

1 AN ACT relating to the Transportation Cabinet titling and registration system.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 186A IS CREATED TO
4 READ AS FOLLOWS:

5 *(1) Upon receipt of a completed application for a motor vehicle title, the cabinet shall*
6 *refrain from issuing a certificate of title in paper form and shall instead create*
7 *only the electronic record of the title to be retained by the cabinet in AVIS with a*
8 *notation that no certificate of title has been printed on paper.*

9 *(2) The owner of a motor vehicle shall be considered to have obtained, and the*
10 *cabinet shall be considered to have issued, a certificate of title when a title record*
11 *has been created electronically as provided in this section.*

12 *(3) An owner listed on a title record created under this section may, at any time,*
13 *make application for a physical copy of the title using the procedures in this*
14 *chapter, and the cabinet shall provide a paper certificate of title for the vehicle. A*
15 *fee shall not be charged for the first paper copy of a title requested for a vehicle*
16 *for which the title is stored electronically under this section.*

17 ➔Section 2. KRS 186A.035 is amended to read as follows:

18 (1) (a) Except for vehicles described in paragraph (b) of this subsection, all motor
19 vehicles, including motorcycles, with a gross vehicular weight of ten thousand
20 (10,000) pounds or less, first registered, or for which the registration is
21 renewed, shall be placed in a system of year-round registration based upon the
22 birth date of the owner, in order to distribute the work of registering motor
23 vehicles as uniformly as practicable throughout the twelve (12) months of the
24 year.

25 (b) Owners of the following motor vehicles may elect to register these vehicles on
26 an annual registration schedule of April 1 to March 31:

27 1. Farm vehicles registered under KRS 186.050(4); or

1 2. Motor vehicles with a gross vehicular weight of ten thousand (10,000)
2 pounds or less that are owned by a business.

3 (2) (a) If the owner of a motor vehicle is other than an individual, the month in which
4 the owning entity came into being shall be used for purposes of this section.

5 (b) Except for motor vehicles jointly owned by spouses under paragraph (c) of
6 this subsection, if a motor vehicle is jointly owned:

7 1. One (1) of the owners, who is a resident of Kentucky, shall be identified
8 as the designated owner;

9 2. The designated owner shall indicate to the county clerk his or her birth
10 date to be used for purposes of this section; and

11 3. If the circumstances of ownership change and the designated owner is
12 no longer an owner of the motor vehicle or no longer a resident of
13 Kentucky, another owner may title the motor vehicle in his or her name
14 if that owner is a resident of Kentucky. If none of the remaining owners
15 are a resident of Kentucky, one (1) of the owners shall title the vehicle
16 in that owner's state of residence.

17 (c) If a motor vehicle is jointly owned by a married couple, the ownership shall
18 exist as a joint tenancy with right of survivorship, unless the registration
19 expressly states to the contrary and gives an alternative specific status. One
20 (1) of the owners shall indicate to the county clerk his or her birth date to be
21 used for purposes of this section. Upon the death of one (1) of the spouses, the
22 jointly-owned vehicle shall transfer to the surviving spouse free from payment
23 of any state-required transfer fees. **The surviving spouse shall include a copy**
24 **of the death certificate with the application for a new title.**

25 **(d) A certificate of title:**

26 **1. May bear the connector "AND" to designate joint ownership. If the**
27 **"AND" connector is used, the signatures of all owners shall be**

- 1 required to transfer the certificate of title;
 2 2. May bear the connector "OR" to designate joint ownership. If the
 3 "OR" connector is used, the signature of only one (1) owner shall be
 4 required to transfer the certificate of title; and
 5 3. Shall not bear the connector "AND/OR" to designate joint ownership.
 6 If a title produced prior to the effective date of this Act bears the
 7 connector "AND/OR," the cabinet and the county clerk shall follow
 8 the procedures in subparagraph 1. of this paragraph in transferring
 9 the certificate of title, unless directed otherwise by a court.

10 (3) The certificate of registration and license plate issued for a motor vehicle first
 11 registered, renewed, or titled in this state shall be valid until the expiration date on
 12 the registration receipt, unless revoked in accordance with KRS 186A.040 or
 13 canceled by the cabinet in accordance with KRS Chapter 186 or this chapter. Any
 14 transaction relating to registration or registration renewal which would cause an
 15 unexpired Kentucky motor vehicle license plate to be surrendered shall have that
 16 unexpired fee prorated or credited against any additional fee required by a
 17 subsequent registration.

18 (4) Except for vehicles registered under subsection (1)(b) of this section, KRS 186.041,
 19 186.042, and 186.162 that have a specified, universal expiration date, after a motor
 20 vehicle has been initially placed in the system of year-round registration, the owner
 21 shall renew the registration annually during the owner's birth month, either by
 22 making application to the county clerk or on the cabinet's website, and paying the
 23 fee required for twelve (12) consecutive months of registration, which shall take
 24 effect on the first day of the month succeeding the owner's birth month and shall
 25 expire on the last day of the owner's next birth month. The county clerk shall collect
 26 the fees set forth in KRS 186.040(1) and (6) for each renewal.

27 (5) At least forty-five (45) days prior to the expiration of the registration of any motor

1 vehicle previously registered in the Commonwealth as provided by subsection (1)
2 of this section, the owner of the vehicle shall be notified by mail or email on the
3 same notice required by KRS 134.805(5) of the date of expiration. Nonreceipt of
4 the notice required by this subsection shall not constitute a defense to any
5 registration-related offense.

6 (6) Any owner who fails to renew the registration of a motor vehicle during the month
7 in which the previous registration expired shall, if he or she applies for renewal of
8 the registration in some later month, pay the same fees that would have been
9 required if the registration had been renewed in the month which the previous
10 registration expired, and, if applicable, the reinstatement fee for a cancelled
11 registration required under KRS 186.040.

