

Titling Tips

September 2004

Titling Tips is a quarterly publication of the Missouri Department of Revenue, Driver and Vehicle Services Bureau, P.O. Box 100, Jefferson City, MO 65105-0100.

Special Edition - New Legislation Effective August 28, 2004

TRADE-IN CREDITS EXPANDED

Section 144.025, RSMo, provides that vehicles traded in for credit to a dealership are no longer required to be titled in the vehicle purchaser's name in order for the purchaser to receive a trade-in tax credit. This change is effective with vehicle purchases made on or after August 28, 2004.

LOW-SPEED VEHICLES

Section 304.029, RSMo, defines a low-speed vehicle as "a four wheeled motor vehicle whose speed attainable in one mile on a paved level surface is more than 20 miles per hour and not more than 25 miles per hour." Low-speed vehicles **are required to be titled**. If the low-speed vehicle is driven on the streets and highways, it must be registered and the driver must possess a valid driver's license. Low-speed vehicles are prohibited from being operated on streets and highways with speed limits greater than 35 miles per hour except when crossing a street or highway. All low-speed vehicles are exempt from the safety inspection requirement. Gasoline powered low-speed vehicles are exempt from the emissions inspection requirement in Franklin County only. Gasoline powered low-speed vehicles located in St. Louis City and St. Louis, St. Charles, and Jefferson Counties are subject to an emissions inspection. All electric low-speed vehicles are exempt from an emissions inspection.

NEW SALVAGE DEFINITION

Section 301.010(51), RSMo, defines a salvage vehicle as "a motor vehicle, semitrailer, or house trailer which:

- a) Has been damaged to the extent that the total cost of repairs to rebuild or reconstruct the vehicle to its condition immediately

before it was damaged for legal operation on the roads or highways **exceeds 75 percent** of the fair market value of the vehicle immediately preceding the time it was damaged;

- b) By reason of condition or circumstance, has been declared salvage, either by its owner, or by a person, firm, corporation, or other legal entity exercising the right of security interest in it;
- c) Has been declared salvage by an insurance company as a result of settlement of a claim for loss due to damage or theft;
- d) Ownership of which is evidenced by a salvage title; or
- e) Is abandoned property, which is titled pursuant to Section 304.155 or Section 304.175, RSMo, and designated with the words "salvage/abandoned property."

The total cost of repairs to rebuild or reconstruct the vehicle shall **not** include the cost of repairing, replacing, or reinstalling inflatable safety restraints, tires, sound systems, or any sales tax on parts or materials to rebuild or reconstruct the vehicle. For purposes of this definition, "**fair market value**" means the retail value of a motor vehicle as:

- a) Set forth in a current edition of any nationally recognized compilation of retail values, including automated databases, or from publications commonly used by the automotive and insurance industries to establish the values of motor vehicles;
- b) Determined pursuant to a market survey of comparable vehicles with regard to condition and equipment; or

- c) Determined by an insurance company using any other procedure recognized by the insurance industry, including market surveys, that is applied by the company in a uniform manner.

NON-SALVAGED VEHICLES ACQUIRED BY INSURANCE COMPANIES AS A RESULT OF A LOSS DUE TO DAMAGE

As a result of the change in the definition of “salvage vehicle,” an insurance company may apply for an **original** Certificate of Title (with no salvage related brands) if it has acquired a motor vehicle, trailer, or all-terrain vehicle from an insured as a result of a settlement of a claim for loss due to damage in which the vehicle damage is less than that of a salvage vehicle. To qualify, the total cost to repair the damage to the unit must be **75 percent or less** of the pre-damaged fair market value.

NOTE: The cost of repairing, replacing, or reinstalling inflatable safety restraints, tires, sound systems, or any sales tax on parts of materials is **not included** in the total cost of repairs to rebuild or reconstruct the unit.

The rebuilder of these units will not be required to obtain a Vehicle Examination Certificate (DOR-551) before selling them. However, **the selling rebuilder/dealer is required to disclose all damage** (minor or major) to potential buyers in accordance with Section 407.020, RSMo.

