

**TWENTY-THIRD NORTHERN MARIANAS COMMONWEALTH LEGISLATURE  
HOUSE OF REPRESENTATIVES**

P.O. BOX 500586  
SAIPAN, MP 96950  
cnmileg.net

February 16, 2024

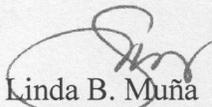
HOUSE  
FILE

The Honorable Edith E. DeLeon Guerrero  
President  
The Senate  
Twenty-Third Northern Marianas  
Commonwealth Legislature  
Capitol Hill  
Saipan, MP 96950

Dear Senate President DeLeon Guerrero:

I have the honor of transmitting herewith for Senate action **H. B. No. 23-71, HD1**, entitled: **“To provide disclosure requirements upon transfer of ownership of a vehicle rebuilt from salvage.”**, which was passed unanimously by the House of Representatives on First and Final Reading, a quorum being present, during its Fourth Day, Third Regular Session on February 16, 2024.

Sincerely yours,



Linda B. Muña  
House Clerk

Attachment

*Transmittal to the SENATE*

Received by: 

Date: 2/16/24

Time: 2:19 pm

**TWENTY-THIRD NORTHERN MARIANAS COMMONWEALTH**

**LEGISLATURE**

**IN THE HOUSE OF REPRESENTATIVES**

**SEPTEMBER 7, 2023**

**Second Regular Session, 2023**

**H. B. 23-71, HD1**

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**A BILL FOR AN ACT**

To provide disclosure requirements upon transfer of ownership of a vehicle rebuilt from salvage.

**BE IT ENACTED BY THE 23<sup>RD</sup> NORTHERN MARIANAS  
COMMONWEALTH LEGISLATURE:**

1           **Section 1. Findings and Purpose.** The Legislature finds that there are  
2 businesses within the Commonwealth that engage in the selling and/or reselling of  
3 previously damaged vehicles, commonly known as “salvage vehicles”. Despite  
4 being cognizant of the damage sustaining history endured by such vehicles, these  
5 businesses refuse to disclose such information and continue to give false  
6 impressions to potential buyers that the vehicles are in pristine and flawless  
7 conditions. The Legislature finds that such business practices are highly immoral  
8 and will prove to be extremely detrimental to these potential customers. To address  
9 such an unethical business practice, the Legislature finds that it is of utmost  
10 importance to implement disclosure requirements that detail the damages sustained  
11 by such vehicles. In doing so, potential buyers will be allowed to make better and

1 sound judgements while contemplating on purchasing salvage vehicles.

2 Therefore, the purpose of this Act is to provide disclosure requirements  
3 upon transfer of ownership of a vehicle rebuilt from salvage.

4 **Section 2. Amendment.** Title 4, Division 5 of the Commonwealth Code is  
5 hereby amended by adding new provisions to read as follows:

6 **“§101. Disclosure Requirements Upon Transfer of Ownership**  
7 **of a Salvage Vehicle.**

8 (a) Prior to sale of a vehicle rebuilt from salvage to a prospective  
9 purchaser for the purpose of selling or transferring ownership of such  
10 vehicle, the owner shall prepare a disclosure affidavit stating that the vehicle  
11 was rebuilt from salvage. The disclosure affidavit shall also contain a  
12 statement of the owner stating the nature of the damage which resulted in  
13 the determination that the vehicle is a salvage vehicle. The words “vehicle  
14 rebuilt from salvage” shall appear in bold print at the top of each such  
15 affidavit.

16 (b) Any person who sells a vehicle rebuilt from salvage for the  
17 purpose of transferring ownership of such vehicle shall:

18 (1) Provide a copy of a disclosure affidavit prepared in  
19 accordance with the provisions of subsection (a) of this section to each  
20 prospective purchaser; and

21 (2) Obtain a signed statement from each such purchaser clearly

1           stating that the purchaser has received a copy of the disclosure affidavit  
2           and has read and understands the provisions contained therein.

3           (c)(1) Any person who purchases a vehicle rebuilt from salvage who  
4           was not provided with a copy of a disclosure affidavit prepared in  
5           accordance with the provisions of subsection (a) of this section and who,  
6           subsequent to sale, discovers that the vehicle purchased was rebuilt from  
7           salvage shall be entitled to a full and immediate refund of the purchase price  
8           from the prior owner.