12 (7) Fees which must be prorated in carrying out the intent of this section shall be
13 prorated on the basis of twelfths of the annual registration fee. Any vehicle which is
14 registered at any time during a month shall pay the fee required for that whole
15 month plus any additional months of registration purchased consistent with the
16 intent of the section.

17 (8) The county clerk shall ensure that the certificate of registration issued to an owner
18 displays the month and year in which the registration period begins and the month
19 and year of its expiration, and shall issue to the owner a decal or decals
20 corresponding to the month and year of expiration shown in the certificate of
21 registration which shall be placed upon the corresponding license plate by the
22 owner in the manner required by administrative regulations of the Department of
23 Vehicle Regulation.

24 ➔Section 3. KRS 186A.115 is amended to read as follows:

25 (1) (a) Except as otherwise provided in this section, the owner of every vehicle
26 brought into this state and required to be titled in this state shall, before
27 submitting his or her application for title to the county clerk, have the vehicle

1 together with his or her application for title and its supporting documents
2 inspected by a certified inspector in the county in which the application for
3 title is to be submitted to the county clerk.

4 (b) An owner of a military surplus vehicle seeking title in this state shall, before
5 submitting his or her application for title to the county clerk, have the vehicle
6 together with his or her application for title and its supporting documents
7 inspected by a certified inspector in the county in which the application for
8 title is to be submitted to the county clerk.

9 (2) For inspections under this section:

10 (a) The certified inspector shall be certified through the Department of Vehicle
11 Regulation following requirements set forth by the department by regulation
12 and shall be designated by the county sheriff if the inspector is a current
13 member of his or her office or a special inspector appointed pursuant to KRS
14 70.030. The certified inspector will be held responsible for all certifications
15 required pursuant to this chapter and will be liable for any and all penalties
16 prescribed in this chapter, and shall be available during regular office hours at
17 any and all offices and branches that issue applications for titles;

18 (b) There shall be a fee for this certification, payable to the sheriff's office, and
19 the fee shall be retained by the sheriff's office for official expenses of the
20 office upon completion of certification, in the amount of:

21 1. Thirty dollars (\$30) for a motor vehicle dealer that qualifies to have an
22 employee appointed as a special inspector under paragraph (d) of this
23 subsection;

24 2. Fifteen dollars (\$15) for a motor vehicle dealer that does not qualify to
25 have an employee appointed as a special inspector under paragraph (d)
26 of this subsection; or

27 3. Fifteen dollars (\$15) for an individual person;

- 1 (c) There shall be an additional fee of twenty dollars (\$20) per trip when it
2 becomes necessary for the certified inspector to travel to the site of the vehicle
3 rather than bringing the vehicle to the sheriff's inspection area;
- 4 (d) A sheriff may appoint up to two (2) employees of a motor vehicle dealer that
5 is licensed under KRS Chapter 190 and doing business in the sheriff's county
6 as special inspectors if the motor vehicle dealer is:
- 7 1. A new motor vehicle dealer; or
 - 8 2. A used motor vehicle dealer that has sold an average of one hundred
9 (100) or more motor vehicles per month in the preceding twelve (12)
10 months;
- 11 (e) A special inspector appointed under paragraph (d) of this subsection is only
12 authorized to perform motor vehicle inspections and complete certified
13 inspection forms under this section for vehicles purchased by that dealership
14 for resale and shall have his or her special inspector status revoked if he or she
15 is no longer an active employee of that dealership; and
- 16 (f) An inspection conducted in one (1) county within the Commonwealth of
17 Kentucky under this subsection, and the fees paid for that inspection under
18 this subsection, shall be honored by the certified inspector, sheriff, and county
19 clerk in all other counties within this state. A second inspection shall not be
20 required and additional fees shall not be required.
- 21 (3) The Transportation Cabinet may require that modifications be made to a military
22 surplus vehicle. Any modifications required by the cabinet under this section shall
23 be made to the military surplus vehicle prior to its inspection.
- 24 (4) The Transportation Cabinet shall promulgate administrative regulations pursuant to
25 KRS Chapter 13A to implement the provisions of subsections (1)(b) and (3) of this
26 section, including but not limited to vehicle modification requirements and the
27 creation of a separate electronic inspection form. The Transportation Cabinet shall

1 note that military vehicles were originally manufactured under the federally
2 mandated requirements set forth in 49 C.F.R. sec. 571.7 and shall only require these
3 vehicles to meet applicable federal motor vehicle safety standards.

4 (5) The following vehicles are excluded from the requirement of inspection by a
5 certified inspector prior to titling in this state:

6 (a) New motor vehicles sold by a dealer licensed in this state;

7 (b) Vehicles required to be registered in this state by reason of lack of a
8 reciprocity agreement with another state and for which a nonnegotiable
9 registration document is to be issued;

10 (c) Motor vehicles operated by a motor carrier under a nonnegotiable certificate
11 or permit issued by the Department of Vehicle Regulation;

12 (d) Motor vehicles owned by servicemen or servicewomen who are residents of
13 Kentucky stationed outside of Kentucky may be inspected by the post provost
14 or similar officer of the camp, post, or station. The post provost or similar
15 officer shall submit an affidavit stating the name of the owner, the
16 identification or serial number, the make, body style, current license or title
17 number, if any, and state in which currently registered or titled, if any, of the
18 motor vehicle;

19 (e) Motor vehicles purchased in another state by persons who are residents of
20 Kentucky but are temporarily residing out of state for at least thirty (30) days,
21 but not longer than nine (9) months, may after the purchase of the vehicle be
22 inspected by the state police, a local law enforcement agency, or the vehicle
23 inspection program of another state. If an inspector in another state examines
24 a vehicle under this paragraph, the purchaser may request the inspector to
25 complete an affidavit stating the name of the owner, the vehicle identification
26 number, the vehicle make and body style, the current state of registration, if
27 any, and the current vehicle license or title number, if any. The Transportation

