



## 95TH GENERAL ASSEMBLY

### State of Illinois

2007 and 2008

SB1164

Introduced 2/8/2007, by Sen. Iris Y. Martinez

#### 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 that is owned by a self-insured company and is to be sold in the State of Illinois shall be considered salvage if the vehicle has sustained damage to the extent that the self-insured company determines the vehicle to be a total loss, or if the cost of repairing the damage would be greater than 50% of its fair market value. Establishes requirements for obtaining a salvage certificate for the vehicle. Provides for exchange of a salvage certificate for a certificate of title if a vehicle owned by a self-insured company that was declared a total loss because of a theft is recovered without damage.

LRB095 04311 DRH 25284 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 changing  
5 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 of this Code, a person  
10 who possesses a junk vehicle shall within 15 days cause the  
11 certificate of title, salvage certificate, certificate of  
12 purchase, or a similarly acceptable out of state document of  
13 ownership to be surrendered to the Secretary of State along  
14 with an application for a junking certificate, except as  
15 provided in Section 3-117.2, whereupon the Secretary of State  
16 shall issue to such a person a junking certificate, which shall  
17 authorize the holder thereof to possess, transport, or, by an  
18 endorsement, transfer ownership in such junked vehicle, and a  
19 certificate of title shall not again be issued for such  
20 vehicle.

21 A licensee who possesses a junk vehicle and a Certificate  
22 of Title, Salvage Certificate, Certificate of Purchase, or a  
23 similarly acceptable out-of-state document of ownership for

1 such junk vehicle, may transport the junk vehicle to another  
2 licensee prior to applying for or obtaining a junking  
3 certificate, by executing a uniform invoice. The licensee  
4 transferor shall furnish a copy of the uniform invoice to the  
5 licensee transferee at the time of transfer. In any case, the  
6 licensee transferor shall apply for a junking certificate in  
7 conformance with Section 3-117.1 of this Chapter. The following  
8 information shall be contained on a uniform invoice:

9 (1) The business name, address and dealer license  
10 number of the person disposing of the vehicle, junk vehicle  
11 or vehicle cowl;

12 (2) The name and address of the person acquiring the  
13 vehicle, junk vehicle or vehicle cowl, and if that person  
14 is a dealer, the Illinois or out-of-state dealer license  
15 number of that dealer;

16 (3) The date of the disposition of the vehicle, junk  
17 vehicle or vehicle cowl;

18 (4) The year, make, model, color and description of  
19 each vehicle, junk vehicle or vehicle cowl disposed of by  
20 such person;

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

25 (6) The printed name and legible signature of the  
26 person or agent disposing of the vehicle, junk vehicle or

1 vehicle cowl; and

2 (7) The printed name and legible signature of the  
3 person accepting delivery of the vehicle, junk vehicle or  
4 vehicle cowl.

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

15 (b) An application for a salvage certificate shall be  
16 submitted to the Secretary of State in any of the following  
17 situations:

18 (1) When an insurance company makes a payment of  
19 damages on a total loss claim for a vehicle, the insurance  
20 company shall be deemed to be the owner of such vehicle and  
21 the vehicle shall be considered to be salvage except that  
22 ownership of (i) a vehicle that has incurred only hail  
23 damage that does not affect the operational safety of the  
24 vehicle or (ii) any vehicle 9 model years of age or older  
25 may, by agreement between the registered owner and the  
26 insurance company, be retained by the registered owner of

1 such vehicle. The insurance company shall promptly deliver  
2 or mail within 20 days the certificate of title along with  
3 proper application and fee to the Secretary of State, and a  
4 salvage certificate shall be issued in the name of the  
5 insurance company. An insurer making payment of damages on  
6 a total loss claim for the theft of a vehicle may exchange  
7 the salvage certificate for a certificate of title if the  
8 vehicle is recovered without damage. In such a situation,  
9 the insurer shall fill out and sign a form prescribed by  
10 the Secretary of State which contains an affirmation under  
11 penalty of perjury that the vehicle was recovered without  
12 damage and the Secretary of State may, by rule or  
13 regulation, require photographs to be submitted.

14 (1.1) When a vehicle of a self-insured company is to be  
15 sold in the State of Illinois and has sustained damaged by  
16 collision, fire, theft, rust corrosion, or other means so  
17 that the self-insured company determines the vehicle to be  
18 a total loss, or if the cost of repairing the damage,  
19 including labor, would be greater than 50% of its fair  
20 market value without that damage, the vehicle shall be  
21 considered salvage. The self-insured company shall  
22 promptly deliver the certificate of title along with proper  
23 application and fee to the Secretary of State, and a  
24 salvage certificate shall be issued in the name of the  
25 self-insured company. A self-insured company making  
26 payment of damages on a total loss claim for the theft of a

1 vehicle may exchange the salvage certificate for a  
2 certificate of title if the vehicle is recovered without  
3 damage. In such a situation, the self-insured shall fill  
4 out and sign a form prescribed by the Secretary of State  
5 which contains an affirmation under penalty of perjury that  
6 the vehicle was recovered without damage and the Secretary  
7 of State may, by rule, require photographs to be submitted.