9           (2) In the event a person is entitled to a refund under this  
10          subsection (c), the prior owner shall be required to make an immediate  
11          refund of the full purchase price to the purchaser. A signed statement from  
12          the purchaser prepared in accordance with the provisions of  
13          subsection (b)(2) of this section shall relieve the prior owner of the  
14          obligation to make such refund.

15          (d) Any owner, seller, or transferor of a vehicle rebuilt from salvage  
16          who fails to comply with the provisions of this section shall be guilty of a  
17          misdemeanor and, upon conviction thereof, shall be punished by a fine for  
18          a first offense not to exceed one thousand five hundred dollars and a fine of  
19          one thousand nine hundred ninety-nine dollars and ninety-nine cents for  
20          each subsequent offense.

21          (e) The Director of the Bureau of Motor Vehicle shall prescribe rules

1 and regulations for the purpose of implementing the provisions of this  
2 section.

3 (f) As used in this section, unless the context otherwise requires:

4 (1) "Sale" means any sale or transfer of a vehicle rebuilt from  
5 salvage.

6 (2) "Salvage vehicle" or "vehicle rebuilt from salvage" shall  
7 mean:

8 (A) A flood-damaged vehicle;

9 (B) A vehicle branded as a salvage vehicle by another state  
10 or territory; or

11 (C) A vehicle that is damaged by collision, fire, flood,  
12 accident, trespass, or other occurrence, excluding hail damage, to the  
13 extent that the vehicle is determined to be a total loss by the insurer  
14 or other person acting on behalf of the owner or that the cost of  
15 repairing the vehicle to a roadworthy condition and for legal  
16 operation on the highways exceeds the vehicle's fair market value  
17 immediately prior to the damage, as determined by the person who  
18 owns the vehicle at the time of the occurrence or by the insurer or  
19 other person acting on behalf of the owner.

20 (D) "Salvage vehicle" does not include an off-highway  
21 vehicle; horseless carriage; street rod vehicle; and a vehicle that

1                    qualifies as a collector's item.

2                    (E) In assessing whether a vehicle is a "salvage vehicle"  
3                    under this section, the fair market value shall be determined by  
4                    reference to sources generally accepted within the insurance  
5                    industry including price guide books, dealer quotations,  
6                    computerized valuation services, newspaper advertisements, and  
7                    certified appraisals, taking into account the condition of the vehicle  
8                    prior to the damage. When assessing the repairs, the assessor shall  
9                    consider the actual retail cost of the needed parts and the reasonable  
10                    and customary labor rates for needed labor."

11                    **Section 3. Severability.** If any provisions of this Act or the application of  
12                    any such provision to any person or circumstance should be held invalid by a court  
13                    of competent jurisdiction, the remainder of this Act or the application of its  
14                    provisions to persons or circumstances other than those to which it is held invalid  
15                    shall not be affected thereby.

16                    **Section 4. Savings Clause.** This Act and any repealer contained herein  
17                    shall not be construed as affecting any existing right acquired under contract or  
18                    acquired under statutes repealed or under any rule, regulation, or order adopted  
19                    under the statutes. Repealers contained in this Act shall not affect any proceeding  
20                    instituted under or pursuant to prior law. The enactment of the Act shall not have

1 the effect of terminating, or in any way modifying, any liability, civil or criminal,  
2 which shall already be in existence on the date this Act becomes effective.

3 **Section 5. Effective Date.** This Act shall take effect upon its approval by  
4 the Governor, or it becoming law without such approval.

Prefiled: 9/1/2023

Date: \_\_\_\_\_

Introduced by: /s/ Rep. Angelo A. Camacho  
/s/ Rep. Blas Jonathan "BJ" T. Attao  
/s/ Rep. Joel C. Camacho  
/s/ Rep. John Paul P. Sablan  
/s/ Rep. Edmund S. Villagomez  
/s/ Rep. Ralph N. Yumul

Reviewed for Legal Sufficiency by:

/s/ Joseph M. Hallahan 1/30/2024  
House Legal Counsel



TWENTY-THIRD LEGISLATURE  
COMMONWEALTH OF THE NORTHERN MARIANAS COMMONWEALTH  
LEGISLATURE

**HOUSE OF REPRESENTATIVES**  
**COMMITTEE ON JUDICIARY AND GOVERNMENTAL**  
**OPERATIONS**

P.O. BOX 500586 SAIPAN, MP 96950

**MARISSA R. FLORES**

CHAIRWOMAN

*Adopted - e/16/2024*

STANDING COMMITTEE REPORT NO. 23-72

DATE: JANUARY 30, 2024

RE: H.B. 23-71

The Honorable Edmund S. Villagomez  
Speaker of the House of Representatives  
Twenty-Third Northern Marianas  
Commonwealth Legislature  
Capitol Hill  
Saipan, MP 96950

Dear Mr. Speaker:

Your Committee on Judiciary and Governmental Operations to which was referred:

H. B. No. 23-71:

“To provide disclosure requirements upon transfer of ownership of a vehicle rebuilt from salvage.”

begs leave to report as follows:

**I. RECOMMENDATION:**

After considerable discussion, your Committee recommends that H. B. NO. 23-71 be passed by the House in the form of House Draft 1.

HOUSE CLERK'S OFFICE  
RECEIVED BY *SMY*  
DATE *2/7/2024* TIME *2:35pm*

## II. ANALYSIS:

### A. Purpose:

The purpose of House Bill No. 23-71 is to provide disclosure requirements upon transfer of ownership of a “vehicle rebuilt from salvage.”<sup>1</sup>

### B. Amendments:

The Committee made the following amendments to strengthen the intent of House Bill No. 23-71.

- Page 4
  - Line 7, after the word “damage”:
    - **Delete** “or theft”
  - Line 11, after the word “vehicle’s”:
    - **Delete** “retail”
  - Line 19, after the word “the”:
    - **Delete** “retail”

These amendments are reflected in House Bill No. 23-71, HD1 as follows:

- Page 4
  - Line 12, after the word “damage”:
    - **Delete** “or theft”
  - Line 16, after the word “vehicle’s”:
    - **Delete** “retail”

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<sup>1</sup> The term “vehicle rebuilt from salvage” is defined in Section 101(f)(2) of the amendment. In general, it has been defined as a flood-damaged vehicle, a vehicle branded as a salvage vehicle by another state or territory, or a vehicle that has been damaged to the extent that the vehicle is determined to be a total loss.

- Page 5
  - Line 3, after the word “the”:
    - **Delete** “retail”

C. Committee Findings:

Your Committee finds that, in the CNMI, individuals have been selling and/or reselling used damaged vehicles without disclosing the respective vehicles’ damage history. Despite being cognizant of such history, these individuals continue to sell vehicles without disclosing such vital information. Without disclosure, potential buyers may be misled that such vehicles are in excellent condition.

Your Committee finds that withholding information regarding previously damaged vehicles is an unethical business practice. Your Committee also finds that there are no laws that require full disclosure of a vehicle’s damage history upon sale and/or transfer of ownership. To address such unethical concerns for the betterment of potential buyers, your Committee finds that it would be highly appropriate to establish vehicle damage disclosure requirements upon the sale and/or transfer of ownership of a “salvage vehicle.”<sup>2</sup>

Your Committee further finds that other United States jurisdictions, such as Virginia,<sup>4</sup> Arizona,<sup>5</sup> and others, have established similar laws and/or regulations that require disclosure of a vehicle’s salvage history prior to sale or other transfer of ownership. These jurisdictions are aware of the potential risks of not requiring full disclosure and understand the harm that can be imposed on a buyer if such requirements are not met.

Your Committee also finds that disclosure is necessary because salvage vehicles may have been repaired with low quality parts, are more likely to be denied insurance coverage, and have diminished resale value.<sup>6</sup> Thus, your Committee finds that requiring disclosure of a vehicle’s salvage history will place the buyer on notice of the possibility of the aforementioned issues.

Last, it is the intent of your Committee to amend the proposed legislation to address the recommendations raised by the Marianas Insurance Company, Ltd., and the Department of Commerce. One recommendation was to remove the word “theft” from line 7 of page 4 because stolen vehicles have been totaled by collisions. The other recommendation was to remove the word “retail” from page 4 lines 11 and 19 because the phrase “fair market value”—not “retail fair market value”—represents the price that a willing buyer and seller would agree upon.

<sup>2</sup> Pursuant to Section 101(f)(2) of the amendment, the term “salvage vehicle” will share the same definition as the term “vehicle rebuilt from salvage.”

