

Local Government Mandate Statement
Kentucky Legislative Research Commission
2021 Regular Session

Part I: Measure Information

Bill Request #: 255

Bill #: HB 138

Document ID #: 1446

Bill Subject/Title: AN ACT relating to motor vehicle titles.

Sponsor: Representative Myron Dossett

Unit of Government: City County Urban-County
Unified Local
 Charter County Consolidated Local Government

Office(s) Impacted: Sheriffs and County Clerks

Requirement: Mandatory Optional

Effect on
Powers & Duties: Modifies Existing Adds New Eliminates Existing

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

This legislation amends KRS 186A.555 to provide a "cosmetic damage" title for motor vehicles that have received cosmetic damage only. Requirements are the same as vehicles receiving a title branded for hail damage. It also amends KRS 186A.530 to conform.

A person seeking to have a title of a vehicle branded for having cosmetic damage only, shall have the vehicle inspected by the local sheriff. They shall submit to the sheriff a statement from the person's insurance company documenting that the cosmetic damage exceeds 75% of the retail value of the vehicle and that the damage is solely the result of hail or other cosmetic only damage. Upon completion of the inspection, the sheriff shall certify on a vehicle transaction record that he or she has received the statement from the person's insurance company, that the damage to the vehicle is the result of hail or other cosmetic damage and if the total estimated or actual cost of parts and labor to rebuild or reconstruct the vehicle to its pre-cosmetic damage condition exceeds 75% of the retail value of the vehicle. The sheriff shall be paid a fee of \$5 to conduct the inspection.

Upon completion of the inspection, a person shall take the completed vehicle transaction record and the vehicle’s title to the county clerk’s office. After review and approval of the documentation, the clerk shall stamp on the face of the title “Hail/Cosmetic Damage” and enter into the Automated Motor Vehicle Registration System (AVIS) that the title has been branded in the clerk’s office as Hail/Cosmetic Damage”. The clerk shall receive a \$3 fee.

The fiscal impact of this bill is indeterminable and is expected to be positive but minimal.

In calendar year 2020, the Kentucky Transportation Cabinet (KYTC) indicated that there were 939 titles branded with hail damage. Of these, 568 vehicles were branded and coded solely for hail damage (“Hail”). There were 290 titles coded as “Rebuilt; Hail”, “Water; Hail”, or “Rebuilt; Water, Hail”. The remaining 81 hail branded titles were coded “Non-Rebuildable” (Red Titles) with the codes “Hail; Salvage”, Rebuilt Hail; Salvage”, Water; Hail; Salvage” and “Rebuilt Water; Hail; Salvage”.

It is expected that the number of cosmetic damage only requests will increase the number of vehicle inspections and requests for stamping of a title and entry into the AVIS system. Based on the number of “Hail” only titles stamped in 2020, fee income to the county clerks and sheriffs was approximately \$1,700 and \$2,800 respectively.

The table below shows a potential range of income to sheriffs and county clerks based on the number of requests:

Number of Cosmetic Only Title Requests	Sheriff Offices (\$5)	County Clerks (\$3)
1,000	\$5,000	\$3,000
2,000	\$10,000	\$6,000
3,000	\$15,000	\$9,000
4,000	\$20,000	\$12,000
5,000	\$25,000	\$15,000

Part III: Differences to Local Government Mandate Statement from Prior Versions

Part II, above, pertains to the bill as introduced.

Data Source(s): LRC Staff, Kentucky Transportation Cabinet

Preparer: Mark Offerman **Reviewer:** KHC **Date:** 1/11/21