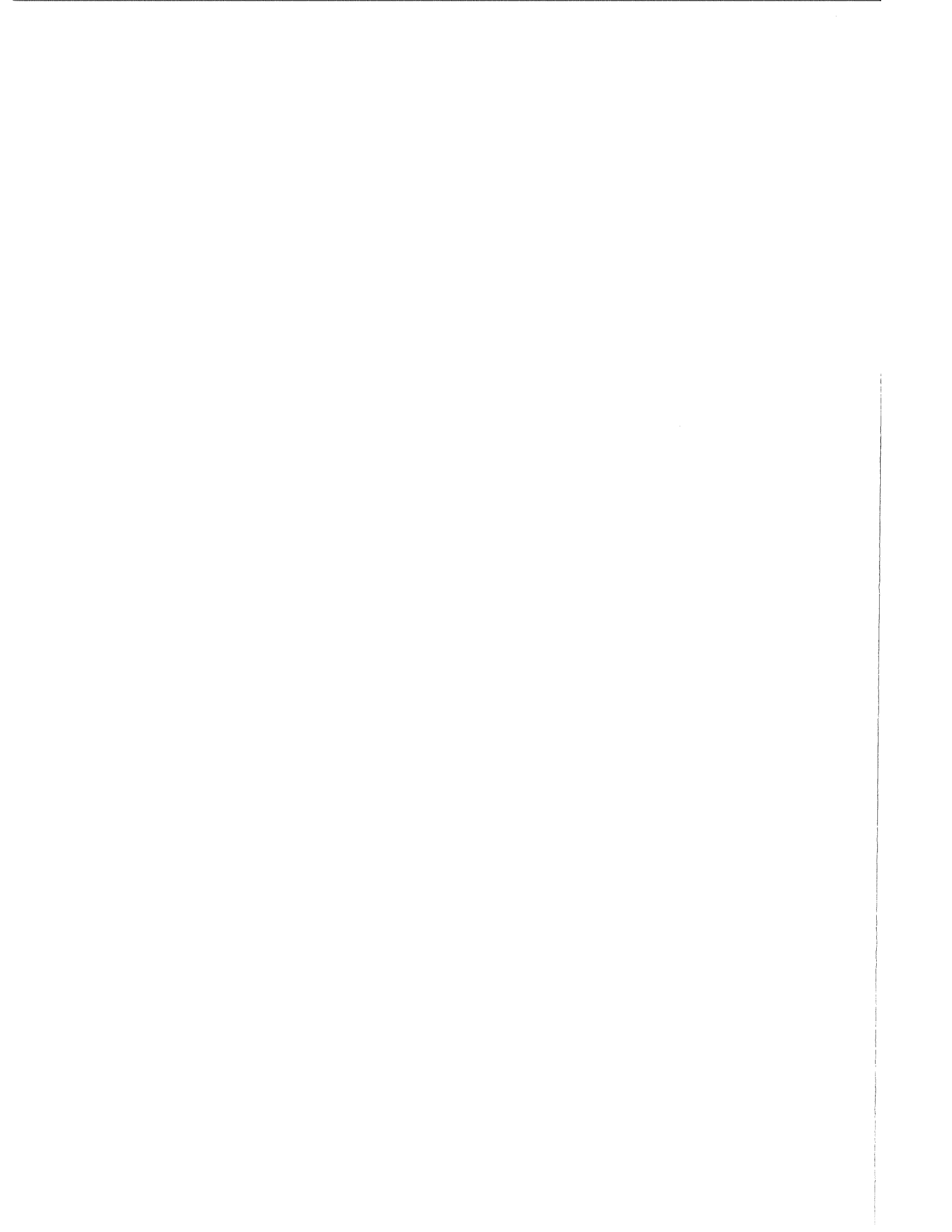
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STATE OF MAINE
LEGISLATIVE RESEARCH COMMITTEE
STATE HOUSE
AUGUSTA, MAINE 04330

January 3, 1973

To the Members of the 106th Legislature:

The Legislative Research Committee hereby has the pleasure of submitting to you its report on activities for the past two years. This summary, designated as Volume I, deals with both assigned and unassigned studies and contains the findings and recommendations pursuant thereto.

The Committee was unfortunate in the loss of its original vice-chairman, the late Representative John E. Gill of South Portland. In his death on July 23, 1972, the State of Maine lost an able public servant. We of the Committee gratefully acknowledge our indebtedness to his ability and his contribution to the work of the Committee.

The Committee also wishes to acknowledge with appreciation the countless public and private individuals, organizations and agencies without whose assistance and cooperation the Committee would not have reached its conclusions.

The members of the Committee appreciate having been chosen to participate in this work and sincerely hope the results of many hours of work and devoted study transmitted here will prove beneficial to the members of the Legislature and ultimately to the citizens of the State of Maine.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "J. Sewall".

JOSEPH SEWALL, Chairman
Legislative Research Committee



STATE OF MAINE
LEGISLATIVE RESEARCH COMMITTEE

REPORT ON
STAGGERED REGISTRATION AND CERTIFICATE OF
TITLE FOR MOTOR VEHICLES
to the
ONE HUNDRED AND SIXTH LEGISLATURE

JANUARY, 1973
Legislative Research Committee
Publication 106-6



SUBCOMMITTEE ON STAGGERED REGISTRATION AND
CERTIFICATE OF TITLE FOR MOTOR VEHICLES

CHAIRMAN - Albert E. Cote

VICE CHAIRMAN - Richard W. Stillings

Roland A. Gauthier

Harvey Johnson

Edwin H. Greeley

STAGGERED VEHICLE REGISTRATION

ORDERED, the House concurring, that the Legislative Research Committee be authorized and directed to study the subject matter of Bill: "AN ACT Providing for a Staggered System for Registration of Motor Vehicles," House Paper 1203, Legislative Document 1654, introduced at the regular session of the 105th Legislature to determine whether the best interests of the State would be served by adoption of such legislation; and be it further

ORDERED, that the Secretary of State be directed to provide such technical advice and other assistance as the Committee deems necessary or desirable to carry out the purposes of this Order; and be it further

ORDERED, that the Committee report the results of its study to the 106th Legislature; and be it further

ORDERED, upon joint passage, that a copy of this Order be transmitted immediately to the Secretary of State as notice of the pending study.

