

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Fiscal Policy

BILL: CS/SB 1350

INTRODUCER: Transportation Committee and Senator DiCeglie

SUBJECT: Salvage

DATE: February 5, 2024

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Johnson</u>	<u>Vickers</u>	<u>TR</u>	Fav/CS
2.	<u>Carroll</u>	<u>Rogers</u>	<u>EN</u>	Favorable
3.	<u>Johnson</u>	<u>Yeatman</u>	<u>FP</u>	Favorable

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 1350 relates to salvage motor vehicles, mobile homes, and vessels. The bill:

- Incorporates vessels into the definition of “independent entity” for purposes of incorporating vessels into the salvage certificate of title statute.
- Defines “major component parts” of electric, hybrid, and plug-in hybrid motor vehicles for verifying the sources of these parts during the rebuilt inspection process.
- Requires, if the owner maintains possession of a total loss motor vehicle or mobile home, that the owner or insurance company or owner notify the Department of Highway Safety and Motor Vehicles (DHSMV), and DHSMV must issue a salvage certificate of title or a certificate of destruction directly to the owner of such motor vehicle or mobile home.
- Incorporates damaged or dismantled “vessel” to the salvage statute and provides procedures for the release and application for titling by an independent entity in possession of the vessel.
- Reenacts statutes relating to the sale of specified motor vehicles and the rebuilt motor vehicle inspection program to incorporate changes to the definition of “major component parts.”

The bill takes effect July 1, 2024.

II. Present Situation:

Electric, Hybrid, and Plug-in Hybrid Vehicle Major Component Parts

Salvage motor vehicle dealers who purchase a major component part of a vehicle must record the date of purchase and the name, address, and personal identification card number of the seller, as well as the vehicle identification number, if available.¹ Before a salvage motor vehicle dealer can resell a salvage motor vehicle or its parts, the motor vehicle's title must indicate it is rebuilt, which requires a rebuilt inspection to assure the identity of the vehicle and all major component parts repaired or replaced.²

The current definition of "major component parts" provided in s. 319.30(1)(j), F.S., is specific to combustion engines and does not include parts of electric, hybrid, and plug-in hybrid motor vehicles that may be considered major component parts.

Total Loss Motor Vehicles or Mobile Homes

Under current law, the owner, including persons who are self-insured, of a motor vehicle or mobile home that is considered salvage must, within 72 hours after the motor vehicle or mobile home becomes salvage, forward the title to the motor vehicle or mobile home to the Department of Highway Safety and Motor Vehicles (DHSMV) for processing. However, an insurance company that pays money as compensation for the total loss of a motor vehicle or mobile home must obtain the certificate of title for the motor vehicle or mobile home, make the required notification to the National Motor Vehicle Title Information System (NMVTIS),³ and, within 72 hours after receiving such certificate of title, forward such title to DHSMV for processing.

The owner or insurance company, as applicable, may not dispose of a vehicle or mobile home that is a total loss before it obtains, from DHSMV, a salvage certificate of title or certificate of destruction. Effective January 1, 2020:

- Thirty days after payment of a claim for compensation, the insurance company may receive, from DHSMV, a salvage certificate of title or certificate of destruction if the insurance company is unable to obtain a properly assigned certificate of title from the owner or lienholder of the motor vehicle or mobile home, if the motor vehicle or mobile home does not carry an electronic lien on the title and the insurance company:
 - Has obtained the release of all liens on the motor vehicle or mobile home;
 - Has attested on a DHSMV-provided form that payment of the total loss claim has been distributed; and
 - Has attested on a DHSMV-provided form and signed by the insurance company or its authorized agent stating the attempts that have been made to obtain the title from the owner or lienholder and further stating that all attempts are to no avail. The form must

¹ Section 319.30(6)(a), F.S.

² Sections 319.141 and 319.14, F.S.

