



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB2526

Introduced 2/19/2021, by Rep. Jay Hoffman

SYNOPSIS AS INTRODUCED:

625 ILCS 5/3-117.1

from Ch. 95 1/2, par. 3-117.1

Amends the Illinois Vehicle Code. Provides that a vehicle of 4 model years or older, rather than 9 model years or older, may be retained by the registered owner instead of by the insurance company, even after the insurance company makes a payment of damages on total loss claim for the vehicle. Provides that an application for a salvage certificate shall be submitted to the Secretary of State when any licensed rebuilder, repairer, new or used vehicle dealer or remittance agent has submitted an application for title to a vehicle that the person knows or reasonably should have known to have sustained damages in excess of 50%, instead of 33 1/3 percent, of the vehicle's fair market value without that damage.

LRB102 15762 RAM 21129 b

1 AN ACT concerning transportation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Vehicle Code is amended by
5 changing Section 3-117.1 as follows:

6 (625 ILCS 5/3-117.1) (from Ch. 95 1/2, par. 3-117.1)

7 Sec. 3-117.1. When junking certificates or salvage
8 certificates must be obtained.

9 (a) Except as provided in Chapter 4 and Section 3-117.3 of
10 this Code, a person who possesses a junk vehicle shall within
11 15 days cause the certificate of title, salvage certificate,
12 certificate of purchase, or a similarly acceptable
13 out-of-state document of ownership to be surrendered to the
14 Secretary of State along with an application for a junking
15 certificate, except as provided in Section 3-117.2, whereupon
16 the Secretary of State shall issue to such a person a junking
17 certificate, which shall authorize the holder thereof to
18 possess, transport, or, by an endorsement, transfer ownership
19 in such junked vehicle, and a certificate of title shall not
20 again be issued for such vehicle. The owner of a junk vehicle
21 is not required to surrender the certificate of title under
22 this subsection if (i) there is no lienholder on the
23 certificate of title or (ii) the owner of the junk vehicle has

1 a valid lien release from the lienholder releasing all
2 interest in the vehicle and the owner applying for the junk
3 certificate matches the current record on the certificate of
4 title file for the vehicle.

5 A licensee who possesses a junk vehicle and a Certificate
6 of Title, Salvage Certificate, Certificate of Purchase, or a
7 similarly acceptable out-of-state document of ownership for
8 such junk vehicle, may transport the junk vehicle to another
9 licensee prior to applying for or obtaining a junking
10 certificate, by executing a uniform invoice. The licensee
11 transferor shall furnish a copy of the uniform invoice to the
12 licensee transferee at the time of transfer. In any case, the
13 licensee transferor shall apply for a junking certificate in
14 conformance with Section 3-117.1 of this Chapter. The
15 following information shall be contained on a uniform invoice:

16 (1) The business name, address and dealer license
17 number of the person disposing of the vehicle, junk
18 vehicle or vehicle cowl;

19 (2) The name and address of the person acquiring the
20 vehicle, junk vehicle or vehicle cowl, and if that person
21 is a dealer, the Illinois or out-of-state dealer license
22 number of that dealer;

23 (3) The date of the disposition of the vehicle, junk
24 vehicle or vehicle cowl;

25 (4) The year, make, model, color and description of
26 each vehicle, junk vehicle or vehicle cowl disposed of by

1 such person;

2 (5) The manufacturer's vehicle identification number,
3 Secretary of State identification number or Illinois
4 Department of State Police number, for each vehicle, junk
5 vehicle or vehicle cowl part disposed of by such person;

6 (6) The printed name and legible signature of the
7 person or agent disposing of the vehicle, junk vehicle or
8 vehicle cowl; and

9 (7) The printed name and legible signature of the
10 person accepting delivery of the vehicle, junk vehicle or
11 vehicle cowl.

12 The Secretary of State may certify a junking manifest in a
13 form prescribed by the Secretary of State that reflects those
14 vehicles for which junking certificates have been applied or
15 issued. A junking manifest may be issued to any person and it
16 shall constitute evidence of ownership for the vehicle listed
17 upon it. A junking manifest may be transferred only to a person
18 licensed under Section 5-301 of this Code as a scrap
19 processor. A junking manifest will allow the transportation of
20 those vehicles to a scrap processor prior to receiving the
21 junk certificate from the Secretary of State.