SP 576	In Senate Chamber	House of Representatives
Greeley	Read and Passed	Read and Passed
Waldo	June 21, 1971	June 22, 1971
	Sent down for concurrence	In concurrence

MOTOR VEHICLE TITLE LAW

ORDERED, the Senate concurring, that the Legislative Research Committee is directed to study the subject matter of the Bill: "An Act Creating the Maine Motor Vehicle Certificate of Title and Anti-theft Act," House Paper 1481, Legislative Document 1924 introduced at the First Special Session of the 105th Legislature, to determine whether the best interest of the State would be served by the enactment of such legislation; and be it further

ORDERED, that the Committee is authorized to accept, to the extent possible, such information and services as the Maine Municipal Association may be willing to provide in the conduct of this study; and be it further

ORDERED, that the State Police, State Highway Commission, Attorney General and Division of Motor Vehicles are respectfully requested to provide the Committee with technical advice and other needed assistance; and be it further

ORDERED, that the Committee report its findings, together with any necessary recommendations or implementing legislation, at the next regular session of the Legislature; and be it further

ORDERED, upon passage of this Order, in concurrence, that each association and agency specified herein be notified accordingly of the pending study.

HP. 1578	House of Representatives	In Senate Chamber
Hewes	Read and Passed	Read and Passed
Cape Elizabeth	February 18, 1972	March 7, 1972
	Sent up for concurrence	In concurrence

STAGGERED REGISTRATION AND CERTIFICATE OF
TITLE FOR MOTOR VEHICLES

The Legislative Research Committee has studied the subject matter of the following bills:

An Act Providing for a Staggered System for Registration of Motor Vehicles, House Paper 1203, Legislative Document 1654; and

An Act Creating the Maine Motor Vehicle Certificate of Title and Anti-theft Act, House Paper 1481, Legislative Document 1924, which were introduced respectively at the regular and first special sessions of the 105th Legislature, to determine whether or not the best interests of the State would be served by adoption of such legislation.

As presented to the Committee, this legislation represents two separate and distinct areas of concern which have been combined by the Committee solely for the purpose of study.

The first, a proposal to stagger motor vehicle registrations was designed to alleviate the congestion that exists annually during the months of January and February in the motor vehicle registration program by providing a staggered system requiring the registration of passenger cars over a 9-month period each year in lieu of the present March 1st requirement, the ultimate goal of the legislation being convenience and improvement of service to the general public. Upon hearing the matter, the committee was informed that the Motor Vehicle Division of the Secretary of State's Office and the Arthur D. Little Company in cooperation with the U. S. Department of Transportation, National Highway Traffic Safety Administration, had joined in 1971, in a 3-month

effort to redesign the State's vehicle record system, this area being considered the weakest link in the overall State traffic records system. From this study a system of staggered registration was recommended for adoption in the State as one of several means for improving the traffic records system. According to the A. D. Little report issued in February, 1971, two nearby states (New York and Massachusetts) have recently adopted staggered registration to balance the annual workload with good results. Therefore, the report recommends this for automobiles as they make up the major portion (61%) of the records. The report further states operating economies could be achieved in Maine through spreading the reregistration process over the year, as a reduction in use of temporary help would be realized. Also, the public would benefit from the elimination of the long waiting lines in MVD offices in February of each year.

Along with the recommendation for staggering registration the report forecasts difficulty to the extent that the reasons for staggering and the mechanics of its accomplishment should be carefully explained to the citizens of Maine. Changes of this magnitude are frequently resisted and unfairly criticized by the public. A well-publicized education program was recommended to reduce much of this.

In view of these developments, along with the recent authorization by the Legislature of 4 new registration offices and the expectation of new legislation from the Division concerning staggered registration for consideration by the 106th Legislature, the

Committee makes no recommendations on this aspect of its study at this time.

The other aspect of Committee study concerned the creation of the Maine Motor Vehicle Certificate of Title and Anti-theft Act.

In developing the relationship of auto theft to crime in general, the Journal of American Insurance reported in April of 1972 that auto theft, now one of the nation's biggest crimes against property, is growing at a rate about four times faster than auto registrations. In the most recently reported year 930,000 cars were stolen in the U. S., up 6 percent from the previous year. That means one in every 98 registered cars was stolen, one every 34 seconds.

This year total car thefts, countrywide, are expected to top the one million mark for the first time in the nation's history.

Auto theft does more than threaten property loss and inconvenience. It also endangers all motorists because the accident rate of stolen cars is 200 times that of the overall auto accident rate.

If, by some miracle, automobile thefts in the United States could be halted for 30 days, the over-all gains to society would be astonishing - 225 fewer fatalities, 12,000 fewer injuries, 19,000 fewer days spent in hospitals by victims, 25,600 fewer hardship cases resulting from auto theft related crimes, and 2,560 fewer teenagers introduced to a life of crime. All in just one month.

This vivid description of what auto theft is costing the U. S. in dollars, in broken bodies, and in broken lives has been drawn by Chrysler Corporation's vehicle security specialists. It is based on the FBI's Uniform Crime Report and New York's State Identification and Intelligence System Report, all recently published figures. It shows that a reduction of auto theft would reduce other crime, lower insurance losses, help preserve the youth of our nation, and reduce the work load for police so they could devote more time to preventing and solving other crimes.

Law enforcement officials say the rising rate of auto thefts is a certain barometer for the upward spiral of other crimes because stolen cars are used in the commission of many serious crimes. For example, more than 40 percent of cars used in bank robberies are stolen. Many habitual criminals use stolen cars in carrying out armed robberies, burglaries, thefts, and in traffic in narcotics. They seem to find security in executing a crime in a stolen automobile and then immediately abandoning it to leave police without knowledge as to the method of escape. It also is well documented that frequently the theft of a car is but the beginning of a long series of crimes, each with a greater magnitude.