³ Section 319.30(1)(o), F.S., defines the term "National Motor Vehicle Title Information System" to mean the national mandated vehicle history database maintained by the United States Department of Justice to link the states' motor vehicle title records, including Florida's Department of Highway Safety and Motor Vehicles' title records, and ensure that states, law enforcement agencies, and consumers have access to vehicle titling, branding, and other information that enables them to verify the accuracy and legality of a motor vehicle title before purchase or title transfer of the vehicle occurs.

include a request that the salvage certificate of title or certificate of destruction be issued in the insurance company's name due to payment of a total loss claim to the owner or lienholder. The attempts to contact the owner may be by written request delivered in person or by first-class mail with a certificate of mailing to the owner's or lienholder's last known address.

- If the owner or lienholder is notified of the request for title in person, the insurance company must provide an affidavit attesting to the in-person request for a certificate of title.
- The request to the owner or lienholder for the certificate of title must include a complete description of the motor vehicle or mobile home and a statement that a total loss claim has been paid on the motor vehicle or mobile home.⁴

Independent Entities Possessing Damaged or Dismantled Vehicles or Vessels

For purposes of s. 319.30, F.S., the term "independent entity" means a business or entity that may temporarily store damaged or dismantled motor vehicles pursuant to an agreement with an insurance company and is engaged in the same or resale of damaged motor vehicle. The term does not include a wrecker operator, a towing company, or repair facility.⁵

Under current law, when an independent entity is in possession of a damaged or dismantled motor vehicle, an insurance company can notify the independent entity, with a DHSMV-prescribed form, authorizing the release of the motor vehicle to the owner. The form contains: the policy and claim number, the name and address of the insured, the vehicle identification number, and the signature of an authorized representative of the insurance company.⁶

Upon receiving this form, the independent entity must notify the owner that the motor vehicle is available for pickup. The notification must be sent by certified mail or another commercially available delivery service that provides proof of delivery to the owner at the owner's address contained in the DHSMV's records. If the vehicle is not claimed within 30 days after delivery or attempted delivery of the notice, the independent entity may apply for a certificate of destruction or a certificate of title.⁷

If DHSMV's records do not contain the motor vehicle owner's address, the independent entity must:

- Send the required notification to the owner's address that is provided by the insurance company in the release statement; and
- Identify the latest titling jurisdiction of the vehicle through NMVTIS or an equivalent commercially available system in an attempt to obtain the owner's address from that jurisdiction. If the jurisdiction provides an address that is different from the owner's address provided by the insurance company, the independent entity must provide the required notice to both addresses.⁸

⁴ Section 319.30(3)(b), F.S.

⁵ Section 319.30(1)(g), F.S.

⁶ Section 319.30(9)(a), F.S.

⁷ Section 319.30(9)(b), F.S.

⁸ Section 319.30(9)(c), F.S.

The independent entity must maintain all records related to the 30-day notice and searches in the NMVTIS for three years.⁹ Upon applying for a certificate of destruction or salvage certificate of title, the independent entity must provide a copy of the release statement from the insurance company, proof of the 30-day notice sent to the owner, proof of notification to the NMVTIS, proof of all lien satisfactions or proof of a release of all liens on the motor vehicle, and applicable fees.¹⁰

Currently, the above process does not currently include vessels. The need to include a process for returning to owners, or obtaining salvage certificates of title, for damaged or dismantled vessels in the possession of independent entities became evident following Hurricane Ian in 2022.

III. Effect of Proposed Changes:

Electric, Hybrid, and Plug-in Hybrid Vehicle Major Component Parts

The bill amends s. 319.30(1)(j), F.S., defining the term “major component parts” to include for electric, hybrid, or plug-in hybrid motor vehicles or trucks, in addition to parts currently listed, any electric traction motor, electronic transmission, charge port, DC power converter, onboard charger, power electronics controller, thermal system, traction battery pack, or airbag.