- 1 Cabinet shall create an affidavit form containing at a minimum this
2 information and shall post the form on the cabinet's internet website. A person
3 using an inspector in another state under this paragraph shall comply with all
4 requirements of that state's inspection program, including payment of fees
5 charged in that state. A person registering a motor vehicle for the first time in
6 Kentucky under this paragraph shall transmit the application for registration,
7 all supporting documentation, and payment for registration and usage tax to
8 the county clerk of the county in which the person resides, and upon receipt of
9 the appropriate documentation, the county clerk shall register the vehicle; and
- 10 (f) Motor vehicles no longer located in Kentucky but which require inspection in
11 order to issue a corrected Kentucky title due to error in vehicle identification
12 or serial number may be inspected by an inspector authorized to inspect
13 vehicle identification or serial number by the laws of the state or foreign
14 country where application for a new title has been submitted.
- 15 (6) When presented to a certified inspector for inspection and to a county clerk for
16 processing, the owner's application for a first certificate of registration or title in his
17 or her name shall be accompanied by a current operator's license from Kentucky or
18 another state and one (1) of the following documents as applicable:
- 19 (a) If the vehicle is a new vehicle not previously registered in this state, the
20 properly assigned manufacturer's statement of origin for the vehicle for which
21 registration or title is sought;
- 22 (b) If the vehicle was last registered in this state, and is a vehicle for which a title
23 is not required in this state, a certificate of registration, or if the vehicle is one
24 for which a certificate of title is required in this state, a properly assigned
25 certificate of title;
- 26 (c) If the vehicle was last previously titled in another state, a properly assigned
27 certificate of title;

- 1 (d) If the application refers to a vehicle previously registered in another country,
2 the documents of that country establishing ownership of the vehicle;
- 3 (e) If the application refers to a vehicle last previously registered in another
4 country by a person on active duty in the Armed Forces of the United States,
5 the county clerk may accept on behalf of the Department of Vehicle
6 Regulation evidence of ownership provided the applicant by the United States
7 Department of Defense; and
- 8 (f) Except as provided in KRS 186A.072(2)(c) governing custom-built
9 motorcycles, if the application relates to a vehicle which has been specially
10 constructed or reconstructed, that fact shall be stated in the application, and
11 the application shall be accompanied by the documents specified by
12 administrative regulations of the Department of Vehicle Regulation.
- 13 (7) When requested to inspect a vehicle pursuant to this section, the certified inspector
14 shall personally and physically inspect the vehicle, when registration or title is
15 sought in this state, on the following points:
- 16 (a) He or she shall compare the vehicle identification number as appearing on
17 both the vehicle identification number plate, and the federal safety standards
18 label of the vehicle which is sought to be registered or titled, with the
19 corresponding number inscribed on the application, and its supporting
20 documentation, and ensure that the vehicle identification number appearing at
21 each described location appears legitimate and that they are consistent with
22 each other;
- 23 (b) He or she shall examine the primary odometer of the vehicle and
24 electronically record the reading in the space provided in the inspection
25 section of the application;
- 26 (c) After exercising due diligence in inspecting the vehicle and its supporting
27 documentation, and finding that they appear to be in order, the certified

1 inspector shall execute the electronic certificate of inspection according to its
2 terms by electronically inputting in the spaces provided his or her first name,
3 middle initial, and last name, certified inspector number, his or her title; the
4 name of the county in which he or she serves; and the telephone number
5 including the telephone area code of his or her agency, and enter the month,
6 day, and year in which his or her inspection was made, certifying under
7 penalty of forgery in the second degree the character, accuracy, and date of
8 his or her inspection; and

9 (d) A certified inspector number shall not be subject to an open records request
10 under KRS 61.870 to 61.884 unless otherwise required by a court order.

11 (8) The certified inspector shall refrain from executing the certificate of inspection if:

12 (a) He or she has not personally and physically inspected the vehicle in
13 accordance with this section;

14 (b) He or she has reason to believe that the vehicle displays an unlawfully altered
15 vehicle identification number;

16 (c) The application and any of its copies are illegible or otherwise improperly
17 executed, or contain information reasonably believed to be inaccurate or
18 fraudulent;

19 (d) The documentation required in support of any application is not present, or
20 not consistent with the vehicle and the owner's application or appears
21 fraudulent; or

22 (e) He or she has probable cause to believe the vehicle is stolen.

23 (9) (a) Inspections on motor vehicles that meet the definition of a "historic vehicle"
24 under KRS 186.043(2) and are brought into this state shall be limited to
25 verification of the vehicle identification number with supporting
26 documentation for purposes of titling.

27 (b) Inspections on motor vehicles that meet the definition of a classic motor

1 vehicle project as set forth in KRS 186A.510 shall be limited to verification of
2 the vehicle identification number with supporting documentation for purposes
3 of issuing a classic motor vehicle project certificate of title under KRS
4 186A.535(1).

5 (10) The electronic certificate of inspection shall not be handled by any person or
6 persons other than those designated individuals within the offices of the sheriff,
7 county clerk, or other state office.

8 (11) The Transportation Cabinet shall promulgate administrative regulations pursuant to
9 KRS Chapter 13A to implement the provisions of this section, including but not
10 limited to special inspectors classified as dealer inspectors only and the creation of
11 an electronic certified vehicle inspection form and receipt.

