

CHAPTER 95

(SB 136)

AN ACT relating to transportation and declaring an emergency.

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

➔Section 1. KRS 186A.035 is amended to read as follows:

- (1) (a) Except for vehicles described in paragraph (b) of this subsection, all motor vehicles, including motorcycles, with a gross vehicular weight of ten thousand (10,000) pounds or less, first registered, or for which the registration is renewed, shall be placed in a system of year-round registration based upon the birth date of the owner, in order to distribute the work of registering motor vehicles as uniformly as practicable throughout the twelve (12) months of the year.
- (b) Owners of the following motor vehicles may elect to register these vehicles on an annual registration schedule of April 1 to March 31:
 1. Farm vehicles registered under KRS 186.050(4); or
 2. Motor vehicles with a gross vehicular weight of ten thousand (10,000) pounds or less that are owned by a business.
- (2) (a) If the owner of a motor vehicle is other than an individual, the month in which the owning entity came into being shall be used for purposes of this section.
- (b) Except for motor vehicles jointly owned by spouses under paragraph (c) of this subsection, if a motor vehicle is jointly owned:
 1. One (1) of the owners, who is a resident of Kentucky, shall be identified as the designated owner;
 2. The designated owner shall indicate to the county clerk his or her birth date to be used for purposes of this section; and
 3. If the circumstances of ownership change and the designated owner is no longer an owner of the motor vehicle or no longer a resident of Kentucky, another owner may title the motor vehicle in his or her name if that owner is a resident of Kentucky. If none of the remaining owners are a resident of Kentucky, one (1) of the owners shall title the vehicle in that owner's state of residence.
- (c) If a motor vehicle is jointly owned by a married couple, the ownership shall exist as a joint tenancy with right of survivorship, unless the registration expressly states to the contrary and gives an alternative specific status. One (1) of the owners shall indicate to the county clerk his or her birth date to be used for purposes of this section. Upon the death of one (1) of the spouses, the jointly-owned vehicle shall transfer to the surviving spouse free from payment of any state-required transfer fees. ***The surviving spouse shall include a copy of the death certificate with the application for a new title.***
- (d) ***A certificate of title:***
 1. ***May bear the connector "AND" to designate joint ownership. If the "AND" connector is used, the signatures of all owners shall be required to transfer the certificate of title;***
 2. ***May bear the connector "OR" to designate joint ownership. If the "OR" connector is used, the signature of only one (1) owner shall be required to transfer the certificate of title; and***
 3. ***Shall not bear the connector "AND/OR" to designate joint ownership. If a title produced prior to the effective date of this Act bears the connector "AND/OR," the cabinet and the county clerk shall follow the procedures in subparagraph 1. of this paragraph in transferring the certificate of title, unless directed otherwise by a court.***
- (3) The certificate of registration and license plate issued for a motor vehicle first registered, renewed, or titled in this state shall be valid until the expiration date on the registration receipt, unless revoked in accordance with KRS 186A.040 or canceled by the cabinet in accordance with KRS Chapter 186 or this chapter. Any transaction relating to registration or registration renewal which would cause an unexpired Kentucky motor

vehicle license plate to be surrendered shall have that unexpired fee prorated or credited against any additional fee required by a subsequent registration.

- (4) Except for vehicles registered under subsection (1)(b) of this section, KRS 186.041, 186.042, and 186.162 that have a specified, universal expiration date, after a motor vehicle has been initially placed in the system of year-round registration, the owner shall renew the registration annually during the owner's birth month, either by making application to the county clerk or on the cabinet's website, and paying the fee required for twelve (12) consecutive months of registration, which shall take effect on the first day of the month succeeding the owner's birth month and shall expire on the last day of the owner's next birth month. The county clerk shall collect the fees set forth in KRS 186.040(1) and (6) for each renewal.
- (5) At least forty-five (45) days prior to the expiration of the registration of any motor vehicle previously registered in the Commonwealth as provided by subsection (1) of this section, the owner of the vehicle shall be notified by mail or email on the same notice required by KRS 134.805(5) of the date of expiration. Nonreceipt of the notice required by this subsection shall not constitute a defense to any registration-related offense.
- (6) Any owner who fails to renew the registration of a motor vehicle during the month in which the previous registration expired shall, if he or she applies for renewal of the registration in some later month, pay the same fees that would have been required if the registration had been renewed in the month which the previous registration expired, and, if applicable, the reinstatement fee for a cancelled registration required under KRS 186.040.
- (7) Fees which must be prorated in carrying out the intent of this section shall be prorated on the basis of twelfths of the annual registration fee. Any vehicle which is registered at any time during a month shall pay the fee required for that whole month plus any additional months of registration purchased consistent with the intent of the section.
- (8) The county clerk shall ensure that the certificate of registration issued to an owner displays the month and year in which the registration period begins and the month and year of its expiration, and shall issue to the owner a decal or decals corresponding to the month and year of expiration shown in the certificate of registration which shall be placed upon the corresponding license plate by the owner in the manner required by administrative regulations of the Department of Vehicle Regulation.

➔Section 2. KRS 186A.115 is amended to read as follows:

- (1) (a) 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 or her application for title to the county clerk, have the vehicle together with his or her 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.
- (b) An owner of a military surplus vehicle seeking title in this state shall, before submitting his or her application for title to the county clerk, have the vehicle together with his or her 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.
- (2) For inspections under this section:
 - (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 if the inspector is a current member of his or her office or a special inspector appointed pursuant to KRS 70.030. 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 fee for this certification, payable to the sheriff's office, and the fee shall be retained by the sheriff's office for official expenses of the office upon completion of certification, in the amount of:
 1. Thirty dollars (\$30) for a motor vehicle dealer that qualifies to have an employee appointed as a special inspector under paragraph (d) of this subsection;
 2. Fifteen dollars (\$15) for a motor vehicle dealer that does not qualify to have an employee appointed as a special inspector under paragraph (d) of this subsection; or
 3. Fifteen dollars (\$15) for an individual person;

- (c) There shall be an additional fee of twenty dollars (\$20) 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) A sheriff may appoint up to two (2) employees of a motor vehicle dealer that is licensed under KRS Chapter 190 and doing business in the sheriff's county as special inspectors if the motor vehicle dealer is:
 - 1. A new motor vehicle dealer; or
 - 2. A used motor vehicle dealer that has sold an average of one hundred (100) or more motor vehicles per month in the preceding twelve (12) months;
 - (e) A special inspector appointed under paragraph (d) of this subsection is only authorized to perform motor vehicle inspections and complete certified inspection forms under this section for vehicles purchased by that dealership for resale and shall have his or her special inspector status revoked if he or she is no longer an active employee of that dealership; and
 - (f) 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.
- (3) The Transportation Cabinet may require that modifications be made to a military surplus vehicle. Any modifications required by the cabinet under this section shall be made to the military surplus vehicle prior to its inspection.
 - (4) The Transportation Cabinet shall promulgate administrative regulations pursuant to KRS Chapter 13A to implement the provisions of subsections (1)(b) and (3) of this section, including but not limited to vehicle modification requirements and the creation of a separate electronic inspection form. The Transportation Cabinet shall note that military vehicles were originally manufactured under the federally mandated requirements set forth in 49 C.F.R. sec. 571.7 and shall only require these vehicles to meet applicable federal motor vehicle safety standards.
 - (5) 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;
 - (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 website. 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.
- (6) When presented to a certified inspector for inspection and to a county clerk for processing, the owner's application for a first certificate of registration or title in his or her name shall be accompanied by a current operator's license *from Kentucky or another state* 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 KRS 186A.072(2)(c) 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 documents specified by administrative regulations of the Department of Vehicle Regulation.
- (7) 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 or she 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;
 - (b) He or she shall examine the primary odometer of the vehicle and electronically record the reading in the space provided in the inspection section of the application;
 - (c) After exercising due diligence in inspecting the vehicle and its supporting documentation, and finding that they appear to be in order, the certified inspector shall execute the electronic certificate of inspection according to its terms by electronically inputting in the spaces provided his or her first name, middle initial, and last name, certified inspector number, his or her title; the name of the county in which he or she serves; and the telephone number including the telephone area code of his or her agency, and enter the month, day, and year in which his or her inspection was made, certifying under penalty of forgery in the second degree the character, accuracy, and date of his or her inspection; and
 - (d) A certified inspector number shall not be subject to an open records request under KRS 61.870 to 61.884 unless otherwise required by a court order.
- (8) The certified inspector shall refrain from executing the certificate of inspection if:
- (a) He or she has not personally and physically inspected the vehicle in accordance with this section;
 - (b) He or she 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 or she has probable cause to believe the vehicle is stolen.
- (9) (a) Inspections on motor vehicles that meet the definition of a "historic vehicle" under KRS 186.043(2) and are brought into this state shall be limited to verification of the vehicle identification number with supporting documentation for purposes of titling.
- (b) Inspections on motor vehicles that meet the definition of a classic motor vehicle project as set forth in KRS 186A.510 shall be limited to verification of the vehicle identification number with supporting documentation for purposes of issuing a classic motor vehicle project certificate of title under KRS 186A.535(1).
- (10) The electronic certificate of inspection shall not be handled by any person or persons other than those designated individuals within the offices of the sheriff, county clerk, or other state office.
- (11) The Transportation Cabinet shall promulgate administrative regulations pursuant to KRS Chapter 13A to implement the provisions of this section, including but not limited to special inspectors classified as dealer inspectors only and the creation of an electronic certified vehicle inspection form and receipt.

➔Section 3. KRS 186A.120 is amended to read as follows:

- (1) (a) 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:
- 1.~~(a)~~ 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; or
 - 2.~~(b)~~ An individual who resides in a county in which the purchaser does not reside, application for registration may be made to the county clerk in either the county where the seller resides or the purchaser resides.
- (b) *The county clerk shall ensure that all applications and required supporting documents are complete.*
- (c) *An application received by a county clerk shall be processed and sent to the cabinet within three (3) business days of receipt.*
- (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) The Transportation Cabinet shall not require a member of the Armed Forces who is stationed in the Commonwealth to obtain a Kentucky operator's license in order to register a motor vehicle in the Commonwealth.

