



NMVTIS Junk/Salvage and Insurance (Total Loss) Vehicle Reporting Model Legislation

Preamble

The National Motor Vehicle Title Information System (NMVTIS) is a federally mandated database designed to prevent the resale of unsafe or stolen vehicles, reduce fraud, and protect consumers. Accurate and timely reporting of junk, salvage, and total-loss vehicles by insurance carriers, dismantlers, recyclers, salvage dealers, and related entities is essential to the integrity and effectiveness of NMVTIS.

This model legislation is designed to help AAMVA jurisdictions establish or strengthen legislative authority for comprehensive state reporting on junk, salvage, and insurance vehicles. It outlines registration, reporting, and enforcement obligations for entities managing such vehicles, ensuring alignment with NMVTIS regulations.

Jurisdictions introducing such legislation may use this model legislation in its entirety, or opt to use select portions, depending upon the jurisdiction's preference and the political climate in which they operate.

The purpose of this model legislation is to provide a sample for jurisdictions developing their own statutory language. The intent of such legislation is to enhance transparency, prevent vehicle fraud, support state law enforcement efforts; and ensure compliance with federal regulations under 28 C.F.R. §§ 25.55 and 25.56.

Jurisdictions are encouraged to have a sound administrative audit program in place. This serves as both a deterrent and an early detection system that can prevent poor business practices from crossing the line to criminality.

Uniform state-level legislation is necessary to ensure consistent compliance with federal reporting requirements and to support the enforcement of motor vehicle-related laws. Failure to report such vehicles undermines public safety, facilitates criminal activity, and imposes economic harm on consumers and legitimate businesses.

National Motor Vehicle Title Information System Reporting Requirements

Section 1 – Definitions

1. **DEPARTMENT** – means the jurisdiction agency or any governmental agency responsible for the licensing and titling of motor vehicles or issuing vehicle licensing and identification cards.
2. **INSURANCE CARRIER** – means an individual or entity engaged in the business of underwriting automobile insurance.
3. **MOTOR VEHICLE** – shall have the same meaning given that term in 49 U.S.C. 32901(a).
4. **NATIONAL MOTOR VEHICLE TITLE INFORMATION SYSTEM (NMVTIS)** – means the federally authorized electronic motor vehicle title history database, established pursuant to 49 U.S.C. §30502 and 28 CFR Part 25, maintained by the United States Department of Justice to link the states' motor vehicle title records, including the department's title records, and records of junk, salvage, and insurance vehicles reported by salvage entities.

5. **REBUILT SALVAGE VEHICLE** – means any motor vehicle previously issued a salvage title, that has been rebuilt and, if required, has passed the state's or jurisdiction's required anti-theft and/or safety inspection procedure to ensure the motor vehicle was rebuilt to required standards, or has been issued a certificate of title indicating that the motor vehicle is rebuilt.
6. **SALVAGE VEHICLE AUCTION** – means a business or entity that temporarily stores wrecked, dismantled, or recovered stolen motor vehicles, often pursuant to an agreement with an insurance company, and is engaged in the sale or resale of those wrecked, damaged, or recovered motor vehicles. A salvage vehicle auction may also mean an auction that handles a combination of insurance or non-insurance loss vehicles, including but not limited to those provided by abandoned vehicle, towing, charity, and other programs.
7. **SALVAGE VEHICLE POOL** – shall have the same meaning as a Salvage Vehicle Auction.
8. **THIRD-PARTY DATA CONSOLIDATOR** – is an entity that has been approved by the United States Department of Justice to be a Third-Party Data Consolidator, pursuant to 28 CFR Part 25.

Section 2 – NMVTIS Registration Requirement for Business License Application or Renewal

1. (a) The application for a license as a Salvage Motor Vehicle Dealer, Dismantler, Recycler, or Junk Yard under this chapter and subject to the requirements of 28 C.F.R. § 25.56 must be accompanied by proof of registration with NMVTIS, for the purpose of complying with the junk and salvage vehicle reporting requirements.

(b) The application for any renewal license as a Salvage Motor Vehicle Dealer, Dismantler, Recycler, or Junk Yard must be accompanied by proof of registration with NMVTIS and proof of reporting all junk or salvage vehicles, purchased or acquired during the duration of the prior license period, into NMVTIS as required under 28 C.F.R. § 25.56.