Against this background, the Committee reviewed the history of this legislation and the problems relating to it. In 1939, Maine became one of the first states to have a title law, but because the law required title certificates for all vehicles within one year, it created public resentment, and was repealed in 1940. Today, Maine and Alabama are the only states in the United States that do not have a title law. Alabama's first attempt to legislate a title law failed but it is expected to consider the measure again at its forthcoming legislative session.

With the possible exception of real estate, a motor vehicle is the most valuable property owned by the average American. It is also the one possession that is most likely to be stolen. It is, therefore, as important to be able to prove ownership of one's car as it is one's home.

Professional thieves realize that it is considerably more difficult to dispose of a titled vehicle than one that is not. Although title cannot protect the owner completely, it has been proven that the chance of recovery of a titled vehicle is far better than otherwise.

A title system is the single most effective method of controlling theft and unlawful conversion of motor vehicles. As indicated earlier, stealing a car, or selling one which is mortgaged, is the most widespread type of larceny in the United States today. Losses by individuals and insurance companies are estimated to exceed \$200,000,000 a year.

This bill provides that title be made of all new vehicles, beginning with 1975 models. To be registered the vehicle must have the manufacturer or importer's Certificate of Origin, also known as Manufacturer's or Importer's Statement of Origin, which has been duly assigned by the manufacturer or importer and reassigned by any dealer involved in the history of the vehicle.

This title bill is patterned after the Vermont Department of Motor Vehicles new title law. It is a bill that follows closely the Uniform Code as recommended by the Federal Government and compares favorably with many other states.

In contrast to proposed staggered registration where municipalities must borrow money in anticipation of taxes to implement the legislation, thus resulting in a loss of interest, or cost for

use of money, there will be an outright expenditure of funds involved with the enactment of the title bill. It was estimated for the Committee that the expenditure for implementing title legislation would cost approximately 250 thousand dollars. This would be offset by roughly a million dollar savings in property loss and inconvenience.

Over and above objections to the cost of implementation the principal obstacle which continues to obstruct the passage of a title bill in this State does not concern the merits of the legislation in any way. It is the technicality of what shall become of filing fees which are presently received by the town and city clerks. In some instances, the Committee found such fees constitute a substantial portion of a municipal clerk's income. If these fees were directed to the State, municipalities, in some instances, must find other means to pay their clerks. In this instance, salaries for clerks were generally considered more appropriate and equitable, particularly in the light of revenue sharing. Also, considering the fact that an effective title law would require central registration of all vehicles, as opposed to individual town offices, the Committee finds it has little choice but to support that approach.

The Committee acknowledges that difficulty may be encountered in reaching an agreement satisfactory to the municipal clerks concerning the loss of such fees as well as administration of a title law prior to full automation of the vehicle records system, but feels the need is paramount, the costs justifiable and that an all out effort should be made for early adoption of the Motor Vehicle Certificate of Title and Anti-theft Act.

The Committee therefore submits the following legislative proposal and unanimously recommends its prompt adoption.

AN ACT Creating the Maine Motor Vehicle Certificate of Title and Anti-theft Act.

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. R. S., T. 29, c. 21, additional. Title 29 of the Revised Statutes is amended by adding a new chapter 21 to read as follows:

CHAPTER 21
TITLE TO MOTOR VEHICLES
SUBCHAPTER I
GENERAL PROVISIONS

§2350. Short title and interpretation

This chapter may be cited as the Maine Motor Vehicle Certificate of Title and Anti-theft Act.

This chapter shall be so interpreted and construed as to effectuate its general purpose to make uniform to the similar laws of other states.

§2351. Definitions

As used in this chapter, unless the context otherwise indicates, the following words shall have the following meanings.

1. Dealer. "Dealer" means every person, engaged in the business of buying, selling or exchanging vehicles, who has an established place of business for such purpose in this State and to whom current dealer registration plates have been issued by the Secretary of State.

2. Identification number. "Identification number"
means the numbers and letters, if any, on a vehicle
designated by the Secretary of State for the purpose of
identifying the vehicle.

3. Lienholder. "Lienholder" means a person holding a
security interest in a vehicle.

4. Manufacturer's or importer's certificate of origin.
"Manufacturer's or importer's certificate of origin" means
the original written instrument or document required to be
executed and delivered by the manufacturer to his agent
or dealer, or a person purchasing direct from the manufacturer,
certifying the origin of the vehicle.

5. Owner. "Owner", for certificate of title purposes,
means a person, other than a lienholder, having the property
in or title to a vehicle. The term includes a person entitled
to the use and possession of a vehicle subject to a security
interest in another person, but excludes a lessee under a
lease not intended as security.

6. Secretary of State. "Secretary of State" means the
Secretary of State of the State of Maine.

7. Security agreement. "Security agreement" means a
written agreement which reserves or creates a security interest.

8. Security interest. "Security interest" means an
interest in a vehicle reserved or created by agreement and
which secures payment or performance of an obligation. The
term includes the interest of a lessor under a lease intended
as security. A security interest is "perfected" when it is
valid against 3rd parties generally, subject only to specific
statutory exceptions.

9. State. "State" means a state, territory or possession of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or a province of the Dominion of Canada.

10. Vehicle. "Vehicle" means a vehicle as defined by section 1.

§ 2352. Fees

1. Fees. The Secretary of State shall be paid the following fees:

A. For filing an application for a first certificate of title, \$3;

B. For each security interest noted upon a certificate of title, \$1;

C. For a certificate of title after a transfer, \$3;

D. For each assignment of a security interest noted upon a certificate of title, \$1;

E. For a duplicate certificate of title, \$3;

F. For an ordinary certificate of title issued upon surrender of a distinctive certificate, \$1;

G. For filing a notice of security interest, \$1;

H. For a certificate of search of the records of the Motor Vehicle Division, for each name or identification number searched against, \$5;

I. For filing an assignment of a security interest, \$1.

2. Penalty. If an application, certificate of title or other document required to be mailed or delivered to the Secretary of State under any provision of this chapter is not delivered to

the Secretary of State within 10 days from the time it is required to be mailed or delivered, the Secretary of State shall collect, as a penalty, an amount equal to the fee required for the transaction.

§ 2353. Power and duties of Secretary of State

1. Duties. The Secretary of State shall prescribe and provide suitable forms of applications, certificates of title, notices of security interests and all other notices and forms necessary to carry out this chapter.

