

MAINE STATE LEGISLATURE

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(New Draft of H.P. 140, L.D. 181)
FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 1857

H.P. 1356 House of Representatives, June 12, 1987
Reported by Representative MACOMBER from the Committee on
Transportation and printed under Joint Rule 2.

EDWIN H. PERT, Clerk
Original bill sponsored by Representative MACOMBER of
South Portland. Cosponsored by Representative STROUT of
Corinth.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-SEVEN

AN ACT to Amend the Title Laws of Maine.

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

Sec. 1. 29 MRSA §1, sub-§10-C, as enacted by PL
1979, c. 464, §1, is repealed and the following en-
acted in its place:

10-C. Reconstructed vehicles. "Reconstructed ve-
hicles" means vehicles that have been reconstructed
in a way to change the original steering, braking
system, suspension system or body design. Repairs to
vehicles that replace parts with similar parts shall
not be deemed reconstruction. Reconstructed vehicles
include, but are not limited to, dune buggies, street
rods, passenger cars converted to pickup trucks and

1 manufactured vehicle bodies mounted on other manufac-
2 tured chassis.

3 Sec. 2. 29 MRSA §2351, sub-§1-A, as enacted by
4 PL 1983, c. 314, §2, is amended to read:

5 1-A. Component part. "Component part" means any
6 part--of-a-vehicle, other than a tire, having a manu-
7 facturer's identification number or an identification
8 number issued by the Secretary of State of the fol-
9 lowing parts of a vehicle: Engine or motor; transmis-
10 sion; chassis, frame or equivalent part; door; hood;
11 tailgate, deck lid or hatchback; quarter panel and
12 fender. Motorcycle component parts shall also include
13 the front fork and crankcase and, in the case of a
14 truck, they shall also include the cargo bed, trans-
15 fer case and sleeper.

16 Sec. 3. 29 MRSA §2351, sub-§1-B is enacted to
17 read:

18 1-B. Dismantled vehicle. "Dismantled vehicle"
19 means a vehicle with any component part removed.

20 Sec. 4. 29 MRSA §2351, sub-§2, as enacted by PL
21 1973, c. 586, §1, is amended to read:

22 2. Identification number. "Identification num-
23 ber" means the vehicle identification number and any
24 other numbers and letters, if any, on a vehicle des-
25 ignated by a manufacturer or the Secretary of State
26 or other equivalent authority in another state for
27 the purpose of identifying the vehicle.

28 Sec. 5. 29 MRSA §2351, sub-§5-C, as enacted by
29 PL 1983, c. 476, §1, is repealed and the following
30 enacted in its place:

31 5-C. Salvage vehicle. "Salvage vehicle" means a
32 vehicle, by reason of its condition or circumstance,
33 which is declared a total loss by an insurer or own-
34 er, or a vehicle for which a certificate of salvage
35 has been issued by the Secretary of State or by an-
36 other state.

37 Sec. 6. 29 MRSA §2351, sub-§§5-D to 5-F are en-
38 acted to read:

1 5-D. Rebuild. "Rebuild" means to replace any
2 component part of a vehicle.

3 5-E. Repair. "Repair" means to remedy structur-
4 al or other damage without replacing component parts
5 of a vehicle.

6 5-F. Scrap processor. "Scrap processor" means a
7 person engaged in the business of scrapping, com-
8 pressing or destroying salvage vehicles for the basic
9 material in them, but who is not engaged in the busi-
10 ness of selling parts or rebuilding or repairing sal-
11 vage vehicles.

12 Sec. 7. 29 MRSA §2351, sub-§9-A is enacted to
13 read:

14 9-A. Total loss. "Total loss" means a vehicle
15 which is transferred to an insurer due to damage, de-
16 struction or theft, or a vehicle deemed by an owner
17 to have no marketable value other than the value of
18 the basic material and parts used in the construction
19 of the vehicle.

