

# Junk and Salvage Vehicle Reporting

## Federal law applies to towing companies

**D**o you impound wrecked or abandoned vehicles, some of which are total losses or junk? If so, within any year do you:

- Take certificates of title to five or more junk or total loss vehicles in lieu of your towing and storage bill?
- Acquire title to five or more unclaimed junk or total loss vehicles following auctions conducted pursuant to your state lien law?

If you answered “yes” to either of the last two questions, you should be filing monthly reports with the National Motor Vehicle Title Information System (NMVTIS).

The reporting requirements stem from federal legislation enacted almost 20 years ago. In the Anti-Car Theft Act of 1992, Congress provided funding for an electronic system to link together all the state motor vehicle departments. That databank is the NMVTIS. By capturing into one nationwide system specific pieces of information from state motor vehicle titling agencies, automobile recyclers, junk and salvage yards, and insurance companies, NMVTIS was designed to protect states and consumers from title fraud, keep stolen vehicles from being retitled, and make it more difficult for car thieves to conceal stolen vehicles.

A critical component of the NMVTIS anti-theft system is mandatory reporting by certain junk yards and salvage yards. Any junk or salvage yard handling five or more junk or salvage vehicles per year must file monthly reports containing:

- The name, address, and contact information for the reporting entity.
- Vehicle Identification Number (VIN).

- Date the automobile was obtained.

- Name of the individual or entity from whom the automobile was obtained.

- A statement of whether the automobile was crushed or disposed of, or offered for sale or other purposes.

- Whether the vehicle is intended for export out of the United States.

The Anti-Car Theft Act defines junk and salvage yards “as individuals or entities engaged in the business of acquiring or owning junk or salvage automobiles for resale in their entirety or as spare parts or for rebuilding, restoration, or crushing.” A “junk vehicle” is one that is “incapable of operating on public streets” or that “has no value except as a source of parts or scrap.” A “salvage vehicle” is, basically, a “total loss” vehicle.

In a Policy Clarification issued jointly by NMVTIS and the U.S. Department of Justice, Bureau of Justice Assistance, on January 27, 2011, those agencies stressed that the federally-mandated reporting rules also apply to automotive towing companies that obtain junk and salvage vehicles in the course of their businesses. If a towing company obtains five or more junk or salvage vehicles (as defined by the regulations) within one year, it falls within the definition of “junk yard” or “salvage yard,” and is required to file the monthly NMVTIS report referenced above.

Salvage vehicles that are only temporarily stored by a towing company and later picked up by the owners or insurance companies do not have to be reported. The reporting requirement only applies to those vehicles that a

towing company acquires the right to determine the disposition of, for example, by taking a title in lieu of payment, or receiving a certificate of destruction or salvage certificate from the state DMV following a lien foreclosure sale. For purposes of the report, the date a towing company acquires the right to dispose of a vehicle, not the date the vehicle is impounded, is the date the vehicle is “obtained.”

Reporting by towing companies may seem like a waste of time and effort. After all, if a derelict vehicle is sold to a junk yard or salvage yard, that disposer will file a report with NMVTIS. In their recent joint statement, the DOJ and NMVTIS said that does not alter the responsibility of a towing company to file its own report: “That other entities, earlier or later in the automobile dismantling-supply chain, may also have reporting obligations provide no basis to exempt tow operators or towing companies from also reporting.”

Failure to report as required is punishable by a civil penalty of \$1,000 per violation, or per vehicle. A towing company failing to report 50 vehicles... well, you can do the math.

If there is any good news in having yet one more government regulation to deal with, it is that the reporting is free. There are currently four reporting services available. You can access the list of reporting services, get a copy of the Policy Clarification and obtain more information on reporting requirements, at [www.vehiclehistory.gov](http://www.vehiclehistory.gov).