<sup>4</sup> Va. Code Ann. § 46.2-1602

<sup>5</sup> Ariz. Rev. Stat. § 28-2091

<sup>6</sup> <https://www.catsautoparts.com/articles/tips-for-buying-a-salvage-auto>

In light of the above, your Committee agrees with the intent and purpose of House Bill No. 23-71 and recommends its passage in the form of House Draft 1.

D. Public Comments:

The Committee received comments from the following:

- Ms. Lillian S. Cabrera, General Manager, Marianas Insurance Company, Ltd. (Email)

The General Manager of Marianas Insurance Company, Ltd. is in support the proposed legislation with amendments.

- Mr. Francisco D. Cabrera, Acting Secretary, Department of Commerce (Written)

The Acting Secretary of the Department of Commerce recommends amendments to the proposed legislation.

E. Legislative History:

House Bill No. 23-71 was introduced by Representative Angelo A. Camacho on September 7, 2023, to the full body of the House and was referred to the House Standing Committee on Judiciary and Governmental Operations for disposition.

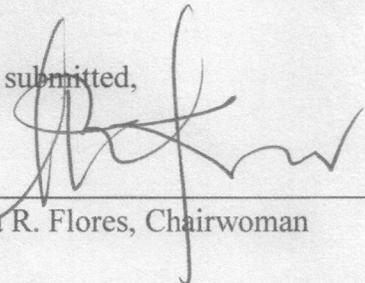
F. Cost Benefit:

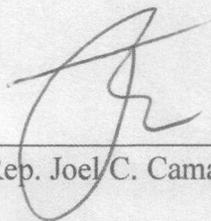
The enactment of House Bill No. 23-71, HD1 will result in additional cost to the CNMI Government due to the need for additional resources (staff, trainings, etc.) that are necessary to effectuate the provisions of this Act. However, the benefits of requiring the full disclosure of a vehicle's salvage history heavily outweigh the aforementioned costs.

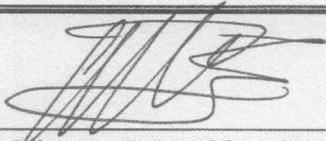
III. CONCLUSION:

The Committee is in accord with the intent and purpose of H. B. NO. 23-71 and recommends its passage in the form of House Draft 1.

Respectfully submitted,

  
\_\_\_\_\_  
Rep. Marissa R. Flores, Chairwoman

  
\_\_\_\_\_  
Rep. Joel C. Camacho, Vice Chair



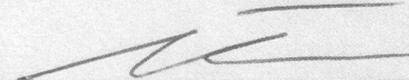
Rep. Vincent R.S. Aldan, Member



Rep. Blas Jonathan "BJ" T. Attao, Member



Rep. Vicente C. Camacho, Member

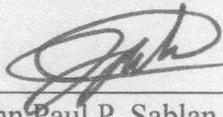


Rep. Manny G.T. Castro, Member



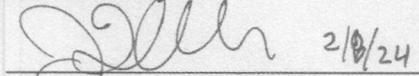
Rep. Edwin K. Propst, Member

Rep. Malcolm J. Omar, Member



Rep. John Paul P. Sablan, Member

Reviewed by:

 2/8/24

House Legal Counsel

Attachment:

- Email dated October 5, 2023, from the General Manager of Marianas Insurance Company, Ltd.;
- Letter dated October 12, 2023 from the Acting Secretary of the Department of Commerce;
- Committee Amendment;
- Original Version of House Bill 23-71; and
- House Bill 23-71, House Draft 1.



Jodie Cabrera &lt;staff.floresm@gmail.com&gt;

---

**Seeking Comments on Proposed Legislation**

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Lillian Cabrera &lt;gm@marianasinsurance.com&gt;

Thu, Oct 5, 2023 at 11:50 AM

Reply-To: Lillian Cabrera &lt;gm@marianasinsurance.com&gt;

To: Jodie Cabrera &lt;staff.floresm@gmail.com&gt;, MIC Admin &lt;admin@marianasinsurance.com&gt;

Hafa adai Jodie,

Further to JGO Chairwoman, Rep. Marissa R. Flores' letter of 2 October 2023 requesting our review of House Bill 23-71, we wish to note the following:

- The word "theft" should be removed from exclusion under subsection f(2)(c) because we do know of stolen vehicles that have been totaled by collisions with other vehicles or fixed objects, or by running or rolling off the road.
- The use of the word "retail" in the same subsection should also be removed as it contradicts the meaning of "Fair Market Value". Fair Market Value should be the correct term used in this instance as it represents the agreed upon value between a buyer and a seller whilst retail value is more reflective on the supply and demand of a specific product.