(c) Records of the Salvage Motor Vehicle Dealer's, Dismantler's, Recycler's, or Junk Yard's NMVTIS reporting compliance shall be kept by the Salvage Motor Vehicle Dealer, Dismantler, Recycler, or Junk Yard for at least three years after the purchase or acquiring of each vehicle, and the records shall be open for inspection by the department or any law enforcement agency representative or Attorney General representative during normal business hours.

Section 3 – Rules / Enforcement / Penalties

1. The Department shall adopt rules to implement this section including, but not limited to, rules relating to, the National Motor Vehicle Title Information System registration and reporting requirements under 28 C.F.R. § 25.56 and the retention of vehicle records relating to the reported vehicles.
2. Any person or entity who operates as a Salvage Motor Vehicle Dealer, Dismantler, or Metal Recycler, whether or not registered or licensed, and who acquires 5 or more junk or salvage vehicles in a 12-month period to sell in whole or in parts or to crush, who fails to report any junk or salvage vehicle into NMVTIS as required in this section and pursuant to 28 C.F.R. § 25.56, shall:
 - Be guilty of a misdemeanor, (penalty to be defined by jurisdiction).
 - Upon conviction of a second or subsequent offense, a felony, (penalty to be defined by jurisdiction).
3. Separate from the criminal case, any person or entity who operates as a Salvage Motor Vehicle Dealer, Dismantler, or Metal Recycler, whether or not registered or licensed, and who acquires 5 or more junk or salvage vehicles in a 12-month period to sell in whole or in parts or to crush, who fails to report any junk or salvage vehicle into NMVTIS as required in this section and pursuant to 28 C.F.R. § 25.56, is subject to a civil penalty up to (amount to be determined by jurisdiction - may want to confer with current federal fine structure) for each non-reporting violation. Any local or state law enforcement agency, city, or county

attorney, district attorney, or attorney general may bring the civil action in any court of competent jurisdiction to enforce this section. Civil penalties assessed shall be distributed as follows for example:

- One-half (1/2) of the monies generated from the civil penalties under subsection (2) shall be deposited in the state highway fund (or other appropriate fund determined by jurisdiction).
 - The remaining one-half (1/2) of the monies generated from the penalties under subsection (2) shall be distributed to the appropriate local or state law enforcement agency, district attorney, or attorney general that initiated the investigation or action.
 - Monies generated from the penalties under this subsection shall be used only for the enforcement, investigation, prosecution, and training related to National Motor Vehicle Title Information System violations, auto thefts, or motor vehicle-related crimes.
 - A court shall also order a seller to make restitution to the owner, secondary metal recycler or salvage yard, owner or lienholder, or any party suffering monetary loss in the amount of such, and to the motor vehicle dismantler and recycler or scrap metal processor for any damage or loss caused by the seller arising out of an offense committed by the seller, including attorney fees.
 - A license can be denied, revoked, or suspended, or an application for a license may be denied if the licensed entity failed to comply with this section.
4. Any person or entity who violates this code section commits fraudulent practice.
 5. A person who has been convicted of a fraudulent practice, or has been convicted of three or more violations of section (insert state section) or has been convicted of any indictable offense in connection with selling or other activity relating to vehicles, in this state or any other state, shall not for a period of five years from the date of conviction be an owner, salesperson, employee, officer of a corporation, or representative of an authorized vehicle recycler, or represent themselves as an owner, salesperson, employee, officer of a corporation, or representative of an authorized vehicle recycler.

OTHER CONSIDERATIONS

Section 4 – Requirements for Salvage Motor Vehicle Dealers to Report Salvage Vehicles into NMVTIS

1. When a motor vehicle is sold, transported, delivered to, or received by a Salvage Motor Vehicle Dealer, it shall be accompanied by a valid salvage certificate of title that is issued in the name of the seller or has been properly endorsed over to the seller, and the Salvage Motor Vehicle Dealer shall comply with the reporting requirements of 28 C.F.R. § 25.56, making the required notification into NMVTIS, within forty-eight (48) hours after the close of business each day. The notification shall include:
 - The name, address, and contact information for the dismantler, recycler, or metal recycler entity.
 - The Vehicle Identification Number.
 - The date the vehicle was obtained.
 - The name of the person from whom the vehicle was obtained.
 - Whether the vehicle was or will be crushed, disposed of, for sale or other purposes, to whom it was sold.
 - Whether the vehicle will be exported out of the United States.