22 (b) An application for a salvage certificate shall be
23 submitted to the Secretary of State in any of the following
24 situations:

25 (1) When an insurance company makes a payment of
26 damages on a total loss claim for a vehicle, the insurance

1 company shall be deemed to be the owner of such vehicle and
2 the vehicle shall be considered to be salvage except that
3 ownership of (i) a vehicle that has incurred only hail
4 damage that does not affect the operational safety of the
5 vehicle or (ii) any vehicle 4 ~~9~~ model years of age or older
6 may, by agreement between the registered owner and the
7 insurance company, be retained by the registered owner of
8 such vehicle. The insurance company shall promptly deliver
9 or mail within 20 days the certificate of title along with
10 proper application and fee to the Secretary of State, and
11 a salvage certificate shall be issued in the name of the
12 insurance company. Notwithstanding the foregoing, an
13 insurer making payment of damages on a total loss claim
14 for the theft of a vehicle shall not be required to apply
15 for a salvage certificate unless the vehicle is recovered
16 and has incurred damage that initially would have caused
17 the vehicle to be declared a total loss by the insurer.

18 (1.1) When a vehicle of a self-insured company is to
19 be sold in the State of Illinois and has sustained damaged
20 by collision, fire, theft, rust corrosion, or other means
21 so that the self-insured company determines the vehicle to
22 be a total loss, or if the cost of repairing the damage,
23 including labor, would be greater than 70% of its fair
24 market value without that damage, the vehicle shall be
25 considered salvage. The self-insured company shall
26 promptly deliver the certificate of title along with

1 proper application and fee to the Secretary of State, and
2 a salvage certificate shall be issued in the name of the
3 self-insured company. A self-insured company making
4 payment of damages on a total loss claim for the theft of a
5 vehicle may exchange the salvage certificate for a
6 certificate of title if the vehicle is recovered without
7 damage. In such a situation, the self-insured shall fill
8 out and sign a form prescribed by the Secretary of State
9 which contains an affirmation under penalty of perjury
10 that the vehicle was recovered without damage and the
11 Secretary of State may, by rule, require photographs to be
12 submitted.

13 (2) When a vehicle the ownership of which has been
14 transferred to any person through a certificate of
15 purchase from acquisition of the vehicle at an auction,
16 other dispositions as set forth in Sections 4-208 and
17 4-209 of this Code, or a lien arising under Section
18 18a-501 of this Code shall be deemed salvage or junk at the
19 option of the purchaser. The person acquiring such vehicle
20 in such manner shall promptly deliver or mail, within 20
21 days after the acquisition of the vehicle, the certificate
22 of purchase, the proper application and fee, and, if the
23 vehicle is an abandoned mobile home under the Abandoned
24 Mobile Home Act, a certification from a local law
25 enforcement agency that the vehicle was purchased or
26 acquired at a public sale under the Abandoned Mobile Home

1 Act to the Secretary of State and a salvage certificate or
2 junking certificate shall be issued in the name of that
3 person. The salvage certificate or junking certificate
4 issued by the Secretary of State under this Section shall
5 be free of any lien that existed against the vehicle prior
6 to the time the vehicle was acquired by the applicant
7 under this Code.

8 (3) A vehicle which has been repossessed by a
9 lienholder shall be considered to be salvage only when the
10 repossessed vehicle, on the date of repossession by the
11 lienholder, has sustained damage by collision, fire,
12 theft, rust corrosion, or other means so that the cost of
13 repairing such damage, including labor, would be greater
14 than 33 1/3% of its fair market value without such damage.
15 If the lienholder determines that such vehicle is damaged
16 in excess of 33 1/3% of such fair market value, the
17 lienholder shall, before sale, transfer or assignment of
18 the vehicle, make application for a salvage certificate,
19 and shall submit with such application the proper fee and
20 evidence of possession. If the facts required to be shown
21 in subsection (f) of Section 3-114 are satisfied, the
22 Secretary of State shall issue a salvage certificate in
23 the name of the lienholder making the application. In any
24 case wherein the vehicle repossessed is not damaged in
25 excess of 33 1/3% of its fair market value, the lienholder
26 shall comply with the requirements of subsections (f),

1 (f-5), and (f-10) of Section 3-114, except that the
2 affidavit of repossession made by or on behalf of the
3 lienholder shall also contain an affirmation under penalty
4 of perjury that the vehicle on the date of sale is not
5 damaged in excess of 33 1/3% of its fair market value. If
6 the facts required to be shown in subsection (f) of
7 Section 3-114 are satisfied, the Secretary of State shall
8 issue a certificate of title as set forth in Section 3-116
9 of this Code. The Secretary of State may by rule or
10 regulation require photographs to be submitted.