12 ➔Section 4. KRS 186A.190 is amended to read as follows:

13 (1) Except as provided in subsection (6) of this section and in KRS 355.9-311(4), the
14 perfection of a security interest in any property for which has been issued a
15 Kentucky certificate of title shall be by notation on the certificate of title which
16 shall be deemed to have occurred when the provisions of subsection (3) of this
17 section have been complied with. Discharge of a security interest shall be by
18 notation on the certificate of title. Notation shall be made by the entry of
19 information required by subsection (9) of this section into the Automated Vehicle
20 Information System. The notation of the security interest on the certificate of title
21 shall be in accordance with this chapter and shall remain effective from the date on
22 which the security interest is noted on the certificate of title for a period of ten (10)
23 years, or, in the case of a manufactured home, for a period of thirty (30) years, or
24 until discharged under this chapter and KRS Chapter 186. The filing of a
25 continuation statement within the six (6) months preceding the expiration of the
26 initial period of a notation's effectiveness extends the expiration date for five (5)
27 additional years, commencing on the day the notation would have expired in the

1 absence of the filing. Succeeding continuation statements may be filed in the same
2 manner to continue the effectiveness of the initial notation.

3 (2) A motor vehicle dealer, a secured party or its representative, an assignee of a retail
4 installment contract lender, the cabinet, or a county clerk shall rely on a county of
5 residence designated by the debtor on any approved, notarized state form utilized in
6 lien titling or the title transfer process signed by the debtor. Reliance on the
7 foregoing by the motor vehicle dealer, secured parties, cabinet, and county clerk
8 shall relieve those persons from liability to any third party claiming failure to
9 comply with this section.

10 (3) Except as provided in subsection (6) of this section, the notation of security
11 interests relating to property required to be titled under this chapter in Kentucky
12 through the cabinet shall be done in the office of a county clerk. The notation of a
13 security interest shall reflect the county in which the debtor resides as determined
14 by subsections (2) and (4) of this section. The security interest shall be deemed to
15 be noted on the certificate of title and perfected, or deemed perfected at the time the
16 security interest attaches as provided in KRS 355.9-203, if in compliance with KRS
17 186A.195 ~~(8)~~⁽⁷⁾, when a title lien statement:

- 18 (a) Is received by the county clerk, together with the required fees;
- 19 (b) Describes the titled vehicle, or vehicle to be titled, by year, model, make, and
20 vehicle identification number;
- 21 (c) Provides the name of the secured party, or a representative of the secured
22 party, together with the additional information about the secured party
23 required by subsection (9) of this section with reasonable particularity; and
- 24 (d) Includes the date and time-stamped entry of the notation of the security
25 interest by the county clerk of the required information in the Automated
26 Vehicle Information System (AVIS), or its successor title processing system
27 maintained by the Division of Motor Vehicle Licensing of the Transportation

1 Cabinet.

2 (4) Except as provided in subsection (6) of this section, if the debtor is other than a
3 natural person, the following provisions govern the determination of the county of
4 the debtor's residence:

5 (a) A partnership shall be deemed a resident of the county in which its principal
6 place of business in this state is located. If the debtor does not have a place of
7 business in this state, then the debtor shall be deemed a nonresident for
8 purposes of filing in this state;

9 (b) A limited partnership organized under KRS Chapter 362 or as defined in KRS
10 362.2-102(14) shall be deemed a resident of the county in which its principal
11 place of business is located, as set forth in its certificate of limited partnership
12 or most recent amendment thereto filed pursuant to KRS Chapter 362 or
13 362.2-202. If the office is not located in this state, the debtor shall be deemed
14 a nonresident for purposes of filing in this state;

15 (c) A limited partnership not organized under the laws of this state and authorized
16 to do business in this state shall be deemed a resident of the county in which
17 the office of its process agent is located, as set forth in the designation or most
18 recent amendment thereto filed with the Secretary of State of the
19 Commonwealth of Kentucky;

20 (d) A corporation organized under KRS Chapter 271B, 273, or 274 or a limited
21 liability company organized under KRS Chapter 275 shall be deemed a
22 resident of the county in which its registered office is located, as set forth in
23 its most recent corporate filing with the Secretary of State which officially
24 designates its current registered office;

25 (e) A corporation not organized under the laws of this state, but authorized to
26 transact or do business in this state under KRS Chapter 271B, 273, or 274, or
27 a limited liability company not organized under the laws of this state, but

- 1 authorized to transact business in this state under KRS Chapter 275, shall be
2 deemed a resident of the county in which its registered office is located, as set
3 forth in its most recent filing with the Secretary of State which officially
4 designates its current registered office;
- 5 (f) A cooperative corporation or association organized under KRS Chapter 272
6 shall be deemed a resident of the county in which its principal business is
7 transacted, as set forth in its articles of incorporation or most recent
8 amendment thereto filed with the Secretary of State of the Commonwealth of
9 Kentucky;
- 10 (g) A cooperative corporation organized under KRS Chapter 279 shall be deemed
11 a resident of the county in which its principal office is located, as set forth in
12 its articles of incorporation or most recent amendment thereto filed with the
13 Secretary of State of the Commonwealth of Kentucky;
- 14 (h) A business trust organized under KRS Chapter 386 shall be deemed a resident
15 of the county in which its principal place of business is located, as evidenced
16 by the recordation of its declaration of trust in that county pursuant to KRS
17 Chapter 386;
- 18 (i) A credit union organized under Subtitle 6 of KRS Chapter 286 shall be
19 deemed a resident of the county in which its principal place of business is
20 located, as set forth in its articles of incorporation or most recent amendment
21 thereto filed with the Secretary of State of the Commonwealth of Kentucky;
22 and
- 23 (j) Any other organization defined in KRS 355.1-201 shall be deemed a resident
24 of the county in which its principal place of business in this state is located,
25 except that any limited liability company, limited liability partnership, limited
26 partnership, or corporation not organized under the laws of this state and not
27 authorized to transact or do business in this state shall be deemed a

1 nonresident for purposes of filing in this state. If the organization does not
2 have a place of business in this state, then it shall be deemed a nonresident for
3 purposes of filing in this state.

