

**CHAPTER 97****(HB 245)**

AN ACT relating to the titling of motor vehicles.

*Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

Section 1. KRS 186A.115 is amended to read as follows:

- (1) Except as otherwise provided in this section, the owner of every vehicle brought into this state and required to be titled in this state shall, before submitting his application for title to the county clerk, have the vehicle together with his application for title and its supporting documents inspected by a certified inspector in the county in which the application for title is to be submitted to the county clerk.
  - (a) The certified inspector shall be certified through the Department of Vehicle Regulation following requirements set forth by the department by regulation and shall be designated by the county sheriff. The certified inspector will be held responsible for all certifications required pursuant to this chapter and will be liable for any and all penalties prescribed in this chapter, and shall be available during regular office hours at any and all offices and branches that issue applications for titles.
  - (b) There shall be a five dollar (\$5) fee for this certification, payable to the sheriff's office, upon completion of certification.
  - (c) There shall be an additional fee of ten dollars (\$10) per trip when it becomes necessary for the certified inspector to travel to the site of the vehicle rather than bringing the vehicle to the sheriff's inspection area.
  - (d) An inspection conducted in one (1) county within the Commonwealth of Kentucky under this subsection, and the fees paid for that inspection under this subsection, shall be honored by the certified inspector, sheriff, and county clerk in all other counties within this state. A second inspection shall not be required and additional fees shall not be required.
- (2) The following vehicles are excluded from the requirement of inspection by a certified inspector prior to titling in this state:
  - (a) New motor vehicles sold by a dealer licensed in this state;
  - (b) Vehicles required to be registered in this state by reason of lack of a reciprocity agreement with another state and for which a nonnegotiable registration document is to be issued;
  - (c) Motor vehicles operated by a motor carrier under a nonnegotiable certificate or permit issued by the Department of Vehicle Regulation;
  - (d) Motor vehicles owned by servicemen or servicewomen who are residents of Kentucky stationed outside of Kentucky may be inspected by the post provost or similar officer of the camp, post, or station. The post provost or similar officer shall submit an affidavit stating the name of the owner, the identification or serial number, the make, body style, current license or title number, if any, and state in which currently registered or titled, if any, of the motor vehicle;~~and~~
  - (e) ***Motor vehicles purchased in another state by persons who are residents of Kentucky but are temporarily residing out of state for at least thirty (30) days, but not longer***

*than nine (9) months, may after the purchase of the vehicle be inspected by the state police, a local law enforcement agency, or the vehicle inspection program of another state. If an inspector in another state examines a vehicle under this paragraph, the purchaser may request the inspector to complete an affidavit stating the name of the owner, the vehicle identification number, the vehicle make and body style, the current state of registration, if any, and the current vehicle license or title number, if any. The Transportation Cabinet shall create an affidavit form containing at a minimum this information and shall post the form on the cabinet's Internet web site. A person using an inspector in another state under this paragraph shall comply with all requirements of that state's inspection program, including payment of fees charged in that state. A person registering a motor vehicle for the first time in Kentucky under this paragraph shall transmit the application for registration, all supporting documentation, and payment for registration and usage tax to the county clerk of the county in which the person resides, and upon receipt of the appropriate documentation, the county clerk shall register the vehicle; and*

- (f) Motor vehicles no longer located in Kentucky but which require inspection in order to issue a corrected Kentucky title due to error in vehicle identification or serial number may be inspected by an inspector authorized to inspect vehicle identification or serial number by the laws of the state or foreign country where application for a new title has been submitted.
- (3) When presented to a certified inspector for inspection or to a county clerk for processing, the owner's application for a first certificate of registration or title in his name shall be accompanied by proof of insurance in compliance with KRS 304.39-080 and one (1) of the following documents as applicable:
- (a) If the vehicle is a new vehicle not previously registered in this state, the properly assigned manufacturer's statement of origin for the vehicle for which registration or title is sought;
  - (b) If the vehicle was last registered in this state, and is a vehicle for which a title is not required in this state, a certificate of registration, or if the vehicle is one for which a certificate of title is required in this state, a properly assigned certificate of title;
  - (c) If the vehicle was last previously titled in another state, a properly assigned certificate of title;
  - (d) If the application refers to a vehicle previously registered in another country, the documents of that country establishing ownership of the vehicle;
  - (e) If the application refers to a vehicle last previously registered in another country by a person on active duty in the Armed Forces of the United States, the county clerk may accept on behalf of the Department of Vehicle Regulation evidence of ownership provided the applicant by the United States Department of Defense; and
  - (f) *Except as provided in subsection (2)(c) of Section 2 of this Act governing custom-built motorcycles*, if the application relates to a vehicle which has been specially constructed or reconstructed, that fact shall be stated in the application, and the application shall be accompanied by *the*~~such~~ documents~~as are~~ specified by administrative regulations of the Department of Vehicle Regulation.