The insurance company will be required to submit the following to a local license office, or the Missouri Department of Revenue’s (department) Jefferson City Central Office, to obtain an original certificate of title:

- 1) Completed Application for Missouri Title and License (DOR-108) marked original;
- 2) Completed Certification by Insurance Company of Vehicle Damage (DOR-5042);
- 3) \$8.50 title fee;
- 4) \$2.50 processing fee; and
- 5) \$5.00 quick title fee, if applicable.

Out-of-state titles, other than salvage titles, that are in the name of an insurance company or assigned to an insurance company must be accompanied by the Certification by Insurance Company of Vehicle Damage (DOR-5042) in order to obtain an original Missouri title. If the cost to

repair the unit exceeds 75 percent of the unit’s pre-damaged value or the vehicle has otherwise been declared salvage by the insurance company, a salvage title must be obtained.

If the vehicle has been rebuilt, but the cost to repair the vehicle exceeded 75 percent of the unit’s pre-damaged value, a Vehicle Examination Certificate (DOR-551) will be required and an original title with a “Prior Salvage” brand code will be issued.

VEHICLES RETAINED BY OWNER AFTER PAYMENT OF A CLAIM RESULTING IN MORE THAN 75 PERCENT OF THE PRE-DAMAGED VALUE OF THE VEHICLE

Section 301.020, RSMo, provides that for claims paid on or after August 28, 2004, if the vehicle owner retains possession of a unit after settlement of a loss resulting from damages exceeding 75 percent of the pre-damaged fair market value (making the vehicle salvaged), insurance companies must notify the vehicle owner (and lienholder if one exists) that he/she must apply for a salvage certificate of title on the unit and include the documents and fees required to obtain the salvage title. The insurance company must also notify the Director of Revenue by submitting a copy of a Notice of Salvaged Vehicle Titling Requirements (DOR-5043). The notification to both the owner and director must be no later than 30 days after the claim is paid.

REDEEMING A SALVAGE TITLE FOR AN ORIGINAL TITLE AFTER THE RECOVERY OF A STOLEN VEHICLE

Section 301.227, RSMo, provides that insurance companies may apply for an original Certificate of Title when a motor vehicle, trailer, or all-terrain vehicle has been recovered after a theft and a salvage title has been issued. To qualify for the original Certificate of Title, the cost to repair damages must be 75 percent or less of the pre-damaged fair market value of the unit and the insurance company has not otherwise declared the vehicle salvage. The insurance company must submit the following to the department’s Jefferson City **Central Office** to redeem the salvage title for an original certificate of title:

- 1) Completed Application for Missouri Title and License (DOR-108) marked original;
- 2) Completed Certification by Insurance Company of Vehicle Damage (DOR-5042);

- 3) Vehicle Examination Certificate (DOR-551) completed by the Missouri State Highway Patrol or the St. Louis City or County Auto Theft Unit;
- 4) Salvage certificate of title;
- 5) \$8.50 title fee;
- 6) \$2.50 processing fee; and
- 7) \$5.00 quick title fee, if applicable.

INSURANCE COMPANIES THAT ARE UNABLE TO OBTAIN A CERTIFICATE OF TITLE FROM CLAIMANTS

Section 301.193, RSMo, provides, that insurance companies that are unable to obtain a Certificate of Title to a vehicle they have acquired through the claims adjustment process may submit an application for a salvage title or junking certificate by following the procedures listed below. The insurance company must notify, by certified mail, the vehicle owner and any lienholder of record that it intends to apply for a Certificate of Title on the unit. After 30 days have passed and no response is received from the owner/lienholder, the insurance company may apply for a **salvage title or junking certificate** by submitting the following to the department’s Jefferson City **Central Office**:

- 1) Completed Application for Missouri Title and License (DOR-108) marked salvage or junk;
- 2) Statement explaining that the insurance company has paid the claim, but the vehicle owner has failed to provide the insurance company with a properly assigned title. The statement must include the year, make, model, identification number, location of the unit, retail value, and any decal or license plate that is affixed to the unit;
- 3) Vehicle Examination Certificate (DOR-551) completed by **any** law enforcement agency;
- 4) Notice of Failure to Present Title (DOR-5044) and certified mail receipts mailed to the vehicle’s owner and lienholder;
- 5) \$8.50 salvage title fee (no title fee is required for the junking certificate);
- 6) \$2.50 processing fee; and
- 7) \$5.00 quick title fee, if applicable.