20 Sec. 8. 29 MRSA §2363, 3rd ¶, as enacted by PL
21 1973, c. 586, §1, is repealed.

22 Sec. 9. 29 MRSA §2364, sub-§2, as repealed and
23 replaced by PL 1983, c. 818, §23, is amended to read:

24 2. Purchased from the dealer. If the applica-
25 tion refers to a vehicle purchased from a dealer, it
26 shall contain the name and address of any lienholder
27 or assignee holding a security interest created or
28 reserved at the time of sale and the date of his se-
29 curity agreement and be signed by the owner and the
30 dealer. If there is no lienholder or assignee, the
31 dealer shall, within 20 days after the time of sale,
32 mail or deliver the application to the Secretary of
33 State. If there is a security interest created or
34 reserved at the time of sale, the dealer shall, with-
35 in ~~10~~ 20 days after the time of sale, mail or deliver
36 the original application to the lienholder or assign-
37 ee. The lienholder or assignee shall mail or deliver
38 that original application to the Secretary of State
39 within ~~10~~ 20 days after receiving it from the dealer.

1 **Sec. 10. 29 MRSA §2364, sub-§4, as enacted by PL**
2 **1981, c. 110, §12, is amended to read:**

3 4. Vehicle declared total loss. If a vehicle, by
4 reason of its condition or circumstance, is declared
5 a total loss by an owner or insurer, the insurance
6 company or any person who purchases or acquires such
7 a vehicle ~~to be repaired or rebuilt~~ for operation on
8 the highway shall file an application for certificate
9 of salvage pursuant to section 2377. The application
10 shall contain or be accompanied by:

11 A. A certificate of title manufacturer's certifi-
12 cate of origin; and

13 B. Any other information or documents the Secre-
14 tary of State reasonably requires.

15 **Sec. 11. 29 MRSA §2373, first ¶, as repealed and**
16 **replaced by PL 1983, c. 818, §25, is repealed and the**
17 **following enacted in its place:**

18 If a dealer holds a vehicle for resale and pro-
19 cures the certificate of title or certificate of sal-
20 vage from the owner or the lienholder within 20 days
21 after delivery to him of the vehicle, he need not
22 send the certificate to the Secretary of State, but,
23 upon transferring the vehicle to another person other
24 than by the creation of a security interest, within
25 20 days of the date of the transfer, shall execute
26 the assignment and warranty of title by a dealer,
27 showing the names and addresses of the transferees in
28 the spaces provided on the certificate or as the
29 Secretary of State prescribes, and mail or deliver
30 the certificate to the Secretary of State with the
31 transferee's application for a new certificate of ti-
32 tle. If a security interest is created or reserved
33 at the time of the transfer, the dealer shall mail or
34 deliver the certificate to the lienholder or assignee
35 within 20 days of the transfer with the transferee's
36 application for a new certificate of title. The
37 lienholder or assignee, within 20 days of receipt of
38 the certificate and application, shall mail or deliv-
39 er the certificate and application to the Secretary
40 of State. A dealer may not transfer the vehicle to
41 any person unless he has a properly assigned certifi-
42 cate of title or certificate of salvage in his pos-

1 session or unless such certificate is forthcoming
2 from a lienholder who shall release the certificate
3 to the dealer in accordance with section 2405.

4 **Sec. 12.** 29 MRSA §2377, sub-§1, as amended by PL
5 1983, c. 476, §3, is repealed and the following en-
6 acted in its place:

7 1. Assignment of ownership. When a vehicle, as
8 defined in section 1, subsection 20, is declared, by
9 reason of condition or circumstance, a salvage vehi-
10 cle, as defined by this chapter, by an insurer or
11 owner, the insurance company or its authorized agent
12 or, if uninsured, the owner shall endorse the assign-
13 ment of ownership on the certificate of title or cer-
14 tificate of salvage and surrender it to the buyer of
15 the salvage vehicle. The salvage vehicle may not
16 again be titled or registered for operation on the
17 highways of this State, unless there is compliance
18 with subsection 3.