- (6) 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.060 is amended to read as follows:

- (1) The Department of Vehicle Regulation is directed to develop, in cooperation with county clerks, auto dealers, and the Department of Revenue, Department of Insurance, and Department of Kentucky State Police, the forms required to record all information pertinent to the registration, titling, and taxation of a vehicle.
- (2) The Department of Vehicle Regulation shall make every effort to minimize and reduce the amount of paperwork required to apply for, or transfer, a vehicle title. When possible, the title document itself shall be used as the primary form used to effect a transfer of vehicle ownership. The title document shall contain space exclusively reserved for a minimum of two (2) dealer assignments.
- (3) When no in-state title exists, forms shall be designed by the department that require only the appropriate and essential information to effect the application for title.
- (4) (a) The department shall constantly review the information needs of government agencies and other organizations with the goal of reducing or eliminating unnecessary documentation. Information being sought for application for title relevant to, but not limited to, vehicle identification, owner, buyer, usage tax, county clerk, or inspector shall be set forth by the cabinet in such a way as to promote flexibility in reaching this goal.
- (b) Subject to the limitations of paragraph (c) of this subsection, an applicant for a motor vehicle title shall be required to provide his or her Kentucky operator's license number, Kentucky personal identification card number, or Social Security number as part of the application process.
- (c) If a motor vehicle is jointly owned, one (1) of the owners, who is a resident of Kentucky, shall be identified as the designated owner, and only the designated owner shall be required to provide his or her Kentucky operator's license number, Kentucky personal identification card number, or Social Security number as part of the application process.
- (d) Any vehicle owned by a business that is licensed by the Secretary of State shall be titled ***and registered*** using a Federal Employer Identification Number.
- (e) ***An applicant for a motor vehicle registration shall be required to provide his or her Kentucky operator's license or Social Security number as part of the application process.***
- (f) ***If a motor vehicle has situs and is principally operated in Kentucky, and the owner does not reside in the Commonwealth, the motor vehicle shall be registered with the owner's Social Security number and out-of-state operator's license number.***
- (5) The use of an electronic medium shall be employed so that forms can be printed by the automated system. Existing statutory language in this chapter and KRS Chapter 186 pertaining to application, signature, forms, or application transfer record may be construed to be electronic in nature at the discretion of the cabinet as provided for by administrative regulation.
- (6) Any person who knowingly enters, or attests to the entry of, false or erroneous information in pursuit of a certificate of title shall be guilty of forgery in the second degree.

➔Section 5. KRS 186A.170 is amended to read as follows:

- (1) The Department of Vehicle Regulation shall:
- (a) Within five (5) working days following receipt by it of an application for a certificate of title in proper form, process the application and its supporting documents in the manner provided in this section, and unless it finds discrepancies with respect to it or its supporting documents, issue a certificate of title in the name of the owner and send it postpaid to such owner;
- (b) Within forty-eight (48) hours following electronic notification by a county clerk's office of an application for a certificate of title, issue a speed title which shall be held for pickup or returned to the owner by mail. The clerk shall take the application for title and process the appropriate paperwork as provided for in this chapter. Subject to the limitations outlined in paragraph (c) of this subsection, the department may provide by administrative regulation for exceptions to the speed title procedure; and

- (c) Not exempt vehicles with salvage and rebuilt titles from the speed title procedures, but may extend the processing time on salvage and rebuilt title applications for which the documentation is complete and accurate for up to:
 - 1. Fifteen (15) business days for rebuilt vehicles that have been branded as unrebuildable in another state under KRS 186A.530(5) and (6); and
 - 2. Five (5) business days for all other salvage and rebuilt vehicles.
- (2) Upon receiving an application packet from a county clerk, the ~~application receipt clerk of the~~ Department of Vehicle Regulation *title examiner* shall **verify that the application form and its supporting documents are complete.**~~;~~
 - (a) ~~Cause the date and time of receipt to be stamped on both the department's copy and the acknowledgment copy of the application transmittal record and accompanying documents;~~
 - (b) ~~Cause at least duplicate sets of images to be made of each transmittal record application and supporting document by a means that will provide rapid, selective, automated retrieval of individual document images by appropriate indexing methods or keys; and~~
 - (c) ~~Compare the application transmittal record with the documents accompanying it and, if all applications shown upon the record are accompanying the record, endorse the department's copy of the transmittal record and the acknowledgment copy, and forward the acknowledgment copy to the clerk who issued it.~~
- (3) In the event there is a discrepancy between the application **form and the supporting documents**~~{transmittal record and the application attached to it}~~, the Department of Vehicle Regulation shall **stop the application process**~~{note the discrepancy upon the department's copy and the acknowledgment copy}~~, and ~~{shall}~~ promptly contact the issuing clerk ~~to~~~~and~~ resolve the discrepancy. After resolving the discrepancy, the **clerk shall resubmit the application for further review and approval**~~{department shall note the nature of the disposition of the discrepancy and endorse the respective copies and forward the acknowledgment copy with the discrepancy disposition noted thereon to the issuing clerk}~~.
- (4) ~~{After executing the acknowledgment of receipt of applications,}~~The Department of Vehicle Regulation shall carry out the following action with respect to each application:
 - (a) Examine the owner's application for legibility and proper execution, presence of required information, including required supporting documents, and the presence of required signatures. The Department of Vehicle Regulation shall ensure also that the required supporting documents are consistent in pertinent part with the information shown on the owner's application;
 - (b) The documents supporting an owner's application shall be examined as to authenticity and to determine if fraudulent alteration has occurred;
 - (c) Ensure that the vehicle identification number of the subject vehicle is apparently legitimate;
 - (d) Ensure that the vehicle identification number and any other appropriate information with respect to a vehicle for which a certificate of title has been applied for is compared against the National Crime Information Center (NCIC) computerized listings of vehicles reported stolen, unless NCIC is not operational and the department has official notification that it is not expected to be operational within four (4) working days following the day on which an application for a certificate of title is received by it; and
 - (e) Compare the computer-produced certificate of title for consistency with the owner's application and supporting documents.
- (5) ~~{When the title application has been completed, and the application examiner at each significant stage has indicated, by placing his or her unique symbol upon the application in the space provided thereon, that an application has passed the required examinations, the application shall be examined by a title examination certifier.~~
- (6) ~~}{The title application~~ *examiner*~~{certifier}~~ shall ensure that each application has received the required examinations as indicated by the presence of each required **approval via the application**~~{examiner's symbol}~~. Upon satisfying himself or herself that an application has passed the required examinations, the title

examination certifier shall place his or her **approval in KAVIS**~~[unique symbol]~~ together with the date upon the application.

~~(6)(7)~~ The Department of Vehicle Regulation shall withhold issuance of a title, until its questions are resolved to its satisfaction, when it finds material discrepancies or has information giving probable cause to believe:

- (a) That an applicant is not the lawful owner of a vehicle for which he or she seeks a title;
- (b) His or her application is not in order;
- (c) The documentation supporting an application is insufficient or fraudulent;
- (d) The vehicle has an illegitimate vehicle identification number;
- (e) The vehicle is stolen; or
- (f) That the computer-produced certificate of title is not consistent with the owner's application.

~~(7)(8)~~ In the case of multiple owners, the Department of Vehicle Regulation shall require only two (2) primary owners' names to be printed on the certificate of title. Upon submission of the title application, if more than two (2) owners are listed, the primary owners shall be determined by the title applicants. In such instances, the certificate of the title shall note that there are more than two (2) owners. The names of all title applicants shall be documented in AVIS.

~~(8)(9)~~ When the Department of Vehicle Regulation finds that a certificate of title should be issued for a vehicle, the endorsement of the commissioner of the Department of Vehicle Regulation shall be engrossed upon the certificate of title following a preprinted statement which shall read: I certify that the Department of Vehicle Regulation has exercised due diligence in examining an application for a certificate of title for the above-described vehicle, and to the best of our knowledge and belief, the applicant whose name appears above is the lawful owner of the apparently legitimate vehicle described herein. ----- (signature), commissioner, Department of Vehicle Regulation, Kentucky Transportation Cabinet.

➔Section 6. KRS 186A.190 is amended to read as follows:

- (1) Except as provided in subsection (6) of this section and in KRS 355.9-311(4), the perfection of a security interest in any property for which has been issued a Kentucky certificate of title shall be by notation on the certificate of title which shall be deemed to have occurred when the provisions of subsection (3) of this section have been complied with. Discharge of a security interest shall be by notation on the certificate of title. Notation shall be made by the entry of information required by subsection (9) of this section into the Automated Vehicle Information System. The notation of the security interest on the certificate of title shall be in accordance with this chapter and shall remain effective from the date on which the security interest is noted on the certificate of title for a period of ten (10) years, or, in the case of a manufactured home, for a period of thirty (30) years, or until discharged under this chapter and KRS Chapter 186. The filing of a continuation statement within the six (6) months preceding the expiration of the initial period of a notation's effectiveness extends the expiration date for five (5) additional years, commencing on the day the notation would have expired in the absence of the filing. Succeeding continuation statements may be filed in the same manner to continue the effectiveness of the initial notation.
- (2) A motor vehicle dealer, a secured party or its representative, an assignee of a retail installment contract lender, the cabinet, or a county clerk shall rely on a county of residence designated by the debtor on any approved, notarized state form utilized in lien titling or the title transfer process signed by the debtor. Reliance on the foregoing by the motor vehicle dealer, secured parties, cabinet, and county clerk shall relieve those persons from liability to any third party claiming failure to comply with this section.
- (3) Except as provided in subsection (6) of this section, the notation of security interests relating to property required to be titled under this chapter in Kentucky through the cabinet shall be done in the office of a county clerk. The notation of a security interest shall reflect the county in which the debtor resides as determined by subsections (2) and (4) of this section. The security interest shall be deemed to be noted on the certificate of title and perfected, or deemed perfected at the time the security interest attaches as provided in KRS 355.9-203, if in compliance with KRS 186A.195~~(8)(7)~~, when a title lien statement:
 - (a) Is received by the county clerk, together with the required fees;
 - (b) Describes the titled vehicle, or vehicle to be titled, by year, model, make, and vehicle identification number;