Upon receipt of the application and supporting documents, the department will search the records to verify the insurance company notified the latest owner/lienholder. If the latest owner/ lienholder was not notified, the department will notify the insurance company so they may give notice to the owner/lienholder.

To recover the vehicle, any owner/lienholder receiving the above notification may protest the issuance of title by filing a petition in a Circuit Court naming the insurance company within the 30 days outlined in the notice.

A copy of the petition must be provided to the department. The department will suspend processing the title until the rights of all parties to the lawsuit are determined by the court.

If a petition is not filed, the department will issue a salvage title or junking certificate to the insurance company.

TRANSFER ON DEATH TITLE ASSIGNMENT

Sections 301.681.1, 306.458.1, 306.461.5(1) and 700.320, Section 1.5, RSMo, provide that the Director of Revenue shall permit a Transfer on Death (TOD) beneficiary or beneficiaries to make one reassignment of the original certificate of title of motor vehicles, watercraft, and manufactured homes upon the death of the owner to another owner without transferring the certificate to the beneficiary or beneficiaries’ name.

DRIVEAWAY AND LAND IMPROVEMENT CONTRACTOR VEHICLES

Section 301.010 (b) and (c), RSMo, further defines “driveaway” and “towaway” methods as:

“(b) The movement of any vehicle or vehicles, not owned by the transporter, constituting the commodity being transported, by a person engaged in the business of furnishing drivers and operators for the purpose of transporting vehicles in transit from one place to another by the driveaway or towaway methods; or

(c) The movement of a motor vehicle by any person who is lawfully engaged in the business of transporting or delivering vehicles that are not the person's own and vehicles of a type otherwise required to be registered, by the driveaway or towaway methods, from a point of manufacture, assembly or distribution or from the owner of the vehicles to a dealer or sales agent of a manufacturer or to any consignee designated by the shipper or consignor.”

Section 301.010.34, RSMo, permits land improvement contractors' commercial motor vehicles to travel not more than a radius of fifty miles (increased from 25) from its home base of operations when transporting its owner's machinery, equipment, or auxiliary supplies to or from projects not involving soil and water conservation.

Section 390.020.10 (b) and (c), RSMo, further defines a "driveaway operator" as:

"(b) A person engaged in the business of furnishing drivers and operators for the purpose of transporting vehicles in transit from one place to another by the driveaway or towaway methods; or

(c) A person who is lawfully engaged in the business of transporting or delivering vehicles that are not the person's own and vehicles of a type otherwise required to be registered, by the driveaway or towaway methods, from a point of manufacture, assembly or distribution or from the owner of the vehicles to a dealer or sales agent of a manufacturer or to any consignee designated by the shipper or consignor."

Finally, Section 301.069, RSMo, states: A driveaway license plate may not be used on a vehicle used or operated on a highway except for the purpose of transporting vehicles in transit. Driveaway license plates may not be used by tow truck operators transporting wrecked, disabled, abandoned, improperly parked, or burned vehicles.

LEMON LAW REFUNDS

Section 407.567, RSMo, allows manufacturers to apply for a refund of taxes, license fees, registration fees, and title fees on vehicles returned under the lemon law provided they have reimbursed the consumer for these fees. The manufacturer may, in lieu of applying for the refund, authorize the consumer to apply for the refund. In this case, the manufacturer must provide the customer with a statement from the manufacturer stating the vehicle was a buy back under the lemon law and that no refund of taxes and fees have been made to the consumer.

JUNKING CERTIFICATES

Section 301.227, RSMo, allows a junking certificate to be issued to a motor vehicle 26 years old or older when the vehicle owner does not have a certificate of title to the vehicle. The owner must submit a bill of sale, stolen vehicle check

completed by the Missouri State Highway Patrol, completed Application for Missouri Title and License (DOR 108) marked "junk" and the \$2.50 processing fee.

KANSAS CITY "AAA" OFFICE

Section 136.055, RSMo, provides that the Kansas City AAA License Office is to be open to everyone, and the office will charge the applicable agent fee(s) when processing transactions. Previously the AAA license office was only open to AAA members, and they were not charged an agent fee.

HISTORIC OUTBOARD MOTORS

Section 306.530, RSMo, exempts outboard motors with a model year older than 1960 from titling and registering if they are:

- 1) Owned solely as a collector's item; and
- 2) Used and intended to be used for exhibition and educational purposes only.