Other than the above, we fully support the intent of this bill. Do let us know if queries or concerns arise of the foregoing.

Kind regards,

Lillian S. Cabrera, GM

**MARIANAS INSURANCE COMPANY, LTD.**

G/F MIC Building 1, San Jose

P.O. Box 502505

Saipan, MP 96950

Phone: 670.234.5091/92, 235.5427

Fax: 670.234.5093

Website: [www.marianasinsurance.com](http://www.marianasinsurance.com)**CONFIDENTIALITY NOTICE:**

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Department of Commerce  
Office of the Secretary

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS  
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email: [info@commerce.gov.mp](mailto:info@commerce.gov.mp)  
Web: [www.commerce.gov.mp](http://www.commerce.gov.mp)



Arnold I. Palacios Governor • David M. Apatang, Lt. Governor • Francisco D. Cabrera, Acting Secretary

October 12, 2023

Representative Marissa R. Flores  
Chairwoman, House Standing Committee on Commerce and Tourism  
House of Representatives  
23<sup>rd</sup> Northern Marianas Commonwealth Legislature  
Honorable Jesus M. Mafnas Building, Capitol Hill  
Saipan, MP 96960

Re: Solicitation for Comments – House Bill No. 23-71

Dear Representative Flores:

Thank you for giving the Department of Commerce the opportunity to submit comments on House Bill 23-71: *“To provide disclosure requirements upon transfer of ownership of a vehicle rebuilt from salvage.”*

The Department of Commerce acknowledges the intent of the bill and respectfully submits its comments.

COMMENTS:

The Department of Commerce supports the intent of the said bill and submits its comments more specifically to the amendment to Title 4, Division 5 of the Commonwealth Code by adding new provision under Section 101 and additional statement.

It shall also be considered on page 4, line 11 and 12, also on line 19; that the words “vehicle’s retail fair market value.” To move the word “retail” and to read as vehicle fair market value.

To add in additional requirement after (E) to read as (F):

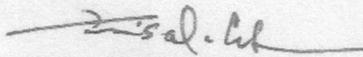
To require all CNMI License Insurance Companies for compliance that upon any vehicle insured that are considered and are written off as total loss a report stating the full information about the said vehicle or vehicles must be reported and submitted in writing to the Bureau of Motor Vehicle for record purposes and accountability.

Again, we thank you for allowing the Department of Commerce the opportunity to comment. We hope that you find the above recommendations useful for this purpose.

*Solicitation for Comments*  
*House Bill No. 23-71*  
*Page 2 of 2*

Should you have any questions or concerns, please do not hesitate to contact me at 670-664-3077.

Respectfully,



FRANCISCO D. CABRERA  
Acting Secretary of Commerce

xc: Comments - File (HB 23-71)

**COMMITTEE AMENDMENT TO HB No. 23-71**

**OFFERED BY: Rep. Joel C. Camacho**

**DATE: January 30, 2024**

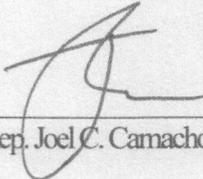
**To amend current text to reflect an amendment as follows:**

- 1) Page 4, line 7: After the word “damage” delete the words “or theft”
- 2) Page 4, line 11: After the word “vehicle’s” delete the word “retail”
- 3) Page 4, line 19: After the word “the” delete the word “retail”

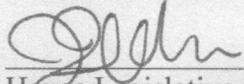
Consistent with the intent of the foregoing amendments, I hereby also move to allow the Legal counsel together with the House Clerk to make further non-substantive technical amendments that are strictly necessary to effectuate the intent of this floor amendment prior to transmittal.

The legal sufficiency signature of House Legislative Counsel contained in the final, engrossed version of a bill shall reflect the signature of the counsel endorsing the last amendment, if any, addressed by the House.