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

1           existed against the vehicle prior to the time the vehicle  
2           was acquired by the applicant under this Code.

3           (3) A vehicle which has been repossessed by a  
4           lienholder shall be considered to be salvage only when the  
5           repossessed vehicle, on the date of repossession by the  
6           lienholder, has sustained damage by collision, fire,  
7           theft, rust corrosion, or other means so that the cost of  
8           repairing such damage, including labor, would be greater  
9           than 33 1/3% of its fair market value without such damage.  
10          If the lienholder determines that such vehicle is damaged  
11          in excess of 33 1/3% of such fair market value, the  
12          lienholder shall, before sale, transfer or assignment of  
13          the vehicle, make application for a salvage certificate,  
14          and shall submit with such application the proper fee and  
15          evidence of possession. If the facts required to be shown  
16          in subsection (f) of Section 3-114 are satisfied, the  
17          Secretary of State shall issue a salvage certificate in the  
18          name of the lienholder making the application. In any case  
19          wherein the vehicle repossessed is not damaged in excess of  
20          33 1/3% of its fair market value, the lienholder shall  
21          comply with the requirements of subsections (f), (f-5), and  
22          (f-10) of Section 3-114, except that the affidavit of  
23          repossession made by or on behalf of the lienholder shall  
24          also contain an affirmation under penalty of perjury that  
25          the vehicle on the date of sale is not damaged in excess of  
26          33 1/3% of its fair market value. If the facts required to

1 be shown in subsection (f) of Section 3-114 are satisfied,  
2 the Secretary of State shall issue a certificate of title  
3 as set forth in Section 3-116 of this Code. The Secretary  
4 of State may by rule or regulation require photographs to  
5 be submitted.

6 (4) A vehicle which is a part of a fleet of more than 5  
7 commercial vehicles registered in this State or any other  
8 state or registered proportionately among several states  
9 shall be considered to be salvage when such vehicle has  
10 sustained damage by collision, fire, theft, rust,  
11 corrosion or similar means so that the cost of repairing  
12 such damage, including labor, would be greater than 33 1/3%  
13 of the fair market value of the vehicle without such  
14 damage. If the owner of a fleet vehicle desires to sell,  
15 transfer, or assign his interest in such vehicle to a  
16 person within this State other than an insurance company  
17 licensed to do business within this State, and the owner  
18 determines that such vehicle, at the time of the proposed  
19 sale, transfer or assignment is damaged in excess of 33  
20 1/3% of its fair market value, the owner shall, before such  
21 sale, transfer or assignment, make application for a  
22 salvage certificate. The application shall contain with it  
23 evidence of possession of the vehicle. If the fleet vehicle  
24 at the time of its sale, transfer, or assignment is not  
25 damaged in excess of 33 1/3% of its fair market value, the  
26 owner shall so state in a written affirmation on a form



1 prescribed by the Secretary of State by rule or regulation.  
2 The Secretary of State may by rule or regulation require  
3 photographs to be submitted. Upon sale, transfer or  
4 assignment of the fleet vehicle the owner shall mail the  
5 affirmation to the Secretary of State.

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

25 (c) Any person who without authority acquires, sells,  
26 exchanges, gives away, transfers or destroys or offers to

1 acquire, sell, exchange, give away, transfer or destroy the  
2 certificate of title to any vehicle which is a junk or salvage  
3 vehicle shall be guilty of a Class 3 felony.

4 (d) Any person who knowingly fails to surrender to the  
5 Secretary of State a certificate of title, salvage certificate,  
6 certificate of purchase or a similarly acceptable out-of-state  
7 document of ownership as required under the provisions of this  
8 Section is guilty of a Class A misdemeanor for a first offense  
9 and a Class 4 felony for a subsequent offense; except that a  
10 person licensed under this Code who violates paragraph (5) of  
11 subsection (b) of this Section is guilty of a business offense  
12 and shall be fined not less than \$1,000 nor more than \$5,000  
13 for a first offense and is guilty of a Class 4 felony for a  
14 second or subsequent violation.

15 (e) Any vehicle which is salvage or junk may not be driven  
16 or operated on roads and highways within this State. A  
17 violation of this subsection is a Class A misdemeanor. A  
18 salvage vehicle displaying valid special plates issued under  
19 Section 3-601(b) of this Code, which is being driven to or from  
20 an inspection conducted under Section 3-308 of this Code, is  
21 exempt from the provisions of this subsection. A salvage  
22 vehicle for which a short term permit has been issued under  
23 Section 3-307 of this Code is exempt from the provisions of  
24 this subsection for the duration of the permit.

25 (Source: P.A. 92-751, eff. 8-2-02.)