4 If the debtor does not reside in the Commonwealth, the notation of the security
5 interest shall be done in the office of the county clerk in which the property is
6 principally situated or operated. Notwithstanding the existence of any filed
7 financing statement under the provisions of KRS Chapter 355 relating to any
8 property registered or titled in Kentucky, the sole means of perfecting and
9 discharging a security interest in property for which a certificate of title is required
10 by this chapter is by notation on the property's certificate of title under the
11 provisions of this chapter or in accordance with the provisions of KRS 186.045(3).
12 In other respects the security interest is governed by the provisions of KRS Chapter
13 355.

14 (5) Except as provided in subsection (6) of this section, before ownership of property
15 subject to a lien evidenced by notation on the certificate of title may be transferred,
16 the transferor shall obtain the release of the prior liens in his or her name against the
17 property being transferred. Once a security interest has been noted on the owner's
18 title, a subsequent title shall not be issued by any county clerk free of the notation
19 unless it has been noted in the system of record established under KRS 186A.195
20 that the security interest has been discharged. If this requirement is met, information
21 relating to any security interest shown on the title as having been discharged may be
22 omitted from the title to be issued by the clerk. If information relating to the
23 discharge of a security interest is presented to a clerk under the provisions of KRS
24 186.045(3), the clerk shall discharge the security interest and remove the lien
25 information from AVIS.

26 (6) Notwithstanding subsections (1) to (5) of this section, a county clerk shall,
27 following inspection of the vehicle by the sheriff, to determine that the vehicle has

1 not been stolen, issue a new ownership document to a vehicle, clear of all prior
2 liens, to a person after he or she provides to the county clerk an affidavit devised by
3 the Transportation Cabinet and completed by the person. The ownership document
4 presented as a result of this affidavit shall be in accordance with subsection (7) of
5 this section. In the affidavit, the affiant shall attest that:

- 6 (a) The affiant or the agent of the affiant possesses the vehicle;
7 (b) Before he or she provided the notices required by paragraphs (c) and (d) of
8 this subsection:

9 1. A debt on the vehicle has been owed him or her for more than thirty (30)
10 days;

11 2. Within thirty (30) days of payment of damages by an insurance
12 company and receipt by the current owner of the motor vehicle or
13 lienholder of damages pursuant to a claim settlement which required
14 transfer of the vehicle to the insurance company, the insurance company
15 has been unable to obtain:

16 a. A properly endorsed certificate of title on the vehicle from the
17 current owner; and

18 b. If applicable, any lien satisfactions; or

19 3. a. The vehicle was voluntarily towed or transported pursuant to a
20 request of the current owner or an insurance company that a motor
21 vehicle dealer, licensed as a used motor vehicle dealer and motor
22 vehicle auction dealer, take possession of and store the motor
23 vehicle in the regular course of business; and

24 b. Within forty-five (45) days of taking possession of the motor
25 vehicle, the motor vehicle dealer has not been paid storage fees by
26 the current owner or lienholder and has not been provided both a
27 properly endorsed certificate of title and if applicable, any lien

- 1 (c) If subsection (6)(b)2. or 3. of this section applies and the vehicle does not
2 meet the requirements for a salvage title as stated in KRS 186A.520(1)(a), the
3 new ownership document shall be a title.
- 4 (8) No more than two (2) active security interests may be noted upon a certificate of
5 title.
- 6 (9) In noting a security interest upon a certificate of title, the county clerk shall ensure
7 that the certificate of title bears the lienholder's name, mailing address and zip code,
8 the date the lien was noted, the notation number, and the county in which the
9 security interest was noted. The clerk shall obtain the information required by this
10 subsection for notation upon the certificate of title from the title lien statement
11 described in KRS 186A.195.
- 12 (10) For all the costs incurred in the notation and discharge of a security interest on the
13 certificate of title, the county clerk shall receive the fee prescribed by KRS 64.012.
14 The fee prescribed by this subsection shall be paid at the time of submittal of the
15 title lien statement described in KRS 186A.195.
- 16 (11) A copy of the application, certified by the county clerk, indicating the lien will be
17 noted on the certificate of title shall be forwarded to the lienholder.
- 18 **(12) (a) Any lien or security interest under this chapter may be electronically**
19 **transmitted to the cabinet through the electronic title application and**
20 **registration system.**
- 21 **(b) Notwithstanding the provisions of this section and KRS 186A.074 and**
22 **186A.015 that require a lien on a motor vehicle to be noted on the face of**
23 **the title, if there are one (1) or more liens on a motor vehicle, the cabinet**
24 **may electronically transmit the lien to the first lienholder and notify the first**
25 **lienholder of any additional liens.**
- 26 **(c) Subsequent lien satisfactions may be electronically transmitted to the**
27 **cabinet and shall include the name and address of the person satisfying the**

1 lien. Any documents electronically transmitted under this subsection
 2 bearing an electronic signature, as defined in KRS 369.102, shall be
 3 accepted in accordance with KRS 369.107 and shall not require
 4 notarization.

5 (d) When the electronic transmission of liens and lien satisfactions are used, a
 6 certificate of title shall not be issued until the last lien is satisfied and a
 7 clear certificate of title is issued to the owner of the vehicle.

8 (e) When a vehicle is subject to a lien filed electronically:

9 1. The certificate of title shall be considered to be physically held by the
 10 lienholder for purposes of compliance with state and federal odometer
 11 disclosure requirements; and

12 2. A printed paper title is not required.

13 (f) A duly certified copy of the cabinet's electronic record of the lien shall be
 14 admissible in any civil, criminal, or administrative proceedings in this state
 15 as evidence of the existence of the lien.

16 (13) If a security interest expires without being renewed, the cabinet shall remove the
 17 lien from the certificate of title in the AVIS system.

18 ➔Section 5. KRS 186A.195 is amended to read as follows:

19 (1) As used in this section, submission of a title lien statement refers to the presentation
 20 of a title lien statement, along with the fees required under KRS 64.012(1)(b), to the
 21 cabinet through any county clerk's office in the Commonwealth.