19 **Sec. 13.** 29 MRSA §2377, sub-§2, ¶¶A and B, as
20 enacted by PL 1981, c. 110, §34, are amended to
21 read:

22 A. An owner who scraps, dismantles, compresses
23 or destroys a vehicle in this State shall surren-
24 der the certificate of title or certificate of
25 salvage issued in this State or any other state
26 to the Secretary of State for cancellation at the
27 time he scraps, dismantles, compresses or de-
28 stroys the vehicle.

29 B. Any person who purchases or acquires a vehi-
30 cle to be scrapped, dismantled, compressed or de-
31 stroyed in this State shall immediately surrender
32 the certificate of title or certificate of sal-
33 vage issued by this State or any other state to
34 the Secretary of State for cancellation.

35 **Sec. 14.** 29 MRSA §2377, sub-§6 is enacted to
36 read:

37 6. Distinctive. The following legends shall ap-
38 ply to title certificates and certificates of salvage
39 for vehicles:

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1 A. The legend "salvage" shall appear on a sal-
2 vage certificate if:

3 (1) A vehicle has no marketable value other
4 than the value of the basic materials or
5 parts used in the construction of the vehi-
6 cle;

7 (2) A vehicle is sold with a stipulation
8 that it is only to be used for the benefit
9 of its parts; or

10 (3) A certificate of title or certificate
11 of salvage has previously been issued by the
12 Secretary of State or by any other state
13 bearing the legend "salvage;"

14 B. The legend "rebuilt salvage" shall appear on
15 a salvage certificate if:

16 (1) Two or more vehicles with different
17 frames are joined; or

18 (2) A salvage vehicle has 5 or more compo-
19 nent parts replaced;

20 C. The legend "rebuilt" shall appear on a sal-
21 vage certificate if a salvage vehicle has at
22 least one, but less than 5, component parts re-
23 placed; and

24 D. If a salvage vehicle, for which a state cer-
25 tificate of salvage has been issued with any of
26 the legends described in this section, is subse-
27 quently titled in another state and later
28 retitled in this State, any subsequent state ti-
29 tle certificate shall also contain the legends ap-
30 pearing on the original state certificate.

31 **Sec. 15. 29 MRSA §2378, sub-§1, as amended by PL**
32 **1983, c. 314, §4, is further amended to read:**

33 **1. Findings.** Pursuant to chapter 17, the Secre-
34 tary of State shall suspend or revoke a certificate
35 of title, a certificate of salvage or a certificate
36 of registration, upon notice and reasonable opportu-
37 nity to be heard in accordance with section 2354, if
38 he finds:

1 A. The certificate of title, certificate of salvage
2 or registration was fraudulently procured or
3 erroneously issued;

4 B. The vehicle has been scrapped, dismantled or
5 destroyed; or

6 C. A person fails to mail or deliver a certifi-
7 cate of title, certificate of salvage or an ap-
8 plication for certificate of title or certificate
9 of salvage or fails to furnish any information
10 the Secretary of State may request within 10 days
11 after the time required by this chapter; or

12 D. A person fails to mail or deliver a certifi-
13 cate of title or certificate of salvage to the
14 Secretary of State following the creation of a
15 security interest by court order or other govern-
16 mental action or following an involuntary trans-
17 fer.

18 **Sec. 16. 29 MRSA §2406**, as enacted by PL 1973,
19 c. 586, §1, is amended to read:

20 §2406. Lienholder to furnish information

21 A lienholder named in a certificate of title
22 shall, upon ~~written~~ request of the owner ~~or--of~~, an-
23 other lienholder named on the certificate or a dealer
24 to which the vehicle has been transferred, disclose
25 any pertinent information as to his security agree-
26 ment on the indebtedness secured by it and, notwith-
27 standing section 57, may reveal certificate of title
28 or certificate of salvage numbers.