Total Loss Motor Vehicles or Mobile Homes

The bill amends s. 319.30(3)(b), F.S., providing that if the owner maintains possession of a motor vehicle or mobile home in connection with a total loss claim settlement for such motor vehicle or mobile home, the owner must, within 72 hours of the motor vehicle or mobile home becoming salvage, or the insurance company must, within 72 hours after receiving the certificate of title for motor vehicle or mobile home, forward the certificate of title to the motor vehicle or mobile home to DHSMV for processing, and DHSMV must issue a salvage certificate of title or certificate of destruction directly to the motor vehicle or mobile home owner rather than to the insurance company or its agent.

The bill clarifies that the certificate of title may be either paper or electronic.

The bill provides that as an alternative for the insurance company having received a release of all liens, it may pay the amount due to the lienholder and obtain proof that the lienholder accepts payment as satisfying the amount due to the lienholder.

The bill clarifies that attempts to contact to the owner or lienholder must be to the owner or lienholder’s last known address.

The bill adds that the request to the owner or lienholder for the assignment of title, in lieu of the certificate of title, must include a complete description of the motor vehicle or mobile home and that a total loss claim has been paid on the motor vehicle or mobile home.

⁹ Section 319.30(9)(d), F.S.

¹⁰ Section 319.30(9)(f), F.S.

The bill provides that DHSMV is not liable and may not be held liable to an owner, lienholder, or any other person as a result of the issuance of a salvage certificate of title or a certificate of destruction.

Independent Entities Possessing Damaged or Dismantled Vehicles or Vessels

The bill amends s. 319.30, F.S., expanding the authority of independent entities to allow them to temporarily store damaged or dismantled vessels pursuant to an agreement with an insurance company and participate in the sale or resale of such vessels. For this purpose, a vessel is defined as every description of a watercraft, barge, and airboat used or capable of being used as a means of transportation on water.¹¹

The bill treats vessels the same as motor vehicles in possession of an independent entity with the following exceptions:

- On the DHSMV-prescribed form, the vessel's hull identification number is reported, instead of the vehicle identification number.
- If the vessel is hull-damaged, the independent entity must comply, as applicable, with the "Hull Damaged" title brand designation requirements outlined in s. 328.045, F.S., and that the application must indicate "Hull Damaged."
- The independent entity is not required to notify NMVTIS before releasing the vessel to the owner or before applying for a certificate of title as defined in s. 328.0015, F.S.¹².

Conforming Changes

The bill reenacts s. 319.14(1)(b), F.S., relating to the sale of specified motor vehicles, and s. 319.141(1)(b), F.S., relating to the rebuilt motor vehicle inspection program, incorporating changes made by the bill to the term "major component parts" to other provisions of statute.

Effective Date

The bill takes effect July 1, 2024.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

¹¹ This is as provided in s. 713.78(1)(b), F.S., which excludes a seaplane or a vessel for which a valid certificate of documentation is outstanding pursuant to 46 C.F.R. part 67.

¹² Section 328.0015(1)(f), F.S., defines the term "certificate of title" to mean a record, created by DSHMV or by a governmental agency of another jurisdiction under the law of that jurisdiction, that is designated as a certificate of title by DSHMV or agency and is evidence of ownership of a vessel.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The Department of Highway Safety and Motor Vehicles' (DHSMV's) direct issuance of a certificate of title or certificate of destruction when the owner retains a total loss vehicle or vessel will have an indeterminate positive impact on insurance companies due to the streamlined process.

C. Government Sector Impact:

The bill may have an indeterminate negative fiscal impact on DHSMV associated with the inspection of electric, hybrid, and plug-in hybrid motor vehicles.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 319.30 of the Florida Statutes.

This bill reenacts portions of sections 319.14 and 319.141 of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Transportation on January 23, 2024:

The committee substitute:

- Defines the term “major component parts” for electric, hybrid, or plug-in hybrid motor vehicles or trucks.
- Clarifies the titling for salvage motor vehicles and mobile homes being retained by the owner.
- Revises the lien release process for total loss motor vehicles.
- Provides a titling process for abandoned vessels.
- Removes the changes to the statutory definition of “hull damaged” as it relates to vessels.
- Makes technical and conforming changes.

B. Amendments:

None.