2. --additional. The Secretary of State may:

A. Make necessary investigations to procure information required to carry out this chapter;

B. Adopt and enforce reasonable rules to carry out this chapter;

C. Assign a new identification number to a vehicle if it has none, or its identification number is destroyed or obliterated, or its motor is changed, and shall either issue a new certificate of title showing the new identification number or make an appropriate endorsement on the original certificate.

§ 2354. Hearing

A person aggrieved by an act or omission to act of the Secretary of State under this chapter is entitled, upon request, to a hearing before the Secretary of State or his deputies.

§ 2355. Appeal

A person aggrieved by an act or omission to act of the Secretary of State under this chapter may appeal therefrom to the

Superior Court for Kennebec County in the same manner as is provided for in other civil actions.

SUBCHAPTER 2

CERTIFICATES OF TITLE

§ 2361. Certificate of origin

When a new vehicle is delivered in this State by the manufacturer to his agent or his franchised dealer, the manufacturer shall execute and deliver to his agent or his franchised dealer a certificate of origin in the form prescribed by the Secretary of State, and no person shall bring into this State any new vehicle, unless he has in his possession the certificate of origin as prescribed by the Secretary of State. The certificate of origin shall contain the manufacturer's vehicle identification number of the motor vehicle, the name of the manufacturer, number of cylinders, a general description of the body, if any, and the type of model. When a new vehicle is sold in this State, the manufacturer, his agent or his franchised dealer shall execute and deliver to the purchaser, in case of an absolute sale, assignment of the certificate of origin or, if other than absolute sale, assignment of the certificate of origin subject to contract signed or executed by the manufacturer, his agent or his dealer, with the genuine names and business or residence addresses of both stated thereon, and certified to have been executed with full knowledge of the contents and with the consent of both purchaser and seller.

§ 2362. Exempted vehicles

No certificate of title need be obtained for:

1. A vehicle owned by the United States, unless it is registered in this State;
2. A vehicle owned by a manufacturer or dealer and held for sale, even though incidentally moved on the highway or used for purposes of testing or demonstration; or a vehicle used by a manufacturer solely for testing;
3. A vehicle owned by a nonresident of this State and not required by law to be registered in this State;
4. A vehicle regularly engaged in the interstate transportation of persons or property for which a currently effective certificate of title has been issued in another state;
5. A self-propelled wheel chair;
6. Any trailer with an unladen weight of 1500 pounds or less.

§ 2363. When certificate required

Except as provided in section 2362, this chapter shall apply to all vehicles at the time of first registration or when a change of registration is required under section 152 by reason of a sale for consideration, except for vehicles of 1974 model year or older.

The Secretary of State shall not require an application for a certificate of title upon the renewal of the registration of a vehicle.

The Secretary of State shall note on the face of the registration of each vehicle for which a certificate of title has been issued a statement to that effect.

§ 2364. Application for certificate

1. Contents. The application for the first certificate of title of a vehicle in this State shall be made by the owner to the Secretary of State on the form he prescribes and shall contain:

A. The name, residence and mail address of the owner;

B. A description of the vehicle including, so far as the following data exists, its make, model, identification number, type of body, the number of cylinders and whether new or used;

C. The date of purchase by the applicant, the name and address of the person from whom the vehicle was acquired and the names and addresses of any lienholders in the order of their priority and the dates of their security agreements and, if a new vehicle, the application shall be accompanied by a manufacturer's or importer's certificate of origin;

D. Any further information the Secretary of State reasonably requires to identify the vehicle and to enable him to determine whether the owner is entitled to a certificate of title and the existence or nonexistence of security interests in the vehicle.

2. --purchased from dealer. If the application refers to a vehicle purchased from a dealer, it shall contain the name and address of any lienholder holding a security interest created or reserved at the time of sale and the date of his security agreement and be signed by the dealer, as well as the owner, and the dealer shall promptly mail or deliver the application to the Secretary of State.

3. —registered in another state. If the application refers to a vehicle last previously registered in another state or country, the application shall contain or be accompanied by:

A. Any certificate of title issued by the other state or country;

B. Any other information and documents the Secretary of State reasonably requires to establish the ownership of the vehicle and the existence or nonexistence of security interests in it; and

C. The certificate of a person authorized by the Secretary of State that the identification number of the vehicle has been inspected and found to conform to the description given in the application, or any other proof of the identity of the vehicle the Secretary of State reasonably requires.

§ 2365. Secretary of State to check identification number

The Secretary of State, upon receiving application for a first certificate of title, shall check the identification number of the vehicle shown in the application against the records of vehicles required to be maintained by section 2366 and against the record of stolen and converted vehicles required to be maintained by section 2444.

§ 2366. Issuance of certificate; records

1. Certificate. The Secretary of State shall file each application received and, when satisfied as to its genuineness and regularity and that the applicant is entitled to the issuance of a certificate of title, shall issue a certificate of title of the vehicle.

2. Records. The Secretary of State shall maintain at his central office a record of all certificates of title issued by him:

- A. Under a distinctive title number assigned to the vehicle;
- B. Under the identification number of the vehicle;
- C. Alphabetically, under the name of the owner; and, in the discretion of the Secretary of State, by any other method he determines.

§ 2367. Information on certificate

1. Contents. Each certificate of title issued by the Secretary of State shall contain:

- A. The date issued;
- B. The name and address of the owner;
- C. The names and addresses of any lienholders, in the order of priority as shown on the application or, if the application is based on a certificate of title, as shown on the certificate;
- D. The title number assigned to the vehicle;
- E. A description of the vehicle including, so far as the following data exists, its make, model, identification number, type of body, number of cylinders, whether new or used, and, if a new vehicle, the date of the first sale of the vehicle for use; and
- F. Any other data the Secretary of State prescribes.

2. Distinctive. Unless a bond is filed as provided in section 2369, subsection 2, a distinctive certificate of title shall be issued for a vehicle last previously registered in another state or country the laws of which do not require that lienholders

be named on a certificate of title to perfect their security interests. The certificate shall contain the legend, "This vehicle may be subject to an undisclosed lien," and may contain any other information the Secretary of State prescribes. If no notice of a security interest in the vehicle is received by the Secretary of State within 4 months from the issuance of the distinctive certificate of title, he shall, upon application and surrender of the distinctive certificate, issue a certificate of title in ordinary form.