29 **Sec. 17. 29 MRSA §2442, sub-§3**, as amended by PL
30 1985, c. 429, §22, is further amended to read:

31 **3. Vehicle identification numbers.** Every manu-
32 facturer or assembler of a vehicle sold in this State
33 shall provide that vehicle with a vehicle identifica-
34 tion number and shall upon request supply the Secre-
35 tary of State, or his designee, and the Chief of
36 State Police, or his designee, with all available in-
37 formation concerning the location or locations of ev-
38 ery vehicle identification number and other identify-
39 ing numbers on that vehicle. The Secretary of State

1 may refuse to register or issue a certificate of ti-
2 tle for any vehicle made by a manufacturer or assem-
3 bler who fails to comply with this section. The con-
4 tent of the vehicle identification number for any mo-
5 tor vehicle shall conform with the requirements of
6 the Federal Government.

7 **Sec. 18. 29 MRSA §2448**, as enacted by PL 1983,
8 c. 476, §6, is amended to read:

9 §2448. License required

10 No person may engage in business as a salvage ve-
11 hicle dealer, recycler or as a repairer scrap
12 processor without having been issued a license under
13 this subchapter. The terms of each license shall be
14 for the period beginning from the date of issuance of
15 that license and ending on the 31st day of December
16 next following.

17 A person is engaged in the business of salvage
18 vehicles, as a recycler or as a repairer scrap
19 processor when that person is-in-the-business-of-buy-
20 ing-more-than-5 purchases or acquires salvage vehi-
21 cles within-a-12-month-period for the purpose of re-
22 selling the vehicle or component parts of the
23 vehicles or rebuilding or repairing salvage vehicles
24 for the purpose of resale, or for the purpose of,
25 selling the basic materials in the salvage vehicles,
26 or permits the display or storage of salvage vehicles
27 or parts thereof upon premises owned or controlled by
28 him. Failure to obtain such a license is a Class E
29 crime.

30 No person may engage in business as an insurance
31 salvage pool without having been licensed under this
32 section or under section 366 as a vehicle auctioneer.

33 A person is engaged in business as an insurance
34 salvage pool when that person stores salvage vehicles
35 on behalf of one or more insurers and disposes of the
36 salvage vehicles for the insurer through any system
37 of bidding or sales, regardless of whether the insurer
38 or the insurance salvage pool is considered the
39 seller.

1 No salvage vehicle transferred through the activ-
2 ity of an insurance salvage pool may be transferred
3 to any person who is not licensed under this section.

4 **Sec. 19.** 29 MRSA §2451, sub-§2, ¶C, as enacted
5 by PL 1983, c. 476, §6, is amended to read:

6 C. Whether the applicant has been found guilty of
7 of any felony criminal offense within the past 5
8 years involving--moral--turpitude,--or--for--any
9 misdemeanor concerning fraud or conversion, or
10 suffering has suffered any judgment in any civil
11 action involving fraud, misrepresentation or con-
12 version and, in. In the case of a corporation or
13 partnership, the application shall provide the
14 information required in this subsection for all
15 directors, officers or partners;

16 **Sec. 20.** 29 MRSA §2453, sub-§2, as enacted by PL
17 1983, c. 476, §6, is repealed and the following en-
18 acted in its place:

19 2. Renewal application. The Secretary of State,
20 after a thorough investigation, shall act upon an ap-
21 plication for renewal of a motor vehicle dealer's li-
22 cence within 90 days after receipt of the applica-
23 tion, by renewing that license or refusing to grant
24 the license. If the Secretary of State refuses to
25 renew a recycler's or scrap processor's license, no-
26 tice shall be given to that applicant that an oppor-
27 tunity for hearing before the Secretary of State or
28 his deputy shall be provided upon request to show
29 cause why that renewal should be issued.

