

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 748

Short Title: Salvage Motor Vehicle Businesses.

(Public)

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Sponsors: Representatives Cocklereece; Capps, Culp, Cummings, Hayes, Lemmond, Nichols, Pate, Reynolds, and Sharpe.

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Referred to: Transportation.

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April 4, 1995

1 A BILL TO BE ENTITLED  
2 AN ACT TO REGULATE SALVAGE MOTOR VEHICLE BUSINESSES.

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 MOTOR VEHICLE BUSINESSES.**

8 **"§ 20-308.10. Regulation of salvage motor vehicle businesses in public interest.**

9 The General Assembly finds and declares that transactions involving the sale and  
10 disposal of registered motor vehicles vitally affects the general economy of the State and  
11 the public interest and public welfare, and in the exercise of its policy power, it is  
12 necessary to regulate and license salvage motor vehicle businesses in North Carolina, in  
13 order to prevent frauds and deter criminal activities relating to registered motor vehicles,  
14 and to protect and preserve the investments and properties of the citizens of this State.

15 **"§ 20-308.11. Definitions.**

16 For purposes of this Article:

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

- 1           (2) 'Fair market retail value', as applied to a vehicle, means the fair market  
2 retail value as found in the NADA Pricing Guide Book or other  
3 publications approved by the Commissioner.
- 4           (3) 'Junk vehicle' means (i) any vehicle whose fair market retail value is  
5 determined to have been at least three thousand dollars (\$3,000) that has  
6 been damaged and whose estimated cost of parts and labor to repair the  
7 vehicle exceeds ninety percent (90%) of its fair market value prior to  
8 damage; (ii) any current year model vehicle that has been damaged and  
9 whose estimated cost of parts and labor to repair the vehicle exceeds  
10 ninety percent (90%) of its fair market value; (iii) a vehicle of any of the  
11 five preceding model years that has been damaged and whose estimated  
12 cost of parts and labor required to repair the vehicle exceeds ninety  
13 percent (90%) of its fair market retail value prior to damage; or (iv) any  
14 vehicle which is incapable of operation or use upon the highways and  
15 has no resale value except as a source of parts or scrap.
- 16           (4) 'Rebuilder' means a person who acquires and repairs, for use on the  
17 public highways, two or more salvage motor vehicles within a 12-month  
18 period.
- 19           (5) 'Salvage dealer' means any person who acquires any vehicle for the  
20 purpose of selling any of its parts.
- 21           (6) 'Salvage pool' means any person providing a storage service for salvage  
22 motor vehicles or junk vehicles who either displays the vehicle for  
23 resale or solicits bids for the sale of salvage motor vehicles or junk  
24 vehicles, but this definition shall not apply to an insurance company that  
25 moves and displays fewer than 100 salvage motor vehicles and junk  
26 vehicles in one location; however, any two or more insurance  
27 companies which display salvage motor vehicles or junk vehicles for  
28 resale, using the same facilities shall be considered a salvage pool.
- 29           (7) 'Scrap metal processor' means any person who is engaged in the  
30 business of processing vehicles into scrap for remelting purposes, who  
31 from a fixed location uses machinery and equipment for processing and  
32 manufacturing ferrous and nonferrous metallic scrap, and whose  
33 principal product is metallic scrap.
- 34           (8) 'Vehicle removal operator' means any person who acquires a vehicle for  
35 the purpose of removing it to a demolisher, scrap metal processor, or  
36 salvage dealer.