3. Forms. The certificate of title shall contain forms for assignment and warranty of title by the owner and for assignment and warranty of title by a dealer, and may contain forms for applications for a certificate of title by a transferee, the naming of a lienholder and the assignment or release of the security interest of a lienholder.

4. Prima facie evidence. A certificate of title issued by the Secretary of State is prima facie evidence of the facts appearing on it.

5. Levies. A certificate of title for a vehicle is not subject to garnishment, attachment, execution or other judicial process, but this subsection does not prevent a lawful levy upon the vehicle.

§ 2368. Mailing certificate

The certificate of title shall be mailed to the first lienholder named on it or, if none, to the owner.

§ 2369. Withholding of certificate; bond required

If the Secretary of State is not satisfied as to the ownership of the vehicle or that there are no undisclosed security interests in it, the Secretary of State may register the vehicle but shall either:

1. Withholding. Withhold issuance of a certificate of title until the applicant presents documents reasonably sufficient to satisfy the Secretary of State as to the applicant's ownership of the vehicle and that there are no undisclosed security interests in it; or

2. Bond. As a condition of issuing a certificate of title, require the applicant to file with the Secretary of State a bond in the form prescribed by the Secretary of State and executed by the applicant, and either accompanied by the deposit of cash with the Secretary of State or executed by a person authorized to conduct a surety business in this State. The bond shall be in an amount equal to 1 1/2 times the value of the vehicle as determined by the Secretary of State and conditioned to indemnify any prior owner and lienholder and any subsequent purchaser of the vehicle or person acquiring any security interest in it, and their respective successors in interest, against any expense, loss or damage, including reasonable attorney's fees, by reason of the issuance of the certificate of title of the vehicle or on account of any defect in or undisclosed security interest upon the right, title and interest of the applicant in and to the vehicle. Any such interested person has a right of action to recover on the bond for any breach of its conditions, but the aggregate liability of

the surety to all persons shall not exceed the amount of the bond. The bond, and any deposit accompanying it, shall be returned at the end of 3 years or prior thereto, if the vehicle is no longer registered in this State and the currently valid certificate of title is surrendered to the Secretary of State, unless the Secretary of State has been notified of the pendency of an action to recover the bond.

§ 2370. Refusal of certificate

The Secretary of State shall refuse issuance of a certificate of title, if any required fee is not paid or if he has reasonable ground to believe that:

1. The applicant is not the owner of the vehicle;
2. The application contains a false or fraudulent statement; or
3. The application fails to furnish required information or documents or any additional information the Secretary of State reasonably requires.

§ 2371. Duplicate certificate

1. Application. If a certificate is lost, stolen, mutilated or destroyed or becomes illegible, the first lienholder or, if none, the owner or legal representative of the owner named in the certificate, as shown by the records of the Secretary of State, shall promptly make application for and may obtain a duplicate upon furnishing information satisfactory to the Secretary of State. The duplicate certificate of title shall contain the legend, "This is a duplicate certificate and may be subject to the rights of a person under the original certificate." It shall be mailed to the first lienholder named on it or, if none, to the owner.

2. Time. The Secretary of State shall not issue a new certificate of title to a transferee upon application made on a duplicate until 15 days after receipt of the application.

3. Original surrendered. A person recovering an original certificate of title for which a duplicate has been issued shall promptly surrender the original certificate to the Secretary of State.

§ 2372. Transfer of interest in vehicle

1. Transfer. If an owner transfers his interest in a vehicle, other than by the creation of a security interest, he shall, at the time of delivery of the vehicle, execute an assignment and warranty of title to the transferee in the space provided therefor on the certificate or as the Secretary of State prescribes, and cause the certificate and assignment to be mailed or delivered to the transferee or to the Secretary of State.

2. Transfer. Upon request of the owner or transferee, a lienholder in possession of the certificate of title shall, unless the transfer was a breach of his security agreement, either deliver the certificate to the transferee for delivery to the Secretary of State or, upon receipt from the transferee of the owner's assignment, the transferee's application for a new certificate and the required fee, mail or deliver them to the Secretary of State. The delivery of the certificate does not affect the rights of the lienholder under his security agreement.

3. Retention. If a security interest is reserved or created at the time of the transfer, the certificate of title shall be retained by or delivered to the person who becomes the lienholder, and the parties shall comply with section 2403.

4. Effective. Except as provided in section 2373 and as between the parties, a transfer by an owner is not effective until this section and section 2375 have been complied with. However, an owner, who has delivered possession of the vehicle of the transferee and has complied with this section and section 2375 requiring action by him, is not liable as owner for any damages thereafter resulting from operation of the vehicle.

§ 2373. Resale by dealer

If a dealer buys a vehicle and holds it for resale and procures the certificate of title from the owner or the lienholder within 10 days after delivery to him of the vehicle, he need not send the certificate to the Secretary of State but, upon transferring the vehicle to another person other than by the creation of a security interest, shall promptly execute the assignment and warranty of title by a dealer, showing the names and addresses of the transferee and of any lienholder holding a security interest created or reserved at the time of the resale and the date of his security agreement, in the spaces provided therefor on the certificate or as the Secretary of State prescribes, and mail or deliver the certificate to the Secretary of State with the transferee's application for a new certificate.

§ 2374. Involuntary transfers

1. Other than voluntary transfer. If the interest of an owner in a vehicle passes to another other than by voluntary transfer, the transferee shall, except as provided in subsection 2, promptly mail or deliver to the Secretary of State the last certificate of title, if available, proof of the transfer and his application for a new certificate in the form the Secretary of State prescribes.

2. Interest terminated. If the interest of the owner is terminated or the vehicle is sold under a security agreement by a lienholder named in the certificate of title, the transferee shall promptly mail or deliver to the Secretary of State the last certificate of title, his application for a new certificate in the form the Secretary of State prescribes and an affidavit made by or on behalf of the lienholder that the vehicle was repossessed and that the interest of the owner was lawfully terminated or sold pursuant to the terms of the security agreement. If the lienholder succeeds to the interest of the owner and holds the vehicle for resale, he need not secure a new certificate of title, but, upon transfer to another person, shall promptly mail or deliver to the transferee or to the Secretary of State the certificate, affidavit and other documents required to be sent to the Secretary of State by the transferee.