- (c) Provides the name of the secured party, or a representative of the secured party, together with the additional information about the secured party required by subsection (9) of this section with reasonable particularity; and
 - (d) Includes the date and time-stamped entry of the notation of the security interest by the county clerk of the required information in the Automated Vehicle Information System (AVIS), or its successor title processing system maintained by the Division of Motor Vehicle Licensing of the Transportation Cabinet.
- (4) Except as provided in subsection (6) of this section, if the debtor is other than a natural person, the following provisions govern the determination of the county of the debtor's residence:
- (a) A partnership shall be deemed a resident of the county in which its principal place of business in this state is located. If the debtor does not have a place of business in this state, then the debtor shall be deemed a nonresident for purposes of filing in this state;
 - (b) A limited partnership organized under KRS Chapter 362 or as defined in KRS 362.2-102(14) shall be deemed a resident of the county in which its principal place of business is located, as set forth in its certificate of limited partnership or most recent amendment thereto filed pursuant to KRS Chapter 362 or 362.2-202. If the office is not located in this state, the debtor shall be deemed a nonresident for purposes of filing in this state;
 - (c) A limited partnership not organized under the laws of this state and authorized to do business in this state shall be deemed a resident of the county in which the office of its process agent is located, as set forth in the designation or most recent amendment thereto filed with the Secretary of State of the Commonwealth of Kentucky;
 - (d) A corporation organized under KRS Chapter 271B, 273, or 274 or a limited liability company organized under KRS Chapter 275 shall be deemed a resident of the county in which its registered office is located, as set forth in its most recent corporate filing with the Secretary of State which officially designates its current registered office;
 - (e) A corporation not organized under the laws of this state, but authorized to transact or do business in this state under KRS Chapter 271B, 273, or 274, or a limited liability company not organized under the laws of this state, but authorized to transact business in this state under KRS Chapter 275, shall be deemed a resident of the county in which its registered office is located, as set forth in its most recent filing with the Secretary of State which officially designates its current registered office;
 - (f) A cooperative corporation or association organized under KRS Chapter 272 shall be deemed a resident of the county in which its principal business is transacted, as set forth in its articles of incorporation or most recent amendment thereto filed with the Secretary of State of the Commonwealth of Kentucky;
 - (g) A cooperative corporation organized under KRS Chapter 279 shall be deemed a resident of the county in which its principal office is located, as set forth in its articles of incorporation or most recent amendment thereto filed with the Secretary of State of the Commonwealth of Kentucky;
 - (h) A business trust organized under KRS Chapter 386 shall be deemed a resident of the county in which its principal place of business is located, as evidenced by the recordation of its declaration of trust in that county pursuant to KRS Chapter 386;
 - (i) A credit union organized under Subtitle 6 of KRS Chapter 286 shall be deemed a resident of the county in which its principal place of business is located, as set forth in its articles of incorporation or most recent amendment thereto filed with the Secretary of State of the Commonwealth of Kentucky; and
 - (j) Any other organization defined in KRS 355.1-201 shall be deemed a resident of the county in which its principal place of business in this state is located, except that any limited liability company, limited liability partnership, limited partnership, or corporation not organized under the laws of this state and not authorized to transact or do business in this state shall be deemed a nonresident for purposes of filing in this state. If the organization does not have a place of business in this state, then it shall be deemed a nonresident for purposes of filing in this state.

If the debtor does not reside in the Commonwealth, the notation of the security interest shall be done in the office of the county clerk in which the property is principally situated or operated. Notwithstanding the existence of any filed financing statement under the provisions of KRS Chapter 355 relating to any property

registered or titled in Kentucky, the sole means of perfecting and discharging a security interest in property for which a certificate of title is required by this chapter is by notation on the property's certificate of title under the provisions of this chapter or in accordance with the provisions of KRS 186.045(3). In other respects the security interest is governed by the provisions of KRS Chapter 355.

- (5) Except as provided in subsection (6) of this section, before ownership of property subject to a lien evidenced by notation on the certificate of title may be transferred, the transferor shall obtain the release of the prior liens in his or her name against the property being transferred. Once a security interest has been noted on the owner's title, a subsequent title shall not be issued by any county clerk free of the notation unless it has been noted in the system of record established under KRS 186A.195 that the security interest has been discharged. If this requirement is met, information relating to any security interest shown on the title as having been discharged may be omitted from the title to be issued by the clerk. If information relating to the discharge of a security interest is presented to a clerk under the provisions of KRS 186.045(3), the clerk shall discharge the security interest and remove the lien information from AVIS.
- (6) Notwithstanding subsections (1) to (5) of this section, a county clerk shall, following inspection of the vehicle by the sheriff, to determine that the vehicle has not been stolen, issue a new ownership document to a vehicle, clear of all prior liens, to a person after he or she provides to the county clerk an affidavit devised by the Transportation Cabinet and completed by the person. The ownership document presented as a result of this affidavit shall be in accordance with subsection (7) of this section. In the affidavit, the affiant shall attest that:
 - (a) The affiant or the agent of the affiant possesses the vehicle;
 - (b) Before he or she provided the notices required by paragraphs (c) and (d) of this subsection:
 1. A debt on the vehicle has been owed him or her for more than thirty (30) days;
 2. Within thirty (30) days of payment of damages by an insurance company and receipt by the current owner of the motor vehicle or lienholder of damages pursuant to a claim settlement which required transfer of the vehicle to the insurance company, the insurance company has been unable to obtain:
 - a. A properly endorsed certificate of title on the vehicle from the current owner; and
 - b. If applicable, any lien satisfactions; or
 3.
 - a. The vehicle was voluntarily towed or transported pursuant to a request of the current owner or an insurance company that a motor vehicle dealer, licensed as a used motor vehicle dealer and motor vehicle auction dealer, take possession of and store the motor vehicle in the regular course of business; and
 - b. Within forty-five (45) days of taking possession of the motor vehicle, the motor vehicle dealer has not been paid storage fees by the current owner or lienholder and has not been provided both a properly endorsed certificate of title and if applicable, any lien satisfactions;
 - (c) More than thirty (30) days before presenting the affidavit to the county clerk, the affiant attempted to notify the owner of the vehicle and all known lienholders, including those noted on the title, by certified mail, return receipt requested, or by a nationally recognized courier service, of his or her name, address, and telephone number as well as his or her intention to obtain a new title or salvage title, as applicable, clear of all prior liens, unless the owner or a lienholder objects in writing;
 - (d) More than fourteen (14) days before presenting the affidavit to the county clerk, the affiant had published a legal notice stating his or her intention to obtain title to the vehicle. The legal notice appeared at least twice in a seven (7) day period in a newspaper with circulation in the county. The legal notice stated:
 1. The affiant's name, address, and telephone number;
 2. The owner's name;
 3. The names of all known lienholders, including those noted on the title;
 4. The vehicle's make, model, and year; and
 5. The affiant's intention to obtain title to the vehicle unless the owner or a lienholder objects in writing within fourteen (14) days after the last publication of the legal notice; and

- (e) Neither the owner nor a lienholder has objected in writing to the affiant's right to obtain title to the vehicle.
- (7) (a) If subsection (6)(b)1. of this section applies, the new ownership document shall be a title.
- (b) If subsection (6)(b)2. or 3. of this section applies, the new ownership document shall be a salvage title if the vehicle meets the requirements for a salvage title as stated in KRS 186A.520(1)(a).
- (c) If subsection (6)(b)2. or 3. of this section applies and the vehicle does not meet the requirements for a salvage title as stated in KRS 186A.520(1)(a), the new ownership document shall be a title.
- (8) No more than two (2) active security interests may be noted upon a certificate of title.
- (9) In noting a security interest upon a certificate of title, the county clerk shall ensure that the certificate of title bears the lienholder's name, mailing address and zip code, the date the lien was noted, the notation number, and the county in which the security interest was noted. The clerk shall obtain the information required by this subsection for notation upon the certificate of title from the title lien statement described in KRS 186A.195.
- (10) For all the costs incurred in the notation and discharge of a security interest on the certificate of title, the county clerk shall receive the fee prescribed by KRS 64.012. The fee prescribed by this subsection shall be paid at the time of submittal of the title lien statement described in KRS 186A.195.
- (11) A copy of the application, certified by the county clerk, indicating the lien will be noted on the certificate of title shall be forwarded to the lienholder.
- (12) (a) *Any lien or security interest filed under this chapter may be electronically transmitted to the cabinet through the electronic title application and registration system.*
- (b) *Notwithstanding the provisions of this section, KRS 186A.015, and 186A.074 that require a lien to be noted on the face of the title, if there are one (1) or more liens on a motor vehicle, the cabinet may electronically notify the first lienholder of any additional liens.*
- (c) *Subsequent lien satisfactions may be electronically transmitted to the cabinet and shall include the name and address of the person satisfying the lien.*
- (d) *When liens and lien satisfactions are electronically transmitted, a clean certificate of title shall not be issued until the last lien is satisfied.*
- (e) *A duly certified copy of the cabinet's electronic record of the lien shall be admissible in any civil, criminal, or administrative proceedings in this state as evidence of the existence of the lien.*
- (13) *If a security interest expires without being renewed, the cabinet shall remove the lien from the certificate of title in the AVIS system.*

➔Section 7. KRS 186A.195 is amended to read as follows:

- (1) As used in this section, submission of a title lien statement refers to the presentation of a title lien statement, along with the fees required under KRS 64.012(1)(b), to the cabinet through any county clerk's office in the Commonwealth.
- (2) *A title lien statement bearing an electronic signature, as defined in KRS 369.102, shall be accepted in accordance with KRS 369.107 and shall not require notarization.*
- (3) Upon submission of a title lien statement, the county clerk shall use the information on the form to note the security interest on the certificate of title in accordance with KRS 186A.190(9). Title lien statements may be made available to the general public. However, public availability of a title lien statement shall not be considered necessary or effective to perfect a security interest in property required to be registered or titled in accordance with this chapter.
- ~~(4)~~~~(3)~~ (a) If the submission of a title lien statement accompanies the application for first title of any property in the name of an owner, the county clerk shall enter the information required by KRS 186A.190(9) into the system of record so as to allow the cabinet to:
 - 1. Use the system of record as a centralized, statewide repository for lien filings; and
 - 2. Produce a certificate of title bearing the information designated by KRS 186A.190(9), as well as any other information required by the cabinet.

