

**CHAPTER 6****( HB 217 )**

AN ACT relating to titling of motor vehicles.

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

➔Section 1. KRS 186A.005 (Effective January 1, 2024) is amended to read as follows:

As used in this chapter:

- (1) "Approved entity" means:
  - (a) A motor vehicle dealer licensed under KRS Chapter 190 that applies to and is approved by the Transportation Cabinet to facilitate the title application *or salvage title application* process through the electronic title application and registration system;
  - (b) A state or federal financial institution chartered under the laws of this state, any other state, or the United States as a bank insured by the Federal Deposit Insurance Corporation (FDIC), bank holding company, trust company, credit union, savings and loan association, or a holding company or service corporation subsidiary thereof, or any agent of any of the entities listed in this paragraph;
  - (c) An owner of a fleet as defined in this section that applies to and is approved by the Transportation Cabinet to facilitate renewal of registration or maintenance of permanent registration under KRS 186A.127 through the electronic title application and registration system; and
  - (d) A retailer of manufactured homes, mobile homes, or recreational vehicles, as defined in KRS 227.550, that applies to and is approved by the Transportation Cabinet to facilitate the title application process through the electronic title application and registration system;
- (2) "Cabinet" means the Transportation Cabinet;
- (3) "Electronic title application and registration system" means a system established under KRS 186A.017 by which title applications, *salvage title applications*, title lien statements, other supporting documents, signatures, and fees are input and transmitted through the title application and registration process in an electronic format;
- (4) "Fleet" means:
  - (a) A group of at least one hundred fifty (150) U-Drive-It vehicles owned by the holder of a U-Drive-It certificate; or
  - (b) A group of at least ten (10) nonapportioned commercial motor vehicles owned by a company and used for business purposes; and
- (5) "Title lien statement" means a document, submitted by a secured party or authorized agent, to the cabinet through any county clerk's office in the Commonwealth, to note the security interest on the certificate of title, or to amend or terminate a security interest on the certificate of title.

➔Section 2. KRS 186A.017 (Effective January 1, 2024) is amended to read as follows:

- (1) The cabinet shall establish an electronic title application and registration system which allows the submission of the required forms and signatures electronically in lieu of the paper ~~title~~ application process *for titles and salvage titles*.
- (2) The electronic title application and registration system established under this section shall:
  - (a) Collect all the necessary information required under KRS 186A.060;
  - (b) Collect and electronically transmit all fees imposed under KRS 186.040, 186.050, 186.162, and 186A.130, any fees imposed under subsection (6) of this section, and the motor vehicle use tax levied under KRS 138.460;
  - (c) Accept electronic signatures which satisfy the requirements of KRS 369.101 to 369.120; and
  - (d) Transmit the information in a secure manner.

- (3) An approved entity that wishes to use the electronic title application and registration system shall transmit all application documents, required electronic signatures, and fees through the system to the county clerk of the county in which either the purchaser of the vehicle resides or the motor vehicle dealer selling the vehicle is located. ***If the electronic title application and registration is operational***, a county clerk who receives an application transmitted through the system shall, by 3 p.m. the next business day, either:
- (a) Accept the application and forward it to the cabinet; or
  - (b) Reject the application and return it to the approved entity.
- (4) An entity that wishes to become an approved entity for the purposes of this chapter shall submit an application to the cabinet, along with a one hundred fifty dollar (\$150) application fee. If approved, the entity shall pay an annual registration fee to the cabinet. All fees collected under this subsection shall be deposited into the road fund.
- (5) The cabinet shall enter into contracts with qualified third-party providers to integrate with AVIS and other systems to provide software and programs to approved entities to facilitate electronic vehicle registration, titling, and filing of title lien statements. A third party that contracts with the cabinet under this section may act on behalf of the cabinet and county clerks in receiving, processing, and transmitting to the county clerk title and registration applications, ***salvage title applications***, title lien statements, and related documents and fees.
- (6) Any agreement with the cabinet and a third-party provider under subsection (5) of this section shall authorize an online transaction fee to be charged by the third-party provider to an approved entity. A motor vehicle dealer licensed under KRS Chapter 190 who uses the electronic title application and registration system to file the documentation necessary to obtain a certificate of title, ***salvage title***, or registration for the purchaser of a vehicle shall collect from the purchaser any fees charged for the transaction by the third-party provider. The dealer shall remit fees collected under this subsection to the county clerk through the electronic title application and registration system. ***Except for salvage title applications***, any transaction fee charged under this subsection shall be listed separately on the buyer's order and identified as "***online***~~{on line}~~ system filing fee."
- (7) The cabinet shall promulgate administrative regulations in accordance with KRS Chapter 13A to establish qualifications for approved entities and procedures for the electronic title application and registration system.
- ➔Section 3. KRS 186A.120 (Effective January 1, 2024) is amended to read as follows:
- (1) Except for applications for title ***or salvage title*** using the electronic title application and registration system established under KRS 186A.017, application for a first certificate of registration or title and plate shall be made by the owner to the county clerk of the county in which the owner resides, except that, if a vehicle is purchased from a dealer other than in the county in which the purchaser for use resides, the purchaser, or the dealer on behalf of the purchaser, may make application for registration to the county clerk in either the county in which the purchaser resides, or in the county in which the dealer's principal place of business is located.
  - (2)
    - (a) When purchaser of a vehicle upon which a lien is to be recorded is a resident of a county other than that of the dealer, the application for registration or title may be made to the county clerk in either county. The lien must be recorded in the county of the purchaser's residence.
    - (b) If vehicle application for registration or title is presented to the county clerk of dealer's location rather than purchaser's residence, the clerk shall process documents in a manner similar to that of any application, with the exception that the AVIS system shall be programmed in a manner that the title shall not be issued from Frankfort until the lien information has been entered by the county clerk of the purchaser's residence.
  - (3)
    - (a) A new vehicle, when first registered or titled in this state, shall be registered or titled in the name of the first owner for use rather than in the name of a dealer who held the vehicle for sale.
    - (b) Except as otherwise provided in this chapter, a used vehicle not previously registered or titled in this state shall be registered or titled in the name of the first owner for use rather than in the name of a dealer who held the vehicle for resale.
  - (4) If the owner of a vehicle required to be registered or titled in this state does not reside in the Commonwealth, the vehicle shall be registered or titled with the county clerk of the county in which the vehicle is principally operated.