Section 5 – Requirement for Dismantler, Parts Dealer, or Metal Recyclers to Report Salvage Vehicles into NMVTIS

1. When a motor vehicle is sold, transported, delivered to, or received by a Dismantler, Parts Dealer, or Metal Recycler, it shall be accompanied by a valid certificate of title or salvage certificate of title that is issued in the name of the seller or has been properly endorsed over to the seller, and the Dismantler, Parts Dealer, or Metal Recycler shall, in compliance with the reporting requirements of 28 C.F.R. § 25.56, make the required notification into NMVTIS, within two business days after the close of business each day. The notification shall include:

- The name, address, and contact information for the dismantler, recycler, or metal recycler entity.
- The Vehicle Identification Number.
- The date the vehicle was obtained.
- The name of the person from whom the vehicle was obtained.
- Whether the vehicle was or will be crushed, disposed of, for sale or other purposes, to whom it was provided or transferred.
- Whether the vehicle will be exported out of the United States.

Section 6 – Requirement for Insurance Carriers to Report Their Total Loss Salvage Vehicles into NMVTIS

1. When an Insurance Carrier, pursuant to a damage settlement, acquires ownership of a vehicle that has incurred damage requiring the vehicle to be designated as a total loss, salvage vehicle, or nonrepairable vehicle, including those cases where the insurer returns the unrepaired total-loss vehicle to the insured as part of the total-loss settlement, the insurance company shall comply with the reporting requirements of 28 C.F.R. § 25.55, making the required notification to NMVTIS within 72 hours.
2. The Insurance Carrier may not dispose of a vehicle that is a total loss, salvage vehicle, or non-repairable vehicle that has not been reported into the NMVTIS System.

Section 7 – Requirement for Salvage Vehicle Auctions to Report Salvage Vehicles into NMVTIS and Verify Buyers are Registered with NMVTIS

1. A Salvage Vehicle Auction or Salvage Vehicle Pool that is selling any junk or salvage vehicle shall obtain a valid NMVTIS reporting identification number from the salvage automobile buyer purchasing the vehicle. Upon receipt of the NMVTIS reporting identification number from the salvage vehicle buyer, the Salvage Vehicle Auction or Salvage Vehicle Pool must confirm, through an inquiry with the NMVTIS, that the NMVTIS reporting identification number provided by the buyer is valid.
2. Within 30 days of receiving a motor vehicle for storage or sale, the Salvage Vehicle Auction or Salvage Vehicle Pool shall, in compliance with the reporting requirements of 28 C.F.R. § 25.56, make the required notification to the NMVTIS. The notification shall include:
 - The name, address, and contact information for the selling dismantler, recycler, or insurance entity.
 - The Vehicle Identification Number.
 - The date the vehicle was obtained.
 - The name of the person from whom the vehicle was obtained.
 - Whether the vehicle has been sold or is pending stored with the final disposition to be determined.
 - Whether the vehicle will be exported out of the United States.
3. Every Salvage Vehicle Auction or Salvage Vehicle Pool shall make the required report of final sale disposition on any automobile where the final disposition was reported as “to be determined” or “Unknown” at the time of the initial reporting.

Section 8 – Requirement for Rebuilders to Report the Salvage Vehicle into NMVTIS

1. (a) In addition to the rebuilt vehicle inspection requirements, no Salvage Rebuilt Vehicle shall be issued a rebuilt certificate of title unless the rebuilder has made the required reporting of the Salvage Rebuilt Vehicle into NMVTIS and submitted proof of reporting that the vehicle was reported to NMVTIS to the Department with his application for a rebuilt title.

(b) The department shall not issue a Rebuilt Certificate of Title for a Salvage Rebuilt Vehicle that has not been reported into NMVTIS by the rebuilder, as required under paragraph (a) above and federal regulation 28 C.F.R. § 25.56.

Section 9 – Towing Entities Reporting to NMVTIS

1. A towing-storage operator who comes into possession of a vehicle or vessel pursuant to section (Insert section of state Towing & Storage lien Statute), who has complied with the required lien sale procedures, and is selling the vehicle for purposes of the vehicle being dismantled, destroyed, or changed in such a manner that it is not the vehicle described in the certificate of title, must apply to the Department for a salvage certificate and report the vehicle to NMVTIS as required under 28 C.F.R. § 25.56.
2. No later than three (3) business days after a completed tow, the towing company or storage facility responsible for a towed vehicle must search NMVTIS.