Date: 1/30/24

  
\_\_\_\_\_  
Rep. Joel C. Camacho

Reviewed for Legal Sufficiency by:

 1/30/24  
\_\_\_\_\_  
House Legislative Counsel

TWENTY-THIRD NORTHERN MARIANAS COMMONWEALTH  
LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

Session, 2023

H. B. 23- 71

A BILL FOR AN ACT

To provide disclosure requirements upon transfer of ownership  
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5 businesses refuse to disclose such information and continue to give false  
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9 such an unethical business practice, the Legislature finds that it is of utmost  
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1 sound judgements while contemplating on purchasing salvage vehicles.

2 Therefore, the purpose of this Act is to provide disclosure requirements  
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14 salvage” shall appear in bold print at the top of each such affidavit.

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16 transferring ownership of such vehicle shall:

17 (1) Provide a copy of a disclosure affidavit prepared in accordance with  
18 the provisions of subsection (a) of this section to each prospective  
19 purchaser; and

20 (2) Obtain a signed statement from each such purchaser clearly stating  
21 that the purchaser has received a copy of the disclosure affidavit and

1 has read and understands the provisions contained therein.

2 (c)(1) Any person who purchases a vehicle rebuilt from salvage who was  
3 not provided with a copy of a disclosure affidavit prepared in accordance  
4 with the provisions of subsection (a) of this section and who, subsequent to  
5 sale, discovers that the vehicle purchased was rebuilt from salvage shall be  
6 entitled to a full and immediate refund of the purchase price from the prior  
7 owner.

8 (2) In the event a person is entitled to a refund under this subsection (c), the  
9 prior owner shall be required to make an immediate refund of the full  
10 purchase price to the purchaser. A signed statement from the purchaser  
11 prepared in accordance with the provisions of subsection (b)(2) of this  
12 section shall relieve the prior owner of the obligation to make such refund.

13 (d) Any owner, seller, or transferor of a vehicle rebuilt from salvage who  
14 fails to comply with the provisions of this section shall be guilty of a  
15 misdemeanor and, upon conviction thereof, shall be punished by a fine for  
16 a first offense not to exceed one thousand five hundred dollars and a fine of  
17 one thousand nine hundred ninety-nine dollars and ninety-nine cents for  
18 each subsequent offense.

19 (e) The Director of the Bureau of Motor Vehicle shall prescribe rules and  
20 regulations for the purpose of implementing the provisions of this section.

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8 extent that the vehicle is determined to be a total loss by the insurer  
9 or other person acting on behalf of the owner or that the cost of  
10 repairing the vehicle to a roadworthy condition and for legal  
11 operation on the highways exceeds the vehicle's retail fair market  
12 value immediately prior to the damage, as determined by the person  
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15 (D) "Salvage vehicle" does not include an off-highway vehicle;  
16 horseless carriage; street rod vehicle; and a vehicle that qualifies as  
17 a collector's item.

18 (E) In assessing whether a vehicle is a "salvage vehicle" under this  
19 section, the retail fair market value shall be determined by reference  
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1 valuation services, newspaper advertisements, and certified  
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4 the actual retail cost of the needed parts and the reasonable and  
5 customary labor rates for needed labor.”

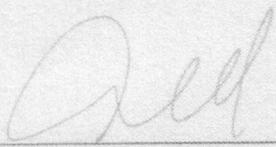
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7 any such provision to any person or circumstance should be held invalid by a court  
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9 provisions to persons or circumstances other than those to which it is held invalid  
10 shall not be affected thereby.

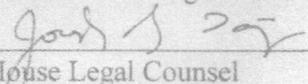
11 **Section 4. Savings Clause.** This Act and any repealer contained herein  
12 shall not be construed as affecting any existing right acquired under contract or  
13 acquired under statutes repealed or under any rule, regulation, or order adopted  
14 under the statutes. Repealers contained in this Act shall not affect any proceeding  
15 instituted under or pursuant to prior law. The enactment of the Act shall not have  
16 the effect of terminating, or in any way modifying, any liability, civil or criminal,  
17 which shall already be in existence on the date this Act becomes effective.

18 **Section 5. Effective Date.** This Act shall take effect upon its approval by  
19 the Governor, or its becoming law without such approval.

Prefiled: 9/1/2023

Date: \_\_\_\_\_

Introduced by:   
Rep. Angelo A. Camacho

Reviewed for Legal Sufficiency by:  
  
House Legal Counsel