37 **"§ 20-308.12. Licensing of salvage motor vehicle businesses; fees.**

38           (a) It shall be unlawful for any person to engage in business in this State as a  
39 demolisher, rebuilder, salvage dealer, salvage pool, scrap metal processor, or vehicle  
40 removal operator without first acquiring a license as issued by the Commissioner for each  
41 business at each location. The fee for the first license issued or renewed under this  
42 Article shall be one hundred dollars (\$100.00) per license year or part thereof. The fee  
43 for an applicant's additional license location issued or renewed under this Article shall be

1 twenty-five dollars (\$25.00) per license year or part thereof: Provided, however, that no  
2 fee shall be charged for additional locations of a business located within 500 yards of the  
3 licensed location. No license shall be issued or renewed for any person unless the  
4 licensed business contains at least 600 square feet of floor space in a permanent enclosed  
5 building and is shown to be in compliance with all zoning ordinances. Books, records,  
6 and files of the business must be maintained at this location. Nothing in this section shall  
7 authorize any person to act as a motor vehicle dealer or salesperson without being  
8 licensed under Article 12 of this Chapter and meeting all requirements imposed by that  
9 Article. On due notice and hearing, the Commissioner may suspend or revoke any  
10 license issued under this section for any violation of any provision of this Article or any  
11 other provision relating to salvage motor vehicles or salvage titles. A suspension or  
12 revocation shall only be imposed on the specific business found to be in violation.

13 (b) Application for license shall be made to the Division at such time, in such  
14 form, and contain such information as the Division shall require, and shall be  
15 accompanied by the required fee.

16 (c) The Division shall require in such application, or otherwise, information  
17 relating to matters set forth in this Article as grounds for refusing of licenses and to other  
18 pertinent matter commensurate with the safeguarding of the public interest, all of which  
19 shall be considered by the Division in determining the fitness of the applicant to engage  
20 in the business for which a license is sought.

21 (d) A license may be denied, suspended, or revoked on any of the following  
22 grounds:

23 (1) Material misstatement in application for license.

24 (2) Willful and intentional failure to comply with any provision of this  
25 Article or rule duly issued by the Division.

26 (3) Willfully defrauding any person in the operation of the licensed activity.

27 (4) Conviction of a criminal offense relating to an activity governed by this  
28 Article.

29 **§ 20-308.13. Certain sales prohibited; exceptions.**

30 (a) It shall be unlawful:

31 (1) For any scrap metal processor to sell a vehicle or vehicle components or  
32 parts;

33 (2) For any salvage pool to sell a salvage motor vehicle to any person who  
34 is not licensed as a salvage dealer, builder, demolisher, motor vehicle  
35 dealer, scrap metal processor, or vehicle removal operator;

36 (3) For any person to sell a junk vehicle to any person who is not licensed  
37 as a salvage dealer, demolisher, scrap metal processor, or vehicle  
38 removal operator; or

39 (4) For any person to sell a salvage rebuilt vehicle without first having  
40 disclosed the fact that the vehicle is a salvage rebuilt vehicle to the  
41 buyer in writing on a form prescribed by the Commissioner.

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



1 found in the NADA Pricing Guide Book or other publications  
2 approved by the Commissioner.

3 (e) ~~Salvage Rebuilt Vehicle. — A salvage vehicle that has been~~  
4 ~~rebuilt for title and registration.~~ Any of the following vehicles:

5 1. A motor vehicle that has been damaged as a result of  
6 collision, fire, flood, accident, trespass, or any other  
7 occurrence and has been repaired for use on public  
8 highways, at a cost of parts and labor which exceeds  
9 seventy-five percent (75%) of its fair market retail value.

10 2. A vehicle whose fair market retail value is determined to  
11 have been at least three thousand dollars (\$3,000) which  
12 has been repaired at a cost of parts and labor which  
13 exceeds seventy-five percent (75%) of its fair market  
14 retail value.

15 3. A current year model vehicle which has been repaired at a  
16 cost of parts and labor which exceeds seventy-five percent  
17 (75%) of its fair market retail value.

18 4. A vehicle of any of the five preceding model years which  
19 has been repaired at a cost of parts and labor which  
20 exceeds seventy-five percent (75%) of its fair market  
21 retail value.

22 Fair market retail values shall be as found in the NADA Pricing  
23 Guide Book or other publications approved by the  
24 Commissioner.

25 (f) Junk Vehicle. — A motor vehicle which is incapable of operation  
26 or use upon the highways and has no resale value except as a  
27 source of parts or scrap, and shall not be titled or registered."

28 Sec. 3. This act becomes effective October 1, 1995.