22 (2) A title lien statement bearing an electronic signature, as defined in KRS 369.102,
 23 shall be accepted in accordance with KRS 369.107 and shall not require
 24 notarization.

25 (3) Upon submission of a title lien statement, the county clerk shall use the information
 26 on the form to note the security interest on the certificate of title in accordance with
 27 KRS 186A.190(9). Title lien statements may be made available to the general

1 public. However, public availability of a title lien statement shall not be considered
2 necessary or effective to perfect a security interest in property required to be
3 registered or titled in accordance with this chapter.

4 ~~(4)~~~~(3)~~ (a) If the submission of a title lien statement accompanies the application
5 for first title of any property in the name of an owner, the county clerk shall
6 enter the information required by KRS 186A.190(9) into the system of record
7 so as to allow the cabinet to:
8 1. Use the system of record as a centralized, statewide repository for lien
9 filings; and
10 2. Produce a certificate of title bearing the information designated by KRS
11 186A.190(9), as well as any other information required by the cabinet.

12 (b) After the information has been entered, the county clerk shall produce a
13 certificate of registration, if required.

14 ~~(5)~~~~(4)~~ (a) If the form prescribed by KRS 186A.060 indicates a pending lien, but
15 the title lien statement does not accompany the application for title, the county
16 clerk shall enter into the system of record the name and address of the
17 lienholder or that a lien is pending. The county clerk shall indicate a title shall
18 not be issued until either the title lien statement and the required fees are
19 submitted, or in thirty (30) days, whichever occurs first. The county clerk
20 shall then issue the registration.

21 (b) After submission of the title lien statement, the county clerk shall enter the
22 date of lien notation and the notation number into the system of record,
23 enabling the cabinet to record the lien in the system of record and produce a
24 title.

25 ~~(6)~~~~(5)~~ If a certificate of title is issued after the thirty (30) day time window identified
26 in subsection ~~(5)~~~~(4)~~ of this section has expired without the notation of a security
27 interest, or if a title has been issued because there was no provision made for a lien

1 to be noted within thirty (30) days, a secured party wishing to note a security
2 interest on a title shall submit a title lien statement. The county clerk shall enter the
3 information required by KRS 186A.190(9) into the system of record and a new
4 certificate of title reflecting the security interest shall be produced.

5 ~~(7)~~~~(6)~~ The fee for the filing of a title lien statement through the electronic title
6 application and registration system shall be transferred electronically to the county
7 clerk of the county in which the debtor resides.

8 ~~(8)~~~~(7)~~ The security interest noted on the certificate of title shall be deemed perfected
9 at the time the security interest attaches in accordance with KRS 355.9-203 if the
10 secured party submits a properly completed title lien statement with application for
11 first title or, in the case of property previously titled in the name of the debtor,
12 within thirty (30) days of attachment. Otherwise, the security interest shall be
13 deemed perfected at the time that the title lien statement is submitted.

14 ➔Section 6. KRS 186A.145 is amended to read as follows:

15 (1) Except as provided in subsections (2) and (3) of this section, a county clerk shall
16 not process an application for Kentucky title and registration from or to any
17 Kentucky resident who has a delinquent motor vehicle ad valorem property tax
18 account.

19 (2) This section shall not apply to transactions involving:

20 (a) Licensed Kentucky motor vehicle dealers;

21 (b) A person who is engaged in the business of storing or towing motor vehicles,
22 applying for a new title under KRS 376.275(1)(c);

23 (c) *Individuals when the delinquent motor vehicle ad valorem property taxes*
24 *are owed by a previous owner who is not a party to the transaction;* or

25 ~~(d)~~~~(c)~~ A secured party applying for a repossession title under KRS 186.045(6).

26 (3) (a) For any vehicle obtained as the result of a claim on a motor vehicle insurance
27 policy, an insurer and its agent shall not be responsible for the payment of any

1 delinquent motor vehicle ad valorem property taxes owed by any previous
2 owner, when:

- 3 1. Applying for a regular or salvage title; or
- 4 2. Transferring ownership of the vehicle to another party.

5 (b) The owner of a motor vehicle that was transferred to an insurer or its agent
6 under paragraph (a) of this subsection shall remain responsible for any
7 delinquent motor vehicle ad valorem property taxes owed prior to the transfer.

8 (4) An insurer shall not be exempt from any motor vehicle ad valorem property taxes
9 owed on any vehicle that it owns:

- 10 (a) As a part of its business operations; or
- 11 (b) On January 1, that was obtained as the result of a claim on a motor vehicle
12 insurance policy.

13 ➔Section 7. KRS 186A.100 is amended to read as follows:

14 (1) A motor vehicle dealer licensed under KRS 186.070 who sells a vehicle for use
15 upon the highways of this state or another state shall equip the vehicle with a
16 temporary tag executed in the manner prescribed below, which shall be valid for
17 sixty (60) days from the date the vehicle is delivered to the purchaser. The cost of
18 the tag shall be two dollars (\$2), of which the clerk shall retain one dollar (\$1). A
19 motor vehicle dealer licensed under KRS 186.070 shall apply to the county clerk of
20 the county in which the dealer maintains his principal place of business for issuance
21 of temporary tags. Application shall be made for such tags on forms supplied to the
22 county clerk by the Transportation Cabinet.

23 (2) The county clerk of any county who receives a proper application for issuance of
24 temporary tags shall record the number of each tag issued upon the application of
25 the dealer for temporary~~[such]~~ tags, or if a group of consecutively numbered
26 temporary tags are issued to a dealer in connection with a single application, record
27 the beginning and ending numbers of the group on the application.