3. Interest transferred. A person holding a certificate of title whose interest in the vehicle has been extinguished or transferred other than by voluntary transfer shall mail or

deliver the certificate to the Secretary of State upon request of the Secretary of State. The delivery of the certificate pursuant to the request of the Secretary of State does not affect the rights of the person surrendering the certificate, and the action of the Secretary of State in issuing a new certificate of title as provided is not conclusive upon the rights of an owner or lienholder named in the old certificate.

§ 2375. Fee to accompany applications

An application for a certificate of title shall be accompanied by the required fee when mailed or delivered to the Secretary of State.

An application for the naming of a lienholder or his assignee on a certificate of title shall be accompanied by the required fee when mailed or delivered to the Secretary of State.

§ 2376. Issuance of new certificate

The Secretary of State upon receipt of a properly assigned certificate of title, with an application for a new certificate of title, the required fee and any other documents required by law, shall issue a new certificate of title in the name of the transferee as owner and mail to the first lienholder named in it or, if none, to the owner.

The Secretary of State, upon receipt of an application for a new certificate of title by a transferee other than by voluntary transfer, with proof of the transfer, the required fee and any other documents required by law, shall issue a new certificate of title in the name of the transferee as owner. If the outstanding certificate of title is not delivered to him, the

Secretary of State shall make demand therefor from the holder thereof.

The Secretary of State shall file and retain for 5 years every surrendered certificate of title, the file to be maintained so as to permit the tracing of title of the vehicle designated therein.

§ 2377. Dismantling or destruction of vehicle

Any owner who scraps, dismantles or destroys a vehicle and any person who purchases a vehicle as scrap or to be dismantled or destroyed shall immediately cause the certificate of title, together with the original plate showing the original number, to be mailed or delivered to the Secretary of State for cancellation. A certificate of title of the vehicle shall not again be issued except upon application containing the information the department requires, accompanied by a certificate of inspection in the form and content specified in section 2364.

§ 2378. Suspension or revocation of certificate

1. Findings. The Secretary of State shall suspend or revoke a certificate of title, upon notice and reasonable opportunity to be heard in accordance with section 2354, if he finds:

A. The certificate of title was fraudulently procured or erroneously issued, or

B. The vehicle has been scrapped, dismantled or destroyed.

2. Validity. Suspension or revocation of a certificate of title does not, in itself, affect the validity of a security interest noted on it.

3. Certificate mailed. When the Secretary of State suspends or revokes a certificate of title, the owner or person in possession of it shall, immediately upon receiving notice of the suspension or revocation, mail or deliver the certificate to the Secretary of State.

4. Seizure. The Secretary of State may seize and impound any certificate of title which has been suspended or revoked.

SUBCHAPTER 3

SECURITY INTERESTS

§ 2401. Certain liens and security interests not affected

This chapter does not apply to or affect:

1. A lien given by statute or rule of law to a supplier of services or materials for the vehicle;

2. A lien given by statute to the United States, this State or any political subdivision of this State;

3. A security interest in a vehicle created by a manufacturer or dealer who holds the vehicle for sale, but a buyer in the ordinary course of trade from the manufacturer or dealer takes free of the security interest.

§ 2402. Perfecting security interest

1. Perfected. Unless excepted by section 2401, a security interest in a vehicle of a type for which a certificate of title is required is not valid against creditors of the owner or subsequent transferees or lienholders of the vehicle unless perfected as provided in this subchapter.

2. —how. A security interest is perfected by the delivery to the Secretary of State of the existing certificate of title,

if any, an application for a certificate of title containing the name and address of the lienholder and the date of his security agreement and the required fee. It is perfected as of the time of its creation, if delivery is completed within 10 days thereafter, otherwise as of the time of the delivery.

3. Vehicle brought into State. If a vehicle is subject to a security interest when brought into this State, the validity of the security interest is determined by the law of the jurisdiction where the vehicle was when the security interest attached, subject to the following:

A. If the parties understood at the time the security interest attached that the vehicle would be kept in this State and it was brought into this State within 30 days thereafter for purposes other than transportation through this State, the validity of the security interest in this State is determined by the law of this State.

B. If the security interest was perfected under the law of the jurisdiction where the vehicle was when the security interest attached, the following rules apply.

(1) If the name of the lienholder is shown on an existing certificate of title issued by that jurisdiction, his security interest continues perfected in this State.

(2) If the name of the lienholder is not shown on an existing certificate of title issued by that jurisdiction, the security interest continues perfected in this State for 4 months after a first certificate

of title of the vehicle is issued in this State, and also thereafter if, within the 4-month period, it is perfected in this State. The security interest may also be perfected in this State after the expiration of the 4-month period; in that case perfection dates from the time of perfection of this State.

C. If the security interest was not perfected under the law of the jurisdiction where the vehicle was when the security interest attached, it may be perfected in this State; in that case perfection dates from the time of perfection in this State.

D. A security interest may be perfected under paragraph B, subparagraph (2), or paragraph C, either as provided in subsection 2 or by the lienholder delivering to the Secretary of State a notice of security interest in the form the Secretary of State prescribes and the required fee.

§ 2403. Duties on creation of security interest

If an owner creates a security interest in a vehicle:

1. Application. The owner shall immediately execute the application, in the space provided therefor on the certificate of title or on a separate form the Secretary of State prescribes, to name the lienholder on the certificate, showing the name and address of the lienholder and the date of his security agreement, and cause the certificate, the application and the required fee to be delivered to the lienholder.

2. Delivery. The lienholder shall immediately cause the certificate, the application and the required fee to be mailed

or delivered to the Secretary of State.

3. --additional. Upon request of the owner or subordinate lienholder, a lienholder in possession of the certificate of title shall either mail or deliver the certificate to the subordinate lienholder for delivery to the Secretary of State or, upon receipt from the subordinate lienholder of the owner's application and the required fee, mail or deliver them to the Secretary of State with the certificate. The delivery of the certificate does not affect the rights of the first lienholder under his security agreement.