11 (4) A vehicle which is a part of a fleet of more than 5
12 commercial vehicles registered in this State or any other
13 state or registered proportionately among several states
14 shall be considered to be salvage when such vehicle has
15 sustained damage by collision, fire, theft, rust,
16 corrosion or similar means so that the cost of repairing
17 such damage, including labor, would be greater than 33
18 1/3% of the fair market value of the vehicle without such
19 damage. If the owner of a fleet vehicle desires to sell,
20 transfer, or assign his interest in such vehicle to a
21 person within this State other than an insurance company
22 licensed to do business within this State, and the owner
23 determines that such vehicle, at the time of the proposed
24 sale, transfer or assignment is damaged in excess of 33
25 1/3% of its fair market value, the owner shall, before
26 such sale, transfer or assignment, make application for a

1 salvage certificate. The application shall contain with it
2 evidence of possession of the vehicle. If the fleet
3 vehicle at the time of its sale, transfer, or assignment
4 is not damaged in excess of 33 1/3% of its fair market
5 value, the owner shall so state in a written affirmation
6 on a form prescribed by the Secretary of State by rule or
7 regulation. The Secretary of State may by rule or
8 regulation require photographs to be submitted. Upon sale,
9 transfer or assignment of the fleet vehicle the owner
10 shall mail the affirmation to the Secretary of State.

11 (5) A vehicle that has been submerged in water to the
12 point that rising water has reached over the door sill and
13 has entered the passenger or trunk compartment is a "flood
14 vehicle". A flood vehicle shall be considered to be
15 salvage only if the vehicle has sustained damage so that
16 the cost of repairing the damage, including labor, would
17 be greater than 33 1/3% of the fair market value of the
18 vehicle without that damage. The salvage certificate
19 issued under this Section shall indicate the word "flood",
20 and the word "flood" shall be conspicuously entered on
21 subsequent titles for the vehicle. A person who possesses
22 or acquires a flood vehicle that is not damaged in excess
23 of 33 1/3% of its fair market value shall make application
24 for title in accordance with Section 3-116 of this Code,
25 designating the vehicle as "flood" in a manner prescribed
26 by the Secretary of State. The certificate of title issued

1 shall indicate the word "flood", and the word "flood"
2 shall be conspicuously entered on subsequent titles for
3 the vehicle.

4 (6) When any licensed rebuilder, repairer, new or used
5 vehicle dealer, or remittance agent has submitted an
6 application for title to a vehicle (other than an
7 application for title to a rebuilt vehicle) that he or she
8 knows or reasonably should have known to have sustained
9 damages in excess of 50% ~~33-1/3%~~ of the vehicle's fair
10 market value without that damage; provided, however, that
11 any application for a salvage certificate for a vehicle
12 recovered from theft and acquired from an insurance
13 company shall be made as required by paragraph (1) of this
14 subsection (b).

15 (c) Any person who without authority acquires, sells,
16 exchanges, gives away, transfers or destroys or offers to
17 acquire, sell, exchange, give away, transfer or destroy the
18 certificate of title to any vehicle which is a junk or salvage
19 vehicle shall be guilty of a Class 3 felony.

20 (d) Except as provided under subsection (a), any person
21 who knowingly fails to surrender to the Secretary of State a
22 certificate of title, salvage certificate, certificate of
23 purchase or a similarly acceptable out-of-state document of
24 ownership as required under the provisions of this Section is
25 guilty of a Class A misdemeanor for a first offense and a Class
26 4 felony for a subsequent offense; except that a person

1 licensed under this Code who violates paragraph (5) of
2 subsection (b) of this Section is guilty of a business offense
3 and shall be fined not less than \$1,000 nor more than \$5,000
4 for a first offense and is guilty of a Class 4 felony for a
5 second or subsequent violation.

6 (e) Any vehicle which is salvage or junk may not be driven
7 or operated on roads and highways within this State. A
8 violation of this subsection is a Class A misdemeanor. A
9 salvage vehicle displaying valid special plates issued under
10 Section 3-601(b) of this Code, which is being driven to or from
11 an inspection conducted under Section 3-308 of this Code, is
12 exempt from the provisions of this subsection. A salvage
13 vehicle for which a short term permit has been issued under
14 Section 3-307 of this Code is exempt from the provisions of
15 this subsection for the duration of the permit.

16 (Source: P.A. 100-104, eff. 11-9-17; 100-956, eff. 1-1-19;
17 100-1083, eff. 1-1-19; 101-81, eff. 7-12-19.)