- (5) If the owner of a vehicle is other than an individual and resides in the Commonwealth, the vehicle shall be registered or titled with the county clerk in either the county in which the owner resides or in the county in which the vehicle is principally operated.

➔Section 4. KRS 186A.125 (Effective January 1, 2024) is amended to read as follows:

- (1) Except as provided in subsection (5) of this section, application for a first certificate of registration, or title, in the name of an owner shall be made on forms prescribed by the Department of Vehicle Regulation consistent with this chapter, which shall be available from any county clerk *or on the Transportation Cabinet's website*.
- (2) Application forms shall be completed, except as to required signatures, by legibly printing in ink, or typing all required information.
- (3) The application, when presented to the county clerk, shall contain all required information and be fully executed with all required supporting documentation and fees.
- (4) The county clerk shall reject any application upon which the information provided is not legibly printed or typed, the required information is not supplied, not accompanied by required supporting documents, not properly executed with signatures when required, or when the clerk determines that the application is improper or that the applicant is not entitled to registration or title of the vehicle for which registration or title is sought, or in the absence of the required fees.
- (5) This section shall not apply to applications for title *or salvage title* using the electronic title application and registration system established under KRS 186A.017.

➔Section 5. KRS 186A.165 (Effective January 1, 2024) is amended to read as follows:

- (1) Except as provided in ~~subsections~~~~subsection~~ (4) *and* (5) of this section, not later than 3 p.m. on the next business day after an application for a certificate of registration, ~~or~~ title and registration, *or salvage title* for a vehicle is received, the county clerk shall complete a transmittal record.
- (2) The clerk shall indicate thereon in the spaces provided, the name of his or her county, the date or time period the transmittal relates to and, in the order they are to be attached to the transmittal record, a notation for each application attached consisting of the applicant's last name and initials or if the applicant is other than an individual, the name commonly used by the applicant and any other information required upon the form as indicated thereon.
- (3) The clerk shall ensure that the original of all applications noted on the transmittal, together with the original of all required supporting documents are attached to the transmittal record in the order shown thereon, and shall thereafter sign and date the original of the transmittal record as of the date the transmittal is being forwarded to Frankfort.
- (4) This section shall not apply to applications for title *or salvage title* using the electronic title application and registration system established under KRS 186A.017.
- (5) ***If, at any time, the operational capabilities of AVIS do not allow the electronic completion of a transmittal record under subsection (1) of this section, and require the clerk to manually copy and input documents into the transmittal record, the deadlines outlined in subsection (1) of this section shall not apply.***

➔Section 6. 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, not including the cost of parts and labor to reinstall a deployed airbag system, 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.
  - (d) Airbag reinstallation costs which are excluded from the seventy-five percent (75%) computation as set forth in paragraph (a) of this subsection shall be included by an insurer in the computation of the total physical damage estimate according to the terms and conditions of individual policies, provided that the total costs payable by an insurer do not exceed the total retail value of the vehicle.
- (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, 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 county clerk shall rely on the information provided by the owner or authorized agent, including a county of residence designation, on:
    - (a) Any approved, notarized state form utilized in lien titling or the title transfer process signed by the owner or authorized agent; and
    - (b) Any document submitted during the transfer of a salvage vehicle from an owner to an insurer.

Reliance on the foregoing by the county clerk shall relieve the office of the county clerk from liability to any third party claiming failure to comply with this section.

- (5) 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.]~~
- (6) ***A vehicle shall not be issued a registration for highway use as long as a salvage title is in force.*** 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.
- (7) Notwithstanding the provisions of KRS 369.103, when a salvage vehicle is transferred from an owner to an insurer, the following shall be exempted from the requirements of notarization, including exemption from the notarization of electronic signature requirements of KRS Chapter 423:
  - (a) The transfer of ownership on the certificate of title;
  - (b) Any power of attorney required in connection with the transfer of ownership to the insurer;
  - (c) Any required odometer disclosure statement;
  - (d) The application for a salvage certificate of title; and
  - (e) The transfer of ownership on the salvage certificate of title issued.

- (8) ***Subsections (2) to (5) of this section shall not apply to applications for salvage title using the electronic title application and registration system established under Section 2 of this Act.***

➔Section 7. 2022 Ky. Acts ch. 18, sec. 19, is amended to read as follows:

"Section 19. ***Sections 1 to 5 and 12 to 18 of this Act take effect January 1, 2024, and Sections 6 to 11 of this Act take effect January 1, 2025.***"

➔Section 8. Section 6 of this Act takes effect January 1, 2024.

**Signed by Governor March 16, 2023.**