They may not be used on the waterways of this state to qualify for this exemption.

RECREATIONAL VEHICLE SHOWS - NEW REQUIREMENTS FOR OUT OF STATE PARTICIPANTS

Section 301.566, RSMo, requires recreational vehicle (RV) dealers licensed in another state who intend to participate in an RV show or exhibition in Missouri to send a written request to participate to the department at least 30 days in advance of the event. To be eligible to participate, the following applies:

Events with less than 50 dealers participating:

1. The dealer's manufacturer must approve the participation;
2. The show or exhibition must have a minimum of ten RV dealers licensed in Missouri participating;
3. More than 50 percent of the RV dealers participating must be licensed in Missouri; and
4. The state in which the RV dealer is licensed must border Missouri and that state must permit Missouri RV dealers to participate in shows conducted in their state, with substantially the same requirements.

Events with 50 or more dealers participating:

1. The event must be trade oriented; and
2. Must be predominantly funded by the RV manufacturers.

The director may assess a fine of up to \$1,000 for violations of this law.

EMISSIONS EXEMPTION EXPANDED

Sections 307.366 and 643.315, RSMo, exempt vehicles 26 years old and older from an emissions inspection. During the remainder of 2004, 1978 and older model year vehicles are exempt from the emissions inspection requirement. During 2005, 1979 and older model vehicles are exempt. Prior to this law change, 1970 and older model vehicles were exempt from the emissions inspection requirement.

DEALER HEARINGS TO BE CONDUCTED BY ADMINISTRATIVE HEARING COMMISSION

Section 301.562, RSMo, requires the department to file a complaint with the Administrative Hearing Commission (AHC) as provided by Chapter 621, RSMo, before taking formal discipline against a dealer's license (this does not apply to warning letters or salvage business licensees). The AHC will confirm if a violation has or has not occurred. If the complaint is confirmed, the department will determine the discipline to be issued. Any complaint must be filed with the AHC within one year from the date when the department receives notice of an alleged violation. If the department denies a dealer registration or renewal, the dealer applicant must file a complaint with the AHC to appeal the denial.

DEALER ENFORCEMENT LAWS REVISED

Section 301.562, RSMo, was also amended to clarify that a dealer can be disciplined for any violation of Chapters 301 (titling/licensure requirements), 306 (marinecraft titling/registration requirements), 307 and 643 (safety and emissions inspection requirements), 407 (odometer and damage disclosure requirements), and 578 (Sunday sales requirements). Included in this new legislation, the department can seek to take action against a dealer's license if the dealer has failed to pay any fees required pursuant to Chapters 301 and 306. This includes returned checks written for title fees, licensure fees, etc.

TWO-YEAR SALVAGE BUSINESS LICENSE AND LAW ENFORCEMENT CERTIFICATION REQUIRED

Section 301.219, RSMo, requires the department to issue all salvage business licenses for a two-year period. In an effort to equalize the workload, the department will phase-in the new two-year requirement during the 2005 and 2006 registration periods for existing salvage business licensees. In addition to doubling the licensure period, the licensure fee is doubled accordingly.

Section 301.221, RSMo, requires that all salvage business licensees licensed or renewed on or after August 28, 2004, obtain a certification from authorized law enforcement (similar to the certification required for motor vehicle dealers), certifying that the applicant's business qualifies as a bona fide used parts dealer, salvage dealer and dismantler, body shop or rebuilder, or mobile scrap processor. The Salvage Business License Law Enforcement Checklist/Certification Form must be used for the certification until the Application for Missouri Salvage Business License (DOR-1879) is revised. The certification form must be completed by a uniformed member of the Missouri State Highway Patrol stationed in the troop area in which the applicant's place of business is located. If the business is located in the city of St. Louis or a first class county (Boone, Buchanan, Camden, Cape Girardeau, Clay, Cole, Franklin, Greene, Jackson, Jasper, Jefferson, Platte, St. Charles, or St. Louis), an authorized officer of a metropolitan police department from the area in which the place of business is located may complete the certification form. A sheriff or marshal cannot complete the form.

NOTE: All forms mentioned in this publication can be found at

<http://dor.mo.gov/mvdl/motorv/forms/>.

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