- (4) When requested to inspect a vehicle pursuant to this section, the certified inspector shall personally and physically inspect the vehicle, when registration or title is sought in this state, on the following points:
- (a) He shall ensure that the application is legible and properly executed to the extent required at the time of execution;
  - (b) He shall compare the vehicle identification number as appearing on both the vehicle identification number plate, and the federal safety standards label of the vehicle which is sought to be registered or titled, with the corresponding number inscribed on the application, and its supporting documentation, and ensure that the vehicle identification number appearing at each described location appears legitimate and that they are consistent with each other;
  - (c) He shall examine the primary odometer of the vehicle and legibly record the reading in the space provided in the inspection section of the application; and
  - (d) After exercising due diligence in inspecting the vehicle, the application, and its supporting documentation, and finding that they appear to be in order, the certified inspector shall execute the preprinted certificate of inspection according to its terms by printing in the spaces provided his first name, middle initial, and last name, and his title; the name of the county in which he serves; and the telephone number including the telephone area code of his agency, and sign in ink his signature in the space provided, and print the month, day, and year in which his inspection was made, certifying under penalty of forgery in the second degree the character, accuracy, and date of his inspection.
- (5) The certified inspector shall refrain from executing the certificate of inspection if:
- (a) He has not personally and physically inspected the vehicle in accordance with this section;
  - (b) He has reason to believe that the vehicle displays an unlawfully altered vehicle identification number;
  - (c) The application and any of its copies are illegible or otherwise improperly executed, or contain information reasonably believed to be inaccurate or fraudulent;
  - (d) The documentation required in support of any application is not present, or not consistent with the vehicle and the owner's application or appears fraudulent; or
  - (e) He has probable cause to believe the vehicle is stolen.

SECTION 2. A NEW SECTION OF KRS CHAPTER 186A IS CREATED TO READ AS FOLLOWS:

- (1) *As used in Sections 1 and 2 of this Act, "custom-built motorcycle" means a motorcycle as defined in KRS 186.010(15) that has been built from one hundred percent (100%) new parts to the individual specifications of:*
- (a) *The individual who built the motorcycle who will personally use the motorcycle;*
  - (b) *A specific known prospective owner of the motorcycle who is purchasing the motorcycle at retail; or*
  - (c) *A person engaged in the business of building and selling motorcycles who is building the motorcycle for purposes of retail sale to an unknown buyer.*

- (2) *A person who has either personally custom-built a motorcycle or who has purchased a custom-built motorcycle shall be issued a first certificate of title after complying with the provisions of this subsection. The person shall, prior to applying for the certificate of title, apply to the Transportation Cabinet for a vehicle identification number under the provisions of KRS 186A.090. When applying for a first certificate of title for a custom-built motorcycle, the person shall apply in the office of the county clerk of the county in which he or she resides and provide the clerk with the following:*
- (a) *Written documentation authenticating that one hundred percent (100%) of the parts used to assemble the custom-built motorcycle are new parts purchased from either a wholesale or retail supplier that have never been used;*
  - (b) *Proof of insurance to comply with the provisions of KRS 304.39-080; and*
  - (c) *Other information that may be required by the Transportation Cabinet in an administrative regulation promulgated under KRS Chapter 13A. If the cabinet fails to promulgate an administrative regulation governing custom-built motorcycles, the only documentation a person applying for a first certificate of title for a custom-built motorcycle shall be required to present to the county clerk is the information required under paragraphs (a) and (b) of this subsection.*
- (3) *The Transportation Cabinet shall not classify a custom-built motorcycle as a salvage or rebuilt vehicle and shall not subject a custom-built motorcycle to the provisions of this chapter governing salvage or rebuilt vehicles.*

Section 3. KRS 186A.520 is amended to read as follows:

- (1) Except as provided in KRS 186A.555, a salvage title shall be obtained by the owner of a motor vehicle that meets the following definition of a salvage vehicle:
- (a) A vehicle which has been wrecked, destroyed, or damaged, to the extent that the total estimated or actual cost of parts and labor to rebuild or reconstruct the vehicle to its preaccident condition and for legal operation on the roads or highways exceeds seventy-five percent (75%) of the retail value of the vehicle, as set forth in a current edition of the National Automobile Dealer's Association price guide.
  - (b) The value of repair parts for purposes of this definition shall be determined by using the current published retail cost of the parts equal in kind and quality to the parts to be replaced or the actual retail cost of the repair parts used in repair.
  - (c) The labor costs of repairs for purposes of this section shall be computed by using the hourly labor rate and time allocations which are reasonable and customary in the automobile repair industry in the community where the repairs are performed.
- (2) The owner or an authorized agent of a motor vehicle that meets the definition of a salvage vehicle as set forth in subsection (1) of this section shall, within fifteen (15) days from the *receipt of all necessary paperwork required by this chapter*~~[loss or settlement of the loss]~~, submit an application to the county clerk, on a form prescribed by the Department of Vehicle Regulation, for a salvage title, accompanied by a properly endorsed certificate of title and any lien satisfactions, if any appear, as may be required.
- (3) The county clerk shall retain a copy of each salvage title application received and shall forward the original and its supporting documents to the Department of Vehicle Regulation in a manner similar to that for handling of an application for a title.

- (4) The Department of Vehicle Regulation shall process the salvage title application in a manner similar to that used in processing a title application and the salvage title shall be delivered in a like manner of a title. Salvage titles shall be construed as proof of ownership of a vehicle in a state as to be unusable upon the highways of the Commonwealth. A vehicle shall not be issued a registration for highway use as long as a salvage title is in force.
- (5) The only time a vehicle with a salvage title may be operated upon the highways of the Commonwealth is when it is in route to or from an inspection by the certified inspector prior to obtaining a certificate of title after having been rebuilt as per KRS 186.115.

**Approved March 18, 2003**