- 1 (3) The clerk shall retain, for a period of two (2) years, one (1) copy of the dealer's
2 temporary tag application, and ensure that it reflects the numbers appearing on the
3 tags issued with respect to ~~the~~^{such} application. **These copies may be kept by the**
4 **county clerk in an electronic format.**
- 5 (4) If the owner of a motor vehicle submits to the county clerk a properly completed
6 application for Kentucky certificate of title and registration pursuant to KRS
7 186A.120, any motor vehicle required to be registered and titled in Kentucky, that
8 is not currently registered and titled in Kentucky, may be equipped with a
9 temporary tag, which shall be valid for sixty (60) days from the date of issuance,
10 issued by the county clerk for the purpose of operating the vehicle in Kentucky
11 while assembling the necessary documents in order to title and register the vehicle
12 in Kentucky. The Transportation Cabinet may **promulgate**~~establish~~ administrative
13 regulations governing this section.
- 14 (5) The county clerk may issue a temporary tag to the owner of a motor vehicle that is
15 currently registered and titled in Kentucky. A temporary tag authorized by this
16 subsection shall be used for emergency or unusual purposes as determined by the
17 clerk for the purpose of maintaining the owner's current registration. A temporary
18 tag authorized by this subsection may only be issued by the county clerk and shall
19 be valid for a period of between twenty-four (24) hours and seven (7) days, as
20 determined is necessary by the clerk. A county clerk shall not issue a temporary tag
21 authorized by this subsection unless the owner of the motor vehicle applying for the
22 tag presents proof of motor vehicle insurance pursuant to KRS 304.39-080. ~~On and~~
23 ~~after January 1, 2006,~~ If the motor vehicle is a personal motor vehicle as defined in
24 KRS 304.39-087, proof of insurance shall be determined by the county clerk as
25 provided in KRS 186A.042. A temporary tag issued pursuant to this subsection
26 shall not be reissued by the county clerk for the same owner and same motor
27 vehicle within one (1) year of issuance of a temporary tag.

1 ➔Section 8. KRS 186A.017 is amended to read as follows:

- 2 (1) The cabinet shall establish an electronic title application and registration system
 3 which allows the submission of the required forms and signatures electronically in
 4 lieu of the paper application process for titles and salvage titles.
- 5 (2) The electronic title application and registration system established under this
 6 section shall:
- 7 (a) Collect all the necessary information required under KRS 186A.060;
- 8 (b) Collect and electronically transmit all fees imposed under KRS 186.040,
 9 186.050, 186.162, and 186A.130, any fees imposed under subsection ~~(Z)~~~~(6)~~
 10 of this section, and the motor vehicle use tax levied under KRS 138.460;
- 11 (c) Accept electronic signatures which satisfy the requirements of KRS 369.101
 12 to 369.120; and
- 13 (d) Transmit the information in a secure manner.
- 14 (3) An approved entity that wishes to use the electronic title application and registration
 15 system shall transmit all application documents, required electronic signatures, and
 16 fees through the system to the county clerk of the county in which either the
 17 purchaser of the vehicle resides or the motor vehicle dealer selling the vehicle is
 18 located.
- 19 **(4) (a) Prior to July 1, 2027, a county clerk who receives an application transmitted**
 20 **through the electronic title application and registration system shall process**
 21 **the application within three (3) business days of receiving the application.**
- 22 **(b) On or after July 1, 2027,** if the electronic title application and registration
 23 **system** is operational, a county clerk who receives an application transmitted
 24 through the system shall~~[-,]~~ **process the application** by 3 p.m. the next
 25 business day.
- 26 **(c) In processing an application under this section, the county clerk shall[-,]**
 27 either:

1 1.~~[(a)]~~ Accept the application and forward it to the cabinet; or

2 2.~~[(b)]~~ Reject the application and return it to the approved entity.

3 (5)~~[(4)]~~ An entity that wishes to become an approved entity for the purposes of this
4 chapter shall submit an application to the cabinet, along with a one hundred fifty
5 dollar (\$150) application fee. If approved, the entity shall pay an annual registration
6 fee to the cabinet. All fees collected under this subsection shall be deposited into
7 the road fund.

8 (6)~~[(5)]~~ The cabinet shall enter into contracts with qualified third-party providers to
9 integrate with AVIS and other systems to provide software and programs to
10 approved entities to facilitate electronic vehicle registration, titling, and filing of
11 title lien statements. A third party that contracts with the cabinet under this section
12 may act on behalf of the cabinet and county clerks in receiving, processing, and
13 transmitting to the county clerk title and registration applications, salvage title
14 applications, title lien statements, and related documents and fees.

15 (7)~~[(6)]~~ Any agreement with the cabinet and a third-party provider under subsection
16 (6)~~[(5)]~~ of this section shall authorize an online transaction fee to be charged by the
17 third-party provider to an approved entity. A motor vehicle dealer licensed under
18 KRS Chapter 190 who uses the electronic title application and registration system
19 to file the documentation necessary to obtain a certificate of title, salvage title, or
20 registration for the purchaser of a vehicle shall collect from the purchaser any fees
21 charged for the transaction by the third-party provider. The dealer shall remit fees
22 collected under this subsection to the county clerk through the electronic title
23 application and registration system. Except for salvage title applications, any
24 transaction fee charged under this subsection shall be listed separately on the
25 buyer's order and identified as "online system filing fee."

26 (8)~~[(7)]~~ The cabinet shall promulgate administrative regulations in accordance with
27 KRS Chapter 13A to establish qualifications for approved entities and procedures

1 for the electronic title application and registration system.