- (b) After the information has been entered, the county clerk shall produce a certificate of registration, if required.
- (5){(4)} (a) If the form prescribed by KRS 186A.060 indicates a pending lien, but the title lien statement does not accompany the application for title, the county clerk shall enter into the system of record the name and address of the lienholder or that a lien is pending. The county clerk shall indicate a title shall not be issued until either the title lien statement and the required fees are submitted, or in thirty (30) days, whichever occurs first. The county clerk shall then issue the registration.
- (b) After submission of the title lien statement, the county clerk shall enter the date of lien notation and the notation number into the system of record, enabling the cabinet to record the lien in the system of record and produce a title.
- (6){(5)} If a certificate of title is issued after the thirty (30) day time window identified in subsection (5){(4)} of this section has expired without the notation of a security interest, or if a title has been issued because there was no provision made for a lien to be noted within thirty (30) days, a secured party wishing to note a security interest on a title shall submit a title lien statement. The county clerk shall enter the information required by KRS 186A.190(9) into the system of record and a new certificate of title reflecting the security interest shall be produced.
- (7){(6)} The fee for the filing of a title lien statement through the electronic title application and registration system shall be transferred electronically to the county clerk of the county in which the debtor resides.
- (8){(7)} The security interest noted on the certificate of title shall be deemed perfected at the time the security interest attaches in accordance with KRS 355.9-203 if the secured party submits a properly completed title lien statement with application for first title or, in the case of property previously titled in the name of the debtor, within thirty (30) days of attachment. Otherwise, the security interest shall be deemed perfected at the time that the title lien statement is submitted.

➔Section 8. KRS 186A.145 is amended to read as follows:

- (1) Except as provided in subsections (2) and (3) of this section, a county clerk shall not process an application for Kentucky title and registration from or to any Kentucky resident who has a delinquent motor vehicle ad valorem property tax account.
- (2) This section shall not apply to transactions involving:
 - (a) Licensed Kentucky motor vehicle dealers;
 - (b) A person who is engaged in the business of storing or towing motor vehicles, applying for a new title under KRS 376.275(1)(c);
 - (c) ***Individuals when the delinquent motor vehicle ad valorem property taxes are owed by a previous owner who is not a party to the transaction; or***
 - (d){(e)} A secured party applying for a repossession title under KRS 186.045(6).
- (3) (a) For any vehicle obtained as the result of a claim on a motor vehicle insurance policy, an insurer and its agent shall not be responsible for the payment of any delinquent motor vehicle ad valorem property taxes owed by any previous owner, when:
 - 1. Applying for a regular or salvage title; or
 - 2. Transferring ownership of the vehicle to another party.
- (b) The owner of a motor vehicle that was transferred to an insurer or its agent under paragraph (a) of this subsection shall remain responsible for any delinquent motor vehicle ad valorem property taxes owed prior to the transfer.
- (4) An insurer shall not be exempt from any motor vehicle ad valorem property taxes owed on any vehicle that it owns:
 - (a) As a part of its business operations; or
 - (b) On January 1, that was obtained as the result of a claim on a motor vehicle insurance policy.

➔Section 9. KRS 186A.100 is amended to read as follows:

- (1) A motor vehicle dealer licensed under KRS 186.070 who sells a vehicle for use upon the highways of this state ***or another state*** shall equip the vehicle with a temporary tag executed in the manner prescribed below, which shall be valid for sixty (60) days from the date the vehicle is delivered to the purchaser. The cost of the tag shall be two dollars (\$2), of which the clerk shall retain one dollar (\$1). A motor vehicle dealer licensed under KRS 186.070 shall apply to the county clerk of the county in which the dealer maintains his ***or her*** principal place of business for issuance of temporary tags. Application shall be made for such tags on forms supplied to the county clerk by the Transportation Cabinet.
- (2) The county clerk of any county who receives a proper application for issuance of temporary tags shall record the number of each tag issued upon the application of the dealer for ***temporary***~~such~~ tags, or if a group of consecutively numbered temporary tags are issued to a dealer in connection with a single application, record the beginning and ending numbers of the group on the application.
- (3) The clerk shall retain, for a period of two (2) years, one (1) copy of the dealer's temporary tag application, and ensure that it reflects the numbers appearing on the tags issued with respect to ~~the~~~~such~~ application. ***These copies may be kept by the county clerk in an electronic format.***
- (4) If the owner of a motor vehicle submits to the county clerk a properly completed application for Kentucky certificate of title and registration pursuant to KRS 186A.120, any motor vehicle required to be registered and titled in Kentucky, that is not currently registered and titled in Kentucky, may be equipped with a temporary tag, which shall be valid for sixty (60) days from the date of issuance, issued by the county clerk for the purpose of operating the vehicle in Kentucky while assembling the necessary documents in order to title and register the vehicle in Kentucky. The Transportation Cabinet may ***promulgate***~~establish~~ administrative regulations governing this section.
- (5) The county clerk may issue a temporary tag to the owner of a motor vehicle that is currently registered and titled in Kentucky. A temporary tag authorized by this subsection shall be used for emergency or unusual purposes as determined by the clerk for the purpose of maintaining the owner's current registration. A temporary tag authorized by this subsection may only be issued by the county clerk and shall be valid for a period of between twenty-four (24) hours and seven (7) days, as determined is necessary by the clerk. A county clerk shall not issue a temporary tag authorized by this subsection unless the owner of the motor vehicle applying for the tag presents proof of motor vehicle insurance pursuant to KRS 304.39-080. ~~On and after January 1, 2006,~~ If the motor vehicle is a personal motor vehicle as defined in KRS 304.39-087, proof of insurance shall be determined by the county clerk as provided in KRS 186A.042. A temporary tag issued pursuant to this subsection shall not be reissued by the county clerk for the same owner and same motor vehicle within one (1) year of issuance of a temporary tag.

➔Section 10. KRS 186A.017 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 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 ~~(7)~~~~(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.
- (4) ~~When~~~~if~~ the electronic title application and registration ***system*** is ***fully implemented***~~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.
- (5) *If a county clerk is required to manually enter information from an application into AVIS before forwarding it to the cabinet, the title application and registration system shall not be considered fully implemented. The cabinet shall make the determination of whether the title application and registration system shall be considered fully implemented.*
- (6)~~((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.
- (7)~~((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.
- (8)~~((6))~~ Any agreement with the cabinet and a third-party provider under subsection (7)~~((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 system filing fee."
- (9)~~((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 11. KRS 186A.220 is amended to read as follows:

- (1) Except as otherwise provided in this chapter, when any motor vehicle dealer licensed in this state buys or accepts~~[such]~~ a **motor vehicle or all-terrain vehicle as defined in KRS 189.010** in trade, which has been previously registered or titled for use in this or another state, and which ~~the dealer~~~~[he]~~ holds for resale, ~~the dealer~~~~[he]~~ shall not be required to obtain a certificate of title for it, but shall, within fifteen (15) days after acquiring such vehicle, notify the county clerk of the assignment of the motor vehicle to his **or her** dealership and pay the required transferor fee.
- (2) Upon purchasing~~[such]~~ a **motor vehicle or all-terrain vehicle**, or accepting it in trade, the dealer shall obtain from ~~the~~~~[his]~~ transferor, properly executed, all documents required by KRS 186A.215, to include the odometer disclosure statement thereon, together with a properly assigned certificate of title.
- (3) The dealer shall execute ~~the~~~~[his]~~ application for assignment upon documents designated by the Department of Vehicle Regulation, to the county clerk of the county in which ~~the dealer~~~~[he]~~ maintains his **or her** principal place of business. ~~The~~~~[Such]~~ clerk shall enter the assignment **into AVIS**~~[upon the automated system]~~.
- (4) The dealer shall retain the properly assigned certificate of title received from ~~the~~~~[his]~~ transferor, and may make any reassignments **on the title**~~[thereon]~~ until the forms for dealer assignment on the certificate of title are exhausted. The Department of Vehicle Regulation may, if it deems it warranted, provide a special document to allow for additional dealer assignments without requiring system generated documents.
- (5)
 - (a) When a dealer assigns the vehicle to a purchaser for use, ~~the dealer~~~~[he]~~ shall deliver the properly assigned certificate of title, and other documents if appropriate, to ~~the~~~~[such]~~ purchaser, who shall make application for registration and a certificate of title~~[thereon]~~.
 - (b) The dealer may, with the consent of the purchaser, deliver the assigned certificate of title, and other appropriate documents of a new or used vehicle, directly to the county clerk, and on behalf of the purchaser, make application for registration and a certificate of title. In so doing, the dealer shall require from the purchaser proof of insurance as mandated by KRS 304.39-080 before delivering possession of the vehicle.