4. Endorsement or new certificate. Upon receipt of the certificate of title, the application and the required fee, the Secretary of State shall either endorse the certificate or issue a new certificate containing the name and address of the new lienholder, and mail the certificate to the first lienholder named in it.

§ 2404. Assignment of security interest

A lienholder may assign, absolutely or otherwise, his security interest in the vehicle to a person other than the owner without affecting the interest of the owner or the validity of the security interest, but any person without notice of the assignment is protected in dealing with the lienholder as the holder of the security interest and the lienholder remains liable for any obligations as lienholder until the assignee is named as lienholder on the certificate.

The assignee may, but need not to perfect the assignment,

have the certificate of title endorsed or issued with the assignee named as lienholder, upon delivering to the Secretary of State the certificate and an assignment by the lienholder named in the certificate in the form the Secretary of State prescribes.

§ 2405. Release of security interest

Upon the satisfaction of a security interest in a vehicle for which the certificate of title is in the possession of the lienholder, he shall, within 10 days after demand and, in any event, within 30 days, execute a release of his security interest in the space provided therefor on the certificate and release to the next lienholder named therein, or, if none, to the owner or any person who delivers to the lienholder an authorization from the owner to receive the certificate. The owner, other than a dealer holding the vehicle for resale, shall promptly cause the certificate and release to be mailed or delivered to the Secretary of State, who shall release the lienholder's rights on the certificate or issue a new certificate.

Upon the satisfaction of a security in a vehicle for which the certificate of title is in the possession of a prior lienholder, the lienholder whose security interest is satisfied shall within 10 days after demand and, in any event, within 30 days execute a release in the form the Secretary of State prescribes and deliver the release to the owner or any person who delivers to the lienholder an authorization from the owner to receive it. The lienholder in possession of the certificate of title shall either deliver the certificate to the owner or the person authorized by him, for delivery to the Secretary of State

or, upon receipt of the release, mail or deliver it with the certificate to the Secretary of State, who shall release the subordinate lienholder's rights on the certificate or issue a new certificate.

§ 2406. Lienholder to furnish information

A lienholder named in a certificate of title shall, upon written request of the owner or of another lienholder named on the certificate, disclose any pertinent information as to his security agreement on the indebtedness secured by it.

§ 2407. Method of perfecting security interest exclusive

The method provided in this subchapter of perfecting and giving notice of security interests subject to this subchapter is exclusive. Security interests subject to this subchapter are exempted from the provisions of law which otherwise require or relate to the filing of instruments creating or evidencing security interests.

SUBCHAPTER 4

PREVIOUSLY REGISTERED VEHICLES

§ 2421. Definitions

For purposes of this subchapter, a "previously registered vehicle" means a vehicle registered in this State when this chapter takes effect, or a vehicle whose last registration before this chapter takes effect was in this State.

§ 2422. Exemption of previously registered vehicles

This chapter does not apply to a previously registered vehicle until:

1. Change of registration. There is a change of registration by reason of a sale for consideration; or

2. Issue of certificate. The Secretary of State issues a certificate of title for the vehicle.

§ 2423. Issuance of distinctive certificate

If the Secretary of State is not satisfied that there are no undisclosed security interests, created before this chapter takes effect, in a previously registered vehicle, he may, in addition to this option under section 2361, issue a distinctive certificate of title of the vehicle containing the legend, "This vehicle may be subject to an undisclosed lien" and any other information the Secretary of State prescribes.

§ 2424. Perfection of security interest

A security interest in a previously registered vehicle for which no certificate of title or application for a certificate is required is perfected by the delivery to the Secretary of State of a notice of security interest in the form the Secretary of State prescribes and the required fee. It is perfected as of the time of its creation, if the delivery is completed within 10 days thereafter, otherwise as of the time of delivery. A notice of a security interest, created or reserved before this chapter takes effect, need be executed by the lienholder only.

§ 2425. Perfection under other statute

If a security interest in a previously registered vehicle is perfected under any other applicable law of this State when this chapter takes effect, the security interest continues perfected until its perfection lapses under the law under which it was perfected.

§ 2426. Filing of notices of security interest

1. Filing. The Secretary of State shall file each notice

of security interest received by him with the required fee and maintain a record of all notices of security interests filed by him:

- A. Alphabetically, under the name of the owner;
- B. Under the identifying number of the vehicle; and
- C. In the discretion of the Secretary of State by any other method he determines.

2. References. The Secretary of State need not maintain, in the record provided for in subsection 1, any reference to the security interest in a previously registered vehicle after the Secretary of State files a notice of release of the security interest or issues a certificate of title of the vehicle containing the name of the lienholder.

3. Checking. The Secretary of State, before issuing or reissuing a certificate of title, shall check the name of the owner and the identification number of the vehicle against the record provided for in subsection 1.

§ 2427. Assignment of security interest

1. Assignment. A lienholder may assign, absolutely or otherwise, his security interest in the vehicle to a person other than the owner without affecting the interest of the owner or the validity of the security interest, but, any person without notice of the assignment is protected in dealing with the lienholder as the holder of the security interest and the lienholder remains liable for any obligations as lienholder until an assignment by the lienholder is delivered to the Secretary of State as provided in subsection 2.

2. Delivery. The assignee may, but need not to perfect

the assignment, deliver to the Secretary of State an assignment by the lienholder in the form the Secretary of State prescribes with the required fee.

3. Filing. The Secretary of State shall file each assignment received by him with the required fee and note the assignee as lienholder upon the record of notices of security interests maintained by the Secretary of State pursuant to section 2426.

§ 2428. Release of interest

If the security interest of a lienholder named in a notice of security interest filed by the Secretary of State is satisfied, he shall within 10 days after demand or in any event, within 30 days, execute a release of the security interest in the form the Secretary of State prescribes and mail or deliver the release to the Secretary of State.

Upon receipt of the release of security interest the Secretary of State shall file the release and note it upon the record of notices of security interests maintained by him pursuant to section 2426.