2 ➔Section 9. KRS 186A.220 is amended to read as follows:

- 3 (1) Except as otherwise provided in this chapter, when any motor vehicle dealer
4 licensed in this state buys or accepts~~[such]~~ a **motor** vehicle **or all-terrain vehicle as**
5 **defined in KRS 189.010** in trade, which has been previously registered or titled for
6 use in this or another state, and which **the dealer**~~[he]~~ holds for resale, **the dealer**~~[he]~~
7 shall not be required to obtain a certificate of title for it, but shall, within fifteen
8 (15) days after acquiring such vehicle, notify the county clerk of the assignment of
9 the motor vehicle to his dealership and pay the required transferor fee.
- 10 (2) Upon purchasing~~[such]~~ a **motor** vehicle **or all-terrain vehicle**, or accepting it in
11 trade, the dealer shall obtain from **the**~~[his]~~ transferor, properly executed, all
12 documents required by KRS 186A.215, to include the odometer disclosure
13 statement thereon, together with a properly assigned certificate of title.
- 14 (3) The dealer shall execute **the**~~[his]~~ application for assignment upon documents
15 designated by the Department of Vehicle Regulation, to the county clerk of the
16 county in which **the dealer**~~[he]~~ maintains his principal place of business. **The**~~[Such]~~
17 clerk shall enter the assignment **into AVIS**~~[upon the automated system]~~.
- 18 (4) The dealer shall retain the properly assigned certificate of title received from
19 **the**~~[his]~~ transferor, and may make any reassignments **on the title**~~[thereon]~~ until the
20 forms for dealer assignment on the certificate of title are exhausted. The
21 Department of Vehicle Regulation may, if it deems it warranted, provide a special
22 document to allow for additional dealer assignments without requiring system
23 generated documents.
- 24 (5) (a) When a dealer assigns the vehicle to a purchaser for use, **the dealer**~~[he]~~ shall
25 deliver the properly assigned certificate of title, and other documents if
26 appropriate, to **the**~~[such]~~ purchaser, who shall make application for
27 registration and a certificate of title~~[thereon]~~.

- 1 (b) The dealer may, with the consent of the purchaser, deliver the assigned
2 certificate of title, and other appropriate documents of a new or used vehicle,
3 directly to the county clerk, and on behalf of the purchaser, make application
4 for registration and a certificate of title. In so doing, the dealer shall require
5 from the purchaser proof of insurance as mandated by KRS 304.39-080 before
6 delivering possession of the vehicle.
- 7 (c) Notwithstanding the provisions of KRS 186.020, 186A.065, 186A.095,
8 186A.215, and 186A.300, if a dealer elects to deliver the title documents to
9 the county clerk and has not received a clear certificate of title from a prior
10 owner, the dealer shall retain the documents in his possession until the
11 certificate of title is obtained.
- 12 (d) When a dealer assigns a vehicle to a purchaser for use under paragraph (a) of
13 this subsection, the transfer and delivery of the vehicle is effective
14 immediately upon the delivery of all necessary legal documents, or copies
15 thereof, including proof of insurance as mandated by KRS 304.39-080.
- 16 (6) The department may make available, upon proper application from a licensed motor
17 vehicle dealer, electronic means by which the dealer can interface directly with
18 AVIS and the department. If the department grants this access, all fees currently
19 required for the issuance of a certificate of title shall continue to be charged and
20 remitted to the appropriate parties as provided by statute.
- 21 (7) The Department of Vehicle Regulation shall ensure~~assure~~ that AVIS~~the~~
22 ~~automated system~~ is capable of accepting instructions from the county clerk that a
23 certificate of title shall not be produced under a dealer registration situation.
- 24 ➔Section 10. KRS 235.130 is amended to read as follows:
- 25 (1) ~~A~~~~No~~ person acting for himself, herself, or another shall not buy or trade for any
26 motorboat without receiving the certificate of title issued for that boat with a
27 certificate of transfer endorsed thereon. If the motorboat has not been issued a

1 certificate of title as noted on the certificate of registration, *a county clerk may*
2 *accept an affidavit of ownership to process the application for title.* The person
3 shall receive a completed assignment of title on a boat transaction record and the
4 certificate of registration.

5 (2) It shall be the duty of the purchaser to promptly submit the endorsed certificate of
6 title or boat transaction record and certificate of registration to the county clerk of
7 the county of the purchaser's residence or in which the motorboat is to be
8 principally operated. The purchaser shall apply for a new certificate of title and
9 registration pursuant to KRS 235.050. The county clerk shall ~~thereupon~~ issue to
10 the purchaser a transfer of registration bearing the same data and information. The
11 clerk shall forward the endorsed certificate of title or boat transaction record and
12 certificate of registration and new application for title and registration to the
13 Transportation Cabinet. Except when registration is prohibited by law, any
14 unexpired registration shall remain valid after transfer until expiration occurs
15 according to law.

16 (3) For transferring the registration, the clerk shall collect a fee of five dollars (\$5). The
17 clerk shall retain two dollars (\$2), the Transportation Cabinet shall receive two
18 dollars (\$2) and the Department of Fish and Wildlife Resources administratively
19 attached to the Tourism, Arts and Heritage Cabinet shall receive one dollar (\$1).
20 The fee received by the Transportation Cabinet shall be deposited in a trust and
21 agency account for use by the Transportation Cabinet in defraying the cost of
22 implementing and operating the boat titling and registration program. The fee for
23 transferring the title shall be as required by KRS 235.085.

24 (4) If a transferee does not promptly submit the necessary documents to the county
25 clerk as required by law in order to complete the transfer transaction, a transferor
26 may submit to the county clerk, after the passage of fifteen (15) calendar days, in
27 his county of residence, an affidavit that he *or she* has transferred his interest in a

1 specific motorboat and the clerk may enter appropriate data into the AVIS system
2 which would restrict any registration transaction from occurring on that vehicle
3 until the transfer was processed.

4 (5) If the owner junks or otherwise renders a motorboat unfit for future use, he *or she*
5 shall deliver the title to the county clerk of the county in which the motorboat is
6 junked. The county clerk shall immediately return the title to the Transportation
7 Cabinet. The owner shall pay to the county clerk fifty cents (\$0.50) for his services.

8 ➔Section 11. Section 1 of this Act takes effect January 1, 2027.