- (c) Notwithstanding the provisions of KRS 186.020, 186A.065, 186A.095, 186A.215, and 186A.300, if a dealer elects to deliver the title documents to the county clerk and has not received a clear certificate of title from a prior owner, the dealer shall retain the documents in his *or her* possession until the certificate of title is obtained.
- (d) When a dealer assigns a vehicle to a purchaser for use under paragraph (a) of this subsection, the transfer and delivery of the vehicle is effective immediately upon the delivery of all necessary legal documents, or copies thereof, including proof of insurance as mandated by KRS 304.39-080.
- (6) The department may make available, upon proper application from a licensed motor vehicle dealer, electronic means by which the dealer can interface directly with AVIS and the department. If the department grants this access, all fees currently required for the issuance of a certificate of title shall continue to be charged and remitted to the appropriate parties as provided by statute.
- (7) The Department of Vehicle Regulation shall ~~ensure~~^{assure} that ~~AVIS~~^{the automated system} is capable of accepting instructions from the county clerk that a certificate of title shall not be produced under a dealer registration situation.

➔SECTION 12. A NEW SECTION OF SUBTITLE 20 OF KRS CHAPTER 304 IS CREATED TO READ AS FOLLOWS:

- (1) *Prior to the effective date of the use of the nationally accepted used car valuation guides or tools identified under subsection (2) of this section, a property, casualty, or property and casualty insurer shall use any nationally accepted used car valuation guide or tool available to the insurer when determining the retail value of a wrecked, destroyed, or damaged motor vehicle under KRS Chapter 186A.*
- (2) *By July 1, 2025, the commissioner shall promulgate an emergency administrative regulation and an ordinary administrative regulation in accordance with KRS Chapter 13A that identifies the nationally accepted used car valuation guides or tools that are available to, and shall be used by, property, casualty, and property and casualty insurers when determining the retail value of a wrecked, destroyed, or damaged motor vehicle under KRS Chapter 186A.*

➔Section 13. KRS 186A.295 is amended to read as follows:

- (1) (a) Any person or entity having a motor vehicle or trailer that has been destroyed, to the extent that its repair cannot be obtained through usual commercial repair services, at a cost less than its retail value as ***prescribed by a nationally accepted used car valuation guide or tool identified under Section 12 of this Act***~~[established from a value manual approved by the Department of Revenue]~~, or from which two (2) or more parts which typically bear a vehicle identification number placed thereon by the manufacturer have been removed, or which he *or she* removes, shall surrender the certificate of title for ~~the~~^{such} vehicle for which he *or she* has a certificate of title in his, *or her*, or another name, to the county clerk of the county in which ~~the~~^{such} vehicle is located. The clerk shall immediately forward the surrendered title to Frankfort with instructions for canceling the title.
- (b) Any person or entity engaged in the sale of used motor vehicle or trailer parts, or the recycling or salvage of them, shall surrender the certificate of title for any vehicle in his *or her* possession, and for which he *or she* has a certificate of title, whether in his *or her* or another name, if ~~the~~^{such} vehicle is destroyed within the meaning of paragraph (a) of this subsection, or from which two (2) or more parts which typically bear a vehicle identification number placed thereon by a manufacturer have been removed, or which he *or she* removes, to the county clerk of the county in which ~~the~~^{such} vehicle is located. The clerk shall immediately forward the surrendered title to Frankfort with instructions for canceling the title.
- (c) The surrender of the certificate of title pursuant to this section shall be made within ten (10) working days, next succeeding the day when ~~the~~^{such} vehicle was received, destroyed, or next succeeding the day during which ~~a~~^{such} second part was removed.
- (2) Each county clerk shall receive without charge, a certificate surrendered in accordance with this section, cancel it, and remit it to the Department of Vehicle Regulation, and take any other action related to it, as required by the Department of Vehicle Regulation.

➔Section 14. 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 prescribed by a nationally accepted used car valuation guide *or tool* identified *under Section 12 of this Act*~~[by the Department of Revenue by administrative regulation]~~.
 - (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.
- (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 KRS 186A.017.

➔Section 15. KRS 186A.530 is amended to read as follows:

- (1) The owner of a motor vehicle that meets the definition of a salvage vehicle as set forth in KRS 186A.520(1) and has been issued a salvage certificate of title in Kentucky, or the equivalent thereof by another licensing jurisdiction, and has been rebuilt, may make application for a new certificate of title pursuant to KRS 186.115. The Transportation Cabinet may promulgate administrative regulations pursuant to KRS Chapter 13A governing the form of application.
- (2) Upon receipt of a salvage certificate of title issued pursuant to KRS 186A.520, or similar title issued by another state if the title does not disqualify the vehicle from being titled for use on the highway in that state, and proof of passing the inspection required by KRS 186A.115, the cabinet shall issue a new certificate of title with the words "rebuilt vehicle" printed on the face of the title. The brand shall be carried forward and printed in the appropriate section on the face of all titles issued thereafter for that motor vehicle.
- (3) If ownership of a motor vehicle has been transferred to an insurance company through payment of damages, the insurance company making the payment of damages shall be deemed the owner of the vehicle.
- (4) The owner of a water damaged vehicle shall make application to the cabinet for a salvage certificate of title as provided for in KRS 186A.520. The owner of a vehicle with a brand from another jurisdiction identifying the vehicle as water damaged or other similar designation who is making application for a Kentucky title shall be issued a title with the words "water damaged" printed on the face of the title.
- (5) A Kentucky salvage certificate of title may be issued from an out-of-state junking certificate or other ownership document bearing a designation of "junk," "unrebuildable," or other similar classification that disqualifies the vehicle from being titled for use on the highway in that state with the following provisions:
 - (a) The out-of-state junking certificate of title or other ownership certificate shall be an original, secure document.
 - (b) The applicant shall submit a minimum of two (2) photographs of the motor vehicle showing the damage to the motor vehicle. The photographs shall be included in the application for a salvage certificate of title.
 - (c) The applicant shall submit a minimum of two (2) estimates of damage verifying that the condition of the vehicle which has been issued the junking certificate constitutes less than seventy-five percent (75%) of the retail value of the vehicle, as ***prescribed by a nationally accepted used car valuation guide or tool identified under Section 12 of this Act*** ~~[set forth in a current edition of the National Auto Dealers' Association N.A.D.A. price guide]~~.
 - (d) A salvage title issued under this subsection shall be branded "SALVAGE." The Transportation Cabinet shall use a unique method of identification to differentiate a salvage title issued under this subsection from other salvage titles.
- (6)
 - (a) Upon receipt of a salvage certificate of title issued pursuant to subsection (5) of this section, or an out-of-state junking certificate or other ownership document bearing a designation of "junk," "unrebuildable," or other similar classification that disqualifies the vehicle from being titled for use on the highway in that state, and proof of passing the inspection required by KRS 186A.115, the cabinet shall issue a new certificate of title with the words "REBUILT VEHICLE" printed on the face of the title. The Transportation Cabinet shall use a unique method of identification to differentiate a rebuilt brand issued under this paragraph from other rebuilt brands. The brand shall be carried forward and printed in the appropriate section on the face of all titles issued thereafter for that motor vehicle.
 - (b) A person who obtains a rebuilt title under this subsection shall permanently affix a plate of metallic composition within the opening for the driver's side door which states "REBUILT VEHICLE - May Not Be Eligible For Title In All States."
- (7)
 - (a) When an insurance company makes a claim settlement on a vehicle that has been stolen and recovered, if the vehicle meets the definition of a salvage vehicle as set forth in KRS 186A.520, the company shall apply for a salvage certificate of title as provided for in KRS 186A.520. Upon receipt of this information, the cabinet shall issue the company a certificate of title to replace a salvage certificate of title. The cabinet shall promulgate administrative regulations pursuant to KRS Chapter 13A regarding

the forms and any additional information which insurance companies shall be required to obtain and submit when seeking a certificate of title to replace a salvage certificate of title.

- (b) In claim settlements that do not involve transfer of the vehicle to the insurance company, an insurer shall not render payment on a damage claim for a vehicle whose damage meets or exceeds seventy-five percent (75%) of the value of the vehicle, until the insurer has received proof that the owner has surrendered the title or has applied for a salvage certificate of title as set forth in KRS 186A.520. The owner shall apply for a salvage certificate of title within three (3) working days of the agreed settlement. This subsection shall not apply to hail-damaged vehicles under KRS 186A.555.
 - (c) An insurance company shall not refuse coverage to, and shall not reclassify coverage of, a vehicle that has been issued a rebuilt title pursuant to the provisions of this section.
- (8) A motor vehicle owner or a motor vehicle dealer licensed in this state who offers for sale, trade, or transfer a motor vehicle which carries a title brand, as set forth in subsection (2) or (6) of this section, shall disclose the nature of the brand to any prospective buyer or transferee, prior to the sale, and according to the following:
- (a) Dealer disclosure shall be located on a sticker placed on the vehicle. The sticker wording shall be printed in at least ten (10) point, bold face type, on a background of obviously different color, and shall include the following: "THIS IS A REBUILT VEHICLE." This disclosure information shall not appear on vehicles that do not have a branded title. Dealer disclosure shall also be located on a buyer's notification form to be approved by the Transportation Cabinet. The form shall inform the buyer that the vehicle is a rebuilt vehicle and may include any other information the cabinet deems necessary.
 - (b) Nondealer disclosure shall be made in accordance with the procedures provided for in KRS 186A.060. The Department of Vehicle Regulation shall ensure that disclosure information appears near the beginning of the application for title and informs the buyer that the vehicle is a rebuilt vehicle.
- (9) Failure of a dealer to procure the buyer's acknowledgment signature on the buyer's notification form or failure of any person other than a dealer to procure the buyer's acknowledgment signature on the vehicle transaction record form shall render the sale voidable at the election of the buyer. The election to render the sale voidable shall be limited to forty-five (45) days after issuance of the title. This provision shall not bar any other remedies otherwise available to the purchaser.
- (10) The notification provisions of this section shall not apply to motor vehicles more than ten (10) model years old.
- (11) The Transportation Cabinet shall promulgate administrative regulations pursuant to KRS Chapter 13A, regarding the administration of the title branding procedure. The administrative regulations shall include the manner in which salvage titles and rebuilt brands on vehicles previously declared unrebuildable by another state are differentiated from other salvage titles and rebuilt brands. The administrative regulations may include designation of additional brands which provide significant information to the owner.