§ 2429. Lienholder to furnish information

A lienholder named in a notice of security interest filed by the Secretary of State shall, upon written request of the owner or of another lienholder, disclose any pertinent information as to his security agreement and the indebtedness secured by it.

SUBCHAPTER 5

ANTI-THEFT PROVISIONS AND PENALTIES

§ 2441. Application of chapter

This chapter does not apply to a self-propelled wheel-chair.

§ 2442. Altering, forging or counterfeiting certificates

1. Penalty. A person who, with fraudulent intent:

A. Alters, forges or counterfeits a certificate of title;

B. Alters or forges an assignment of a certificate of title, or an assignment or release of a security interest, on a certificate of title or a form the Secretary of State prescribes;

C. Has possession of or uses a certificate of title knowing it to have been altered, forged or counterfeited;
or

D. Uses a false or fictitious name or address, or makes a material false statement, or fails to disclose a security interest, or conceals any other material fact, in an application for a certificate of title,

shall be punished by a fine of not less than \$500, nor more than \$1,000, or by imprisonment for not less than one year nor more than 5 years, or by both.

§ 2443. Other offenses

1. Penalty. A person who:

A. With fraudulent intent, permits another, not entitled thereto, to use or have possession of a certificate of title;

B. Willfully fails to mail or deliver a certificate of title or application thereof to the Secretary of State within 10 days after the time required by this chapter,

C. Willfully fails to deliver to his transferee a certificate of title within 10 days after the time required by this chapter; or

D. Willfully violates any provision of this chapter, except as provided in section 2442;

shall be punished by a fine of not more than \$500, or by imprisonment of not more than 6 months, or by both.

§ 2444. Report of theft, recovery of unclaimed vehicle

1. Enforcement officers. Any officers charged with enforcement who learn of the theft of a vehicle not since recovered or of the recovery of a vehicle whose theft or conversion he knows or has reason to believe has been reported to the Secretary of State shall forthwith report the theft or recovery to the Secretary of State.

2. Owner or lienholder. An owner or a lienholder may report the theft of a vehicle, or its conversion if a crime, to the Secretary of State, but the Secretary of State may disregard the report of a conversion unless a warrant has been issued for the arrest of a person charged with the conversion. A person who has so reported the theft or conversion of a vehicle shall, forthwith after learning of its recovery, report the recovery to the Secretary of State.

3. Operator of garage. An operator of a place of business for garaging, repairing, parking or storing vehicles for the public, in which a vehicle remains unclaimed for a period of 30 days, shall, within 5 days after the expiration of that period, report the vehicle as unclaimed to the Secretary of State. A

vehicle left by its owner whose name and address are known to the operator or his employees is not considered unclaimed. A person who fails to report the vehicle as unclaimed in accordance with this subsection forfeits all claims and liens for its garaging, parking or storing and shall be punished by a fine of not more than \$25 for each day his failure to report continues.

4. Index. The Secretary of State shall maintain and appropriately index weekly any cumulative public records of stolen, converted, recovered and unclaimed vehicles reported to him pursuant to this section. The Secretary of State may make and distribute copies of the weekly records so maintained to enforcement officers upon request without fee and to others for the fee, if any, the Secretary of State prescribes.

5. Suspension. The Secretary of State may suspend the registration of a vehicle whose theft or conversion is reported to him pursuant to this section; until the Secretary of State learns of its recovery or that the report of its theft or conversion was erroneous, he shall not issue a certificate of title for the vehicle.

§ 2445. False report

A person who knowingly makes a false report of the theft or conversion of a vehicle to an enforcement officer or to the Secretary of State shall be punished by a fine of not more than \$500 or by imprisonment for not more than 6 months, or by both.

§ 2446. Impeachment of defendant

In a prosecution for a crime specified in this subchapter,

a certified copy of a conviction under section 2442 is admissible to impeach the credibility of the defendant.

§2447. Construction with other laws

The penal provisions of this subchapter in no way repeal or modify any existing provision of criminal law but are additional and supplementary thereto.

Sec. 2. Appropriation. There is appropriated from the General Highway Fund, out of the revenues derived from section 2352, the sum of \$237,110 to the Secretary of State, Motor Vehicle Division, to carry out the purposes of this Act. The breakdown shall be as follows:

		<u>1973-74</u>		<u>1974-75</u>
SECRETARY OF STATE				
Motor Vehicle Division				
Personal Services	(17)	\$ 89,347	(17)	\$105,156
All Other		35,680		25,680
Capital		17,247		-----
		<u>\$142,274</u>		<u>\$130,836</u>

Fiscal Note

It is estimated that revenues derived from section 2352 of this Act should bring in approximately \$120,000 each year.

Statement of Fact

A title system is the single most effective method of controlling theft and unlawful conversion of motor vehicles. Stealing a car, or selling one which is mortgaged, is the most widespread type of larceny in the United States today. Losses

by individuals and insurance companies are estimated to exceed \$200,000.000 a year.

With the possible exception of real estate, a motor vehicle is the most valuable property owned by the average American. It is also the one possession that is most likely to be stolen. It is, therefore, as important to be able to prove ownership of one's car as it is one's home.

Professional thieves realize that it is considerably more difficult to dispose of a titled vehicle than one that is not. Although title cannot protect the owner completely, it has been proven that the chance of recovery of a titled vehicle is far better than otherwise.

Maine and Alabama are the only states in the United States that do not have a title law. The State of Alabama is expected to consider a title bill for the second time at its forthcoming legislative session.

This title bill is patterned after the Vermont Department of Motor Vehicles new title law. It is a bill that follows closely the Uniform Vehicle Code as recommended by the Federal Government and compares favorably with many other states.

In 1939, Maine became one of the first states to have a title law, but because the law required title certificates for all vehicles within one year, it created public resentment, and was repealed in 1940.

This bill provides that title be made of all new vehicles, beginning with 1975 models. To be registered the vehicle must

have the manufacturer or importer's Certificate of Origin, also known as Manufacturer's or Importer's Statement of Origin, which has been duly assigned by the manufacturer or importer and reassigned by any dealer involved in the history of the vehicle.

After consultation and study of this measure, the Legislative Research Committee gave its unanimous endorsement of this proposal.