30 **Sec. 21.** 29 MRSA §2455, sub-§1, ¶F, as enacted
31 by PL 1983, c. 476, §6, is repealed and the following
32 enacted in its place:

33 F. Having been convicted of any fraudulent act
34 in connection with the business of selling motor
35 vehicles or has suffered any judgment in any civ-
36 il action involving fraud, misrepresentation or
37 conversion;

38 **Sec. 22.** 29 MRSA §2455, sub-§1, ¶G, as enacted
39 by PL 1983, c. 476, §6, is amended to read:

1 G. Any violation of Title 5, sections 206 to
2 212, unfair trade practices law, or violation of
3 Title 17, section 3203 or a violation of Title
4 30, chapter 215, subchapter I;

5 Sec. 23. 29 MRSA §2456, as enacted by PL 1983,
6 c. 476, §6, is amended to read:

7 §2456. Suspension and revocation

8 Notwithstanding Title 4, section 1151, subsection
9 2, and Title 5, sections 10003 and 10051, the ~~Admin-~~
10 ~~istrative-Court-or-the~~ Secretary of State may sus-
11 pend, revoke or deny any license, registration or
12 renewal issued pursuant to this subchapter.

13 Sec. 24. 29 MRSA §2460, as enacted by PL 1983,
14 c. 476, §6, is amended to read:

15 §2460. Surrendering certificates of title

16 Any recycler or scrap processor who dismantles,
17 destroys, scraps or processes a vehicle shall mail or
18 deliver the certificate of title or certificate of
19 salvage to the Secretary of State for cancellation.
20 A certificate of title or registration to the vehicle
21 shall not again be issued.

1

STATEMENT OF FACT

2 Section 1 changes the term "rebuilt" to "recon-
3 structed" so that "rebuilt" will have meaning only
4 related to salvage vehicles. This change follows the
5 recommendation of the American Association of Motor
6 Vehicle Administrators.

7 Sections 2 to 7 add or redefine component parts,
8 dismantled vehicle, identification number, rebuild,
9 repair, salvage vehicle, scrap processor and total
10 loss. These definitions and redefinitions clarify
11 terms used in chapter 21.

12 Section 8 removes the requirements that a registra-
13 tion certificate have a notation that a title has
14 been issued.

15 Section 9 gives dealers and lienholders 20 days
16 to handle title paperwork.

17 Section 10 puts the application process for a
18 salvage certificate in line with the title applica-
19 tion process.

20 Section 11 corrects language in section 2373
21 which was inconsistent and also sets 20 days as the
22 processing time for title paperwork, consistent with
23 section 9.

24 Section 12 eliminates the requirement that an in-
25 surance company apply for a salvage certificate and
26 allows for an orderly transfer from the seller to the
27 buyer of a salvage vehicle. By requiring the insur-
28 ance company, if any, to endorse the title, a vehicle
29 can easily be identified as a salvage vehicle.

30 Section 13 requires that the titles to vehicles
31 dismantled or scrapped in this State be sent to the
32 Secretary of State. Such a requirement allows for
33 easier tracking of salvage vehicles and parts. Once
34 titles for junked vehicles are surrendered to the
35 Secretary of State and recorded, they would be for-
36 warded to the issuing state.

37 Section 14 states the conditions under which the

1 legends "salvage," "rebuilt salvage" and "rebuilt"
2 would be used on a title. The amount and type of
3 damage would determine which legend is used. It also
4 requires that legends continue on subsequent state
5 titles issued after a vehicle returns from another
6 state.

7 Section 15 allows the Secretary of State to sus-
8 pend or revoke a title following an involuntary
9 transfer or creation of a lien if the object of the
10 court or agency action refuses to surrender the ti-
11 tle.

12 Section 16 requires lienholders to give dealers
13 loan information and allows them to reveal title num-
14 bers.

15 Section 17 requires motor vehicles only to con-
16 form to federal vehicle identification numbers re-
17 quirements, allowing trailers to have nonconforming
18 vehicle identification numbers.

19 Section 18 clarifies who is required to have a
20 salvage license.

21 Sections 19, 20 and 23 make salvage licensing
22 procedures parallel to new and used car dealer li-
23 censing procedures.

24 Sections 21 and 22 allow the Secretary of State
25 to take action against a licensee for various viola-
26 tions.

27 Section 24 allows a dismantled vehicle to be re-
28 built and subsequently retitled and reregistered.

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