➔Section 16. KRS 186A.555 is amended to read as follows:

- (1) The provisions of KRS 186A.500 to 186A.550 notwithstanding, the owner of a motor vehicle that has been damaged solely by hail shall have the regular title of the vehicle branded as follows "Hail Damage" if:
 - (a) The vehicle is in a condition that it can be legally operated on the highway;
 - (b) The total estimated or actual cost of parts and labor to rebuild or reconstruct the vehicle to its pre-hail condition exceeds seventy-five percent (75%) of the retail value of the vehicle, as prescribed by a nationally accepted used car valuation guide *or tool* identified *under Section 12 of this Act*~~by the Department of Revenue by administrative regulation~~; and
 - (c) The owner intends to retain ownership of the vehicle.
- (2) A person seeking to have the title of a vehicle branded for hail damage under subsection (1) of this section shall present the sheriff with a statement from the person's insurance company that the damage exceeds seventy-five percent (75%) of the retail value of the vehicle and is solely the result of hail damage, and shall have the vehicle inspected by the sheriff of the county in which the vehicle is registered. Upon completion of inspection of the vehicle, the sheriff shall indicate on the vehicle transaction record form if he or she has received a statement from the person's insurance company that the damage to the vehicle is the result of hail damage and if the total estimated or actual cost of parts and labor to rebuild or reconstruct the vehicle to its pre-hail condition exceeds seventy-five percent (75%) of the retail value of the vehicle, as prescribed by a nationally accepted used car valuation guide *or tool* identified *under Section 12 of this Act*~~by the Department~~

~~of Revenue by administrative regulation~~. The sheriff shall be paid a fee of five dollars (\$5) to conduct an inspection under this subsection.

- (3) Upon completion of the inspection required under subsection (2) of this section, a person shall take the vehicle transaction record form and the title to the vehicle to the office of the county clerk in the county in which the vehicle is registered. If the sheriff has certified on the vehicle transaction record form that the damage to the vehicle is the result of hail damage and if the total estimated or actual cost of parts and labor to rebuild or reconstruct the vehicle to its pre-hail condition exceeds seventy-five percent (75%) of the retail value of the vehicle, as prescribed by a nationally accepted used car valuation guide *or tool* identified *under Section 12 of this Act*~~[by the Department of Revenue by administrative regulation]~~, the title shall not be surrendered to the clerk, but the clerk shall stamp on the face of the title "Hail Damage". The clerk shall also enter into the Automated Motor Vehicle Registration System (AVIS) the information that the title has been branded in the clerk's office "Hail Damage". The county clerk shall be paid a fee of three dollars (\$3) to carry out the provisions of this subsection.
- (4) A title branded "Hail Damage" under the provisions of subsection (3) of this section shall retain the brand for as long as the person holds title to the vehicle, and upon the sale or transfer of the vehicle, the new title issued shall continue to carry the brand "Hail Damage".
- (5) An insurance company shall not render payment on a vehicle damaged solely by hail in excess of seventy-five percent (75%) of the retail value of the vehicle until the title has been branded "Hail Damage".

➔Section 17. KRS 186.403 is amended to read as follows:

- (1) The Transportation Cabinet shall develop a system of issuing voluntary travel ID instruction permits, operator's licenses, commercial driver's licenses, and personal identification cards.
- (2) The development of the system identified in subsection (1) of this section shall include but not be limited to the:
 - (a) Acquisition of equipment and information technology systems and services;
 - (b) Modification, conversion, or upgrade of the cabinet's existing databases, equipment, and information technology systems;
 - (c) Establishment of electronic connectivity with any other state's driver licensing department, federal agency, national or regional association, or business. Electronic connectivity under this paragraph shall be limited to the sharing of the minimum amount of information necessary to validate information supplied by an applicant, process the application, and produce and distribute the identity document. The Transportation Cabinet shall limit any access to the databases developed under this chapter in accordance with the Driver's Privacy Protection Act, 18 U.S.C. sec. 2721;
 - (d) Creation of a new design for operator's licenses, commercial driver's licenses, instruction permits, and personal identification cards that will meet the minimum content, design, and security standards required under this section;
 - (e) Collection, management, and retention of personal information and identity documents; and
 - (f) Development and implementation of a comprehensive security plan to ensure the security and integrity of the department's:
 1. Employees;
 2. Facilities;
 3. Storage systems;
 4. Production of operator's licenses, commercial driver's licenses, instruction permits, and personal identification cards; and
 5. Collection and retention of personal information and identity documents.
- (3) *A person who*~~[On or after January 1, 2019]:~~
 - (a) ~~[A person who]~~Applies for an initial Kentucky instruction permit, operator's license, or personal identification card under KRS 186.412 *or*~~[, 186.4121,]~~ 186.4122~~[, or 186.4123]~~, including any person

who establishes residency in the state, may apply for either a voluntary travel ID or a standard instruction permit, operator's license, or personal identification card;

- (b) ~~[(A person who)]~~ Applies for the renewal of an instruction permit, operator's license, or personal identification card under KRS 186.412, 186.4121, 186.4122, or 186.4123 may apply for either a voluntary travel ID or a standard instruction permit, operator's license, or personal identification card;
- (c)
 1. ***Meets the minimum requirements for federal recognition in Section 202 of the REAL ID ACT of 2005, as amended, in 49 U.S.C. sec. 30301 note;***
 2. ***Has been admitted to the United States as a nonimmigrant pursuant to a compact of free association between the United States and the Republic of the Marshall Islands, the Republic of Palau, or the Federated States of Micronesia; and***
 3. ***Applies for an initial or renewal operator's license or personal identification card under Section 18 or 20 of this Act;***

may apply for either a voluntary travel ID or a standard instruction permit, operator's license, or personal identification card; and
- (d) ~~[(e) — A person who]~~ Holds a voluntary travel ID operator's license, and applies for and passes all necessary examinations for a commercial driver's license under KRS Chapter 281A, shall receive a voluntary travel ID commercial driver's license. This paragraph shall not apply to a person who is not a citizen or permanent resident of the United States.

- (4) The fees for initial, renewal, duplicate, or corrected voluntary travel ID or standard operator's licenses, instruction permits, or personal identification cards shall be as set forth under KRS 186.531.
- (5) A voluntary travel ID identity document issued by the cabinet may be used for all state purposes authorized for identity documents otherwise issued under KRS 186.400 to 186.640 and Chapter 281A.
- (6) The Transportation Cabinet shall promulgate administrative regulations under KRS Chapter 13A that set standards for the establishment of a voluntary travel ID identity document system, including but not limited to the components of the system identified in subsection (2) of this section.

➔Section 18. KRS 186.412 (Effective July 1, 2025) is amended to read as follows:

- (1) As used in this section, "applicant" means a person who:
 - (a) Is a citizen or permanent resident of the United States; ***or***
 - (b) ***Meets the minimum requirements for federal recognition in Section 202 of the REAL ID ACT of 2005, as amended, in 49 U.S.C. sec. 30301 note, and has been admitted to the United States as a nonimmigrant pursuant to a compact of free association between the United States and the Republic of the Marshall Islands, the Republic of Palau, or the Federated States of Micronesia.***
- (2) An applicant shall apply for an instruction permit or operator's license with the Transportation Cabinet, or through alternative technology. Except as provided in KRS 186.417, the application form shall require the applicant's:
 - (a) Full legal name and signature;
 - (b) Date of birth;
 - (c) Social Security number or a letter from the Social Security Administration declining to issue a Social Security number;
 - (d) Sex;
 - (e) Present Kentucky resident address, exclusive of a post office box address alone;
 - (f) Other information necessary to permit the application of United States citizens to also serve as an application for voter registration;
 - (g) A brief physical description of the applicant;
 - (h) Proof of the applicant's Kentucky residency, including but not limited to a deed or property tax bill, utility agreement or utility bill, or rental housing agreement; and

- (i) Other information the cabinet may require by administrative regulation promulgated under KRS Chapter 13A.
 - (3) (a) To satisfy the requirements of subsection (2)(e) and (h) of this section, an applicant seeking to obtain a renewal or duplicate operator's license may use a completed form attesting to the lack of an established and fixed nighttime residence of regular return as established in accordance with paragraph (b) of this subsection. The form developed under paragraph (b) of this subsection shall not be used by an applicant for an initial operator's license or instruction permit.
 - (b) The cabinet shall promulgate administrative regulations in accordance with KRS Chapter 13A to develop forms and procedures whereby an applicant for a renewal or duplicate operator's license under this section or KRS 186.4121, or an applicant for an initial, renewal, or duplicate personal identification card under KRS 186.4122 or 186.4123, who does not have an established and fixed nighttime residence of regular return may use as proof of residency, a form, attested to by a homeless shelter, health care facility, or social service agency currently providing the applicant treatment or services, that the applicant is a resident of Kentucky. An applicant who does not have an established and fixed nighttime residence of regular return shall not be issued a voluntary travel ID operator's license under this section or KRS 186.4121.
 - (4) In addition to the information identified in subsection (2) of this section, a:
 - (a) Permanent resident shall present one (1) of the following documents issued by the United States Department of Homeland Security, United States Bureau of Citizenship and Immigration Services:
 - 1. ~~1.(a)~~ An I-551 card with a photograph of the applicant; or
 - 2. ~~2.(b)~~ A form with the photograph of the applicant or a passport with a photograph of the applicant on which the United States Department of Homeland Security, United States Bureau of Citizenship and Immigration Services, has stamped the following: "Processed for I-551. Temporary evidence of lawful admission for permanent residence. Valid until (Expiration Date). Employment authorized."; **and**
 - (b) *Person who meets the definition in subsection (1)(b) of this section shall present a valid, unexpired passport from his or her country of origin, along with one (1) of the following documents issued by the United States Department of Homeland Security, United States Bureau of Citizenship and Immigration Services:*
 - 1. *Form I-94, Arrival/Departure Record number;*
 - 2. *Form I-766, Employment Authorization Document number; or*
 - 3. *Form I-797, Notice of Action receipt number.*
 - (5) Upon application for an operator's license under this section, the cabinet shall capture a photograph of the applicant in accordance with the requirements of KRS 186.4102(1).
 - (6) (a) Except as provided in paragraph (b) of this subsection, the cabinet shall electronically scan the documents required for application under this section and shall electronically retain the application, supporting documents, and the photograph of the applicant. Upon completion of any required examinations under KRS 186.480, the cabinet shall present the applicant with a temporary operator's license or instruction permit, which shall be valid for thirty (30) days until a permanent operator's license or instruction permit is mailed to the applicant by the Transportation Cabinet.
 - (b) The cabinet shall only electronically scan the birth certificate of an individual applying for a voluntary travel ID instruction permit or operator's license. If the applicant is not seeking such a permit or license, the cabinet shall not electronically scan the applicant's birth certificate.
 - (c) An applicant for an operator's license or instruction permit shall not be required to surrender the applicant's birth certificate for image capture, image storage, or image transmission to any entity, including the federal government, unless express consent is given by the applicant during the course of obtaining a voluntary travel ID license or permit.
 - (7) An applicant shall swear an oath to the cabinet as to the truthfulness of the statements contained in the form.
- ➔Section 19. KRS 186.4121 is amended to read as follows:

- (1) As used in this section, "applicant" means a person who:
- (a) Is not a United States citizen;
 - (b) ~~and~~ Has not been granted status as a permanent resident of the United States; *and*
 - (c) ***Does not meet the minimum requirements for federal recognition in Section 202 of the REAL ID ACT of 2005, as amended, in 49 U.S.C. sec. 30301 note, and has not been admitted to the United States as a nonimmigrant pursuant to a compact of free association between the United States and the Republic of the Marshall Islands, the Republic of Palau, or the Federated States of Micronesia.***
- (2) An applicant shall apply for an instruction permit or operator's license to either the Transportation Cabinet in Frankfort or a Transportation Cabinet field office. An applicant under this section shall complete the application identified in KRS 186.412, along with other documents required under this section. The cabinet shall keep an electronic copy of the documentation submitted with the application and shall capture a photograph of the applicant in accordance with KRS 186.4102(1)
- (3) The application form under this section shall be accompanied by the applicant's documentation issued by the United States Department of Homeland Security, United States Bureau of Citizenship and Immigration Services, authorizing the person to be in the United States and, if applicable, the applicant's international driving permit. The Transportation Cabinet shall verify the information submitted under this subsection through the Systematic Alien Verification for Entitlements (SAVE) program.
- (4) The application form of a special status individual with a K-1 status shall be accompanied by an original or certified copy of the applicant's completed marriage license signed by the official who presided over the marriage ceremony and two (2) witnesses. The application form of a special status individual with a K-1 status shall also include the applicant's petition to enter the United States for the purpose of marriage that contains the name of the prospective spouse. If the name of the prospective spouse on the petition does not match the name of the spouse on the marriage license, the Transportation Cabinet shall not be required to issue an operator's license.
- (5) (a) The Transportation Cabinet shall verify and validate the immigration status and personal identity of an applicant under this section through federal government systems and databases.
- (b) If an applicant's identity and immigration status is validated, the cabinet shall capture a photograph of the applicant, and scan the required documents into the cabinet's database.
- (c) If the applicant successfully completes any examinations required under KRS 186.480, or if an examination is not required, the Transportation Cabinet shall present the applicant with a temporary operator's license or instruction permit, which shall be valid for thirty (30) days until a permanent operator's license or instruction permit is mailed to the applicant.
- (d) An applicant under this section shall only be issued a standard operator's license or instruction permit.
- (6) (a) An applicant shall apply to renew an operator's license, or obtain a duplicate operator's license, at the Transportation Cabinet in Frankfort or a Transportation Cabinet field office.
- (b) If an applicant has any type of change in his or her immigration status, the applicant shall apply to update the operator's license with either the Transportation Cabinet in Frankfort or a Transportation Cabinet field office within ten (10) days.
- (7) An applicant shall swear an oath to the Transportation Cabinet as to the truthfulness of the statements contained in the form.
- (8) (a) Except as provided in paragraph (b) of this subsection, an initial or renewal operator's license issued to an applicant who is not a special status individual shall be valid for a period equal to the length of time the applicant's documentation from the United States Department of Homeland Security, United States Bureau of Citizenship and Immigration Services, is valid, or eight (8) years, whichever time period is shorter.
- (b) An initial or renewal operator's license shall be valid for a period of one (1) year if the applicant is not a special status individual and the person's documentation issued by the United States Department of Homeland Security, United States Bureau of Citizenship and Immigration Services, is issued for an indefinite period of time and does not have an expiration date. The fee shall be the same as for a regular operator's license.

➔Section 20. KRS 186.4122 is amended to read as follows:

- (1) As used in this section, "applicant" means a person who:
 - (a) Is a citizen or permanent resident of the United States; *or*
 - (b) *Meets the minimum requirements for federal recognition in Section 202 of the REAL ID ACT of 2005, as amended, in 49 U.S.C. sec. 30301 note, and has been admitted to the United States as a nonimmigrant pursuant to a compact of free association between the United States and the Republic of the Marshall Islands, the Republic of Palau, or the Federated States of Micronesia.*
- (2) The Transportation Cabinet shall issue a personal identification card to an applicant who:
 - (a) Is a Kentucky resident;
 - (b) Applies in person to the cabinet or through alternative technology; and
 - (c) Complies with the provisions of this section.
- (3) Upon application for a personal identification card under this section, the cabinet shall capture a photograph of the applicant in accordance with KRS 186.4102(1).
- (4)
 - (a) Except as provided in paragraph (b) of this subsection, the cabinet shall electronically scan the documents required for application under this section and shall electronically retain the application, supporting documents, and the photograph of the applicant. The cabinet shall present the applicant with a temporary personal identification card, which shall be valid for thirty (30) days until a permanent personal identification card is mailed to the applicant by the Transportation Cabinet.
 - (b) The cabinet shall only electronically scan the birth certificate of an individual applying for a voluntary travel ID personal identification card. If the applicant is not seeking such a document, the cabinet shall not electronically scan the applicant's birth certificate.
 - (c) An applicant for a personal identification card shall not be required to surrender the applicant's birth certificate for image capture, image storage, or image transmission to any entity, including the federal government, unless express consent is given by the applicant during the course of obtaining a voluntary travel ID personal identification card.
- (5)
 - (a) An application for a personal identification card shall be accompanied by the same information as is required for an operator's license under KRS 186.412, except if an applicant does not have an established and fixed nighttime residence of regular return, the applicant may:
 1. Until July 1, 2025, use as proof of residency a signed letter from a homeless shelter, health care facility, or social service agency currently providing the applicant treatment or services and attesting that the applicant is a resident of Kentucky; or
 2. On or after July 1, 2025, follow the procedures outlined in KRS 186.412(3).
 - (b) An applicant who does not have an established and fixed nighttime residence of regular return shall not be issued a voluntary travel ID personal identification card.
 - (c) An applicant for a personal identification card who is at least sixteen (16) years of age but less than eighteen (18) years of age shall not be required to obtain a signature of a parent or legal guardian on the application if the applicant has been verified as a homeless child or youth, as defined in 42 U.S.C. sec. 11434a(2), by at least one (1) of the following:
 1. A director or designee of a governmental or nonprofit agency that receives public or private funding to provide services to homeless people;
 2. A local educational agency liaison for homeless children and youths designated pursuant to 42 U.S.C. sec. 11432(g)(1)(J)(ii), or a school social worker or school counselor;
 3. The director or director's designee of a federal TRIO Program or a Gaining Early Awareness and Readiness for Undergraduate Program; or
 4. A financial aid administrator for an institution of higher education.
 - (d) It shall be permissible for the application form for a personal identification card to include as an applicant's most current resident address a mailing address or an address provided on a voter registration card.

- (e) If the applicant is not the legal owner or possessor of the address provided on the application form, the applicant shall swear that he or she has permission from the legal owner, authorized agent for the legal owner, or possessor to use the address for purposes of obtaining the personal identification card.
- (6) (a) Every applicant for a personal identification card under this section shall swear an oath to the cabinet as to the truthfulness of the statements contained on the application form.
- (b) A personal identification card may be suspended or revoked if the person who was issued the card presents false or misleading information to the cabinet when applying for the card.
- (7) A personal identification card issued under this section shall be valid for a period of eight (8) years from the date of issuance, except that if the personal identification card is issued to a person who does not have an established and fixed nighttime residence of regular return, then the personal identification card shall be valid for one (1) year from the date of issuance.
- (8) (a) An applicant shall not be issued a personal identification card if the applicant currently holds a valid Kentucky instruction permit or operator's license. A person shall not hold more than one (1) license or personal identification card.
- (b) If a person's instruction permit or operator's license has been suspended or revoked, the person may be issued a personal identification card. A personal identification card shall be surrendered when the person applies to have his or her instruction permit or operator's license reinstated.

➔Section 21. KRS 186.4123 is amended to read as follows:

- (1) As used in this section, "applicant" means a person who:
 - (a) Is not a United States citizen;
 - (b) ~~Is not a United States citizen; and~~ Has not been granted status as a permanent resident of the United States; *and*
 - (c) ***Does not meet the minimum requirements for federal recognition in Section 202 of the REAL ID ACT of 2005, as amended, in 49 U.S.C. sec. 30301 note, and has not been admitted to the United States as a nonimmigrant pursuant to a compact of free association between the United States and the Republic of the Marshall Islands, the Republic of Palau, or the Federated States of Micronesia.***
- (2) The Transportation Cabinet shall issue a personal identification card to an applicant who:
 - (a) Is a Kentucky resident;
 - (b) Applies in person to either the Transportation Cabinet in Frankfort or a Transportation Cabinet field office; and
 - (c) Complies with the provisions of this section.
- (3) Upon application for a personal identification card under this section, the cabinet shall capture a photograph of the applicant in accordance with KRS 186.4102(1).
- (4) The cabinet shall electronically scan the documents required for application under this section, supporting documents, and the photograph of the applicant into the cabinet's database.
- (5) (a) An application for a personal identification card shall be accompanied by the same information as is required for an operator's license under KRS 186.412, along with other documents required under this section, except if an applicant does not have an established and fixed nighttime residence of regular return, the applicant may:
 - 1. Until July 1, 2025, use as proof of residency a signed letter from a homeless shelter, health care facility, or social service agency currently providing the applicant treatment or services and attesting that the applicant is a resident of Kentucky; or
 - 2. On or after July 1, 2025, follow the procedures outlined in KRS 186.412(3).
- (b) An applicant who does not have an established and fixed nighttime residence of regular return shall not be issued a voluntary travel ID personal identification card.
- (c) It shall be permissible for the application form for a personal identification card to include as an applicant's most current resident address a mailing address or an address provided on a voter registration card.

- (d) If the applicant is not the legal owner or possessor of the address provided on the application form, the applicant shall swear that he or she has permission from the legal owner, authorized agent for the legal owner, or possessor to use the address for purposes of obtaining the personal identification card.
- (6) The application form under this section shall be accompanied by the applicant's documentation issued by the United States Department of Homeland Security, United States Bureau of Citizenship and Immigration Services, authorizing the applicant to be in the United States. The Transportation Cabinet shall verify the information submitted under this subsection through the Systematic Alien Verification for Entitlements (SAVE) program.
- (7) The application form of a special status individual with a K-1 status shall be accompanied by an original or certified copy of the applicant's completed marriage license signed by the official who presided over the marriage ceremony and two (2) witnesses. The application form of a special status individual with a K-1 status shall also include the applicant's petition to enter the United States for the purpose of marriage that contains the name of the prospective spouse. If the name of the prospective spouse on the petition does not match the name of the spouse on the marriage license, the Transportation Cabinet shall not be required to issue an operator's license.
- (8)
 - (a) The Transportation Cabinet shall verify and validate the immigration status and personal identity of an applicant under this section through federal government systems and databases.
 - (b) If an applicant's identity and immigration status is validated, the cabinet shall capture a photograph of the applicant, scan the required documents into the cabinet's database, and present the applicant with a temporary personal identification card, which shall be valid for thirty (30) days until a permanent personal identification card is mailed to the applicant.
 - (c) An applicant under this section shall only be issued a standard personal identification card.
- (9)
 - (a) An applicant shall apply to renew a personal identification card, or obtain a duplicate personal identification card, at the Transportation Cabinet in Frankfort or a Transportation Cabinet field office.
 - (b) If a person has any type of change in his or her immigration status, the person shall apply to update with either the Transportation Cabinet in Frankfort or a Transportation Cabinet field office within ten (10) days.
- (10)
 - (a) Every applicant for a personal identification card under this section shall swear an oath to the Transportation Cabinet as to the truthfulness of the statements contained on the application form.
 - (b) A personal identification card may be suspended or revoked if the person who was issued the card presents false or misleading information to the cabinet when applying for the card.
- (11)
 - (a) Except as provided in paragraph (b) of this subsection, an initial or renewal personal identification card issued to an applicant who is not a special status individual shall be valid for a period equal to the length of time the applicant's documentation from the United States Department of Homeland Security, United States Bureau of Citizenship and Immigration Services, is valid, or eight (8) years, whichever time period is shorter.
 - (b) A personal identification card shall be valid for a period of one (1) year if:
 - 1. The applicant is not a special status individual and the applicant's documentation issued by the United States Department of Homeland Security, United States Bureau of Citizenship and Immigration Services, is issued for an indefinite period of time and does not have an expiration date. The fee shall be the same as for a regular personal identification card; or
 - 2. The personal identification card is issued to a person who does not have an established and fixed nighttime residence of regular return.

➔Section 22. KRS 186.4125 is amended to read as follows:

In order to apply for a voluntary travel ID identity document under KRS 186.403, the applicant shall present:

- (1) The applicant's certified birth certificate;
- (2) ~~for~~ A valid, unexpired, United States passport or Permanent Resident Card (Form I-551); **or**
- (3) ***For persons who meet the definition of subsection (1)(b) of Section 18 of this Act, a valid, unexpired passport from his or her country of origin, along with one (1) of the following documents issued by the***

United States Department of Homeland Security, United States Bureau of Citizenship and Immigration Services:

- (a) *Form I-94, Arrival/Departure Record number;*
- (b) *Form I-766, Employment Authorization Document number; or*
- (c) *Form I-797, Notice of Action receipt number.*

➔Section 23. KRS 186.456 is amended to read as follows:

- (1) As used in this section, "state police" means the Department of Kentucky State Police.
- (2) From September 1, 2024, until June 30, 2026, the state police shall operate a pilot program to provide operator's license skills testing in ***up to ten (10)***~~{five (5)}~~ counties in which the state police does not provide permanent, full-time, driver licensing testing.
- (3) In administering the pilot project under this section, the state police shall:
 - (a) Identify the counties participating in the pilot project based on both public demand and available state police resources;
 - (b) Provide testing in each county at least ***one (1) time***~~{two (2) times}~~ each month;
 - (c) Accept applications for testing slots through the state police's online application portal;
 - (d) Limit testing only to residents of the pilot project county where the test will be administered;
 - (e) Limit testing only to applicants for an intermediate license under KRS 186.452; and
 - (f) Evaluate service levels, unsubscribed appointments, and no-shows during the term of the pilot project and, if necessary, move the pilot project to another county identified in subsection (2) of this section, while maintaining the pilot project in ***up to ten (10)***~~{at least five (5)}~~ counties during the term of the project.
- (4) The state police shall collect data on testing done under this section and, by October 31, 2025, submit a report to the Legislative Research Commission for referral to the Interim Joint Committee on Transportation providing:
 - (a) Counts of the number of available testing appointments in each county, applicants served, unclaimed testing slots, and no-show appointments;
 - (b) Information regarding how the pilot program affected testing associated with regional licensing offices; and
 - (c) Recommendations on the continuation or expansion of the pilot project.

➔Section 24. KRS 235.130 is amended to read as follows:

- (1) ~~A~~**No** person acting for himself, ***herself***, or another shall ***not*** buy or trade for any motorboat without receiving the certificate of title issued for that boat with a certificate of transfer endorsed thereon. If the motorboat has not been issued a certificate of title as noted on the certificate of registration, ***a county clerk may accept an affidavit of ownership to process the application for title.*** The person shall receive a completed assignment of title on a boat transaction record and the certificate of registration.
- (2) It shall be the duty of the purchaser to promptly submit the endorsed certificate of title or boat transaction record and certificate of registration to the county clerk of the county of the purchaser's residence or in which the motorboat is to be principally operated. The purchaser shall apply for a new certificate of title and registration pursuant to KRS 235.050. The county clerk shall ~~{thereupon}~~ issue to the purchaser a transfer of registration bearing the same data and information. The clerk shall forward the endorsed certificate of title or boat transaction record and certificate of registration and new application for title and registration to the Transportation Cabinet. Except when registration is prohibited by law, any unexpired registration shall remain valid after transfer until expiration occurs according to law.
- (3) For transferring the registration, the clerk shall collect a fee of five dollars (\$5). The clerk shall retain two dollars (\$2), the Transportation Cabinet shall receive two dollars (\$2) and the Department of Fish and Wildlife Resources administratively attached to the Tourism, Arts and Heritage Cabinet shall receive one dollar (\$1). The fee received by the Transportation Cabinet shall be deposited in a trust and agency account for use by the

Transportation Cabinet in defraying the cost of implementing and operating the boat titling and registration program. The fee for transferring the title shall be as required by KRS 235.085.

- (4) If a transferee does not promptly submit the necessary documents to the county clerk as required by law in order to complete the transfer transaction, a transferor may submit to the county clerk, after the passage of fifteen (15) calendar days, in his *or her* county of residence, an affidavit that he *or she* has transferred his *or her* interest in a specific motorboat and the clerk may enter appropriate data into the AVIS system which would restrict any registration transaction from occurring on that vehicle until the transfer was processed.
- (5) If the owner junks or otherwise renders a motorboat unfit for future use, he *or she* shall deliver the title to the county clerk of the county in which the motorboat is junked. The county clerk shall immediately return the title to the Transportation Cabinet. The owner shall pay to the county clerk fifty cents (\$0.50) for his *or her* services.

➔SECTION 25. A NEW SECTION OF KRS CHAPTER 186A IS CREATED TO READ AS FOLLOWS:

- (1) *Except as provided in subsection (2) of this section, on and after July 1, 2026, a lienholder shall participate in the electronic title application and registration system to confirm, release, and manage liens and lien documents.*
- (2) *This section shall not apply to lienholders who are not normally engaged in the business of financing motor vehicles or who are granted an exemption by the cabinet.*

➔Section 26. The following KRS section is repealed:

186A.165 County clerk to complete transmittal record -- Exceptions.

➔Section 27. Sections 17 to 22 of this Act take effect July 1, 2025.

➔Section 28. Whereas there is a need for motor vehicle insurers to use nationally accepted used car valuation or tools to correctly determine the retail value of wrecked, destroyed, or damaged motor vehicles, an emergency is declared to exist, and Sections 12 to 16 of this Act take effect upon its passage and approval by the Governor or upon it otherwise becoming a law.

Became law without Governor's signature March 27, 2025.