### About the author:

*Michael McGovern is an attorney and former tow truck driver whose law practice is concentrated in matters relating to the automotive towing industry. He can be reached at 865-686-4891 or e-mail [michael@themcgovernlawfirm.com](mailto:michael@themcgovernlawfirm.com).*



**BJA**  
Bureau of Justice Assistance  
U.S. Department of Justice



**Policy Clarification Regarding Tow Operators/Towing Companies Reporting Requirements to the National Motor Vehicle Title Information System (NMVTIS) Under the Anti Car Theft Acts**  
Date Issued: January 27, 2011

This policy clarification is a response to questions from tow operators, towing companies, and similar business entities, and their representatives, regarding application of certain provisions of the Anti Car Theft Acts and NMVTIS regulations.

Pursuant to the Anti Car Theft Act of 1992 (Public Law 102-519), the Anti-Car Theft Improvements Act of 1996 (Public Law 104-152) (collectively "the Anti Car Theft Acts"), a junk yard is defined as "*an individual or entity engaged in the business of acquiring or owning junk automobiles for— 1) Resale in their entirety or as spare parts; or 2) Rebuilding, restoration, or crushing.*" A salvage yard is defined as "*an individual or entity engaged in the business of acquiring or owning salvage automobiles for— 1) Resale in their entirety or as spare parts; or 2) Rebuilding, restoration, or crushing.*" The NMVTIS implementing regulations (28 CFR part 25, published January 30, 2009, 74 FR 5740) make clear that these definitions are understood to include businesses such as vehicle remarketers and vehicle recyclers, including scrap vehicle shredders and scrap metal processors as well as "pull- or pick-apart yards," salvage pools, salvage auctions, and other types of auctions handling salvage or junk vehicles (including vehicles declared by any insurance company to be a "total loss" regardless of any damage assessment).

An entity engaged in the business of acquiring or owning junk or salvage automobiles is one that is engaged in the business of owning, possessing, handling, directing, or controlling such automobiles. See 28 C.F.R. 25.52. Thus, if an entity is so engaged, for the purpose of reselling the junk or salvage automobiles (in their entirety or as spare parts), or for the purpose of rebuilding, restoring, or crushing the junk or salvage automobiles, then such entity is a junk yard or salvage yard for purposes of the Anti Car Theft Acts and the NMVTIS regulations. A junk or salvage yard that handles five or more junk or salvage vehicles per year is required to provide monthly reports to NMVTIS consistent with the Anti Car Theft Acts and NMVTIS regulations.

The NMVTIS regulations define a junk automobile as follows: "*an automobile that— 1) Is incapable of operating on public streets, roads, and highways; and 2) Has no value except as a source of parts or scrap.*" 28 C.F.R. 25.52. The NMVTIS regulations define a salvage automobile as follows: "*an automobile that is damaged by collision, fire, flood, accident, trespass, or other event, to the extent that its fair salvage value plus the cost of repairing the automobile for legal operation on public streets, roads, and highways would be more than the fair market value of the automobile immediately before the event that caused the damage. Salvage automobiles include automobiles determined to be a total loss under the law of the applicable jurisdiction or designated as a total loss by an insurer under the terms of its policies, regardless of whether or not the ownership of the vehicle is transferred to the insurance carrier.*" 28 C.F.R. 25.52 (Please see ATTACHMENT A for additional information to determine if an automobile meets the NMVTIS salvage automobile definition). Vehicles determined to meet the above definitions of junk or salvage automobiles, including vehicles with non-salvage titles, must be reported to NMVTIS. The NMVTIS regulations state that reporting entities must report all junk or salvage automobiles they obtain, including vehicles from or on behalf of insurance carriers, which can be reasonably assumed are total loss vehicles. Such entities, however, are not required to report any automobile that is determined not to meet the NMVTIS definition of junk or salvage after a good-faith physical and value appraisal is conducted by qualified, independent appraisal personnel. 28 C.F.R. 25.56(g).

Tow operators and towing companies (and similar businesses) that meet these statutory and regulatory requirements must provide monthly reports to NMVTIS. That other entities, earlier or later in the automobile-dismantling supply chain, may also have reporting obligations provide no basis to exempt tow operators or towing companies from also reporting.

The monthly reporting to NMVTIS must contain:

1. The name, address, and contact information for the reporting entity.
2. Vehicle Identification Number (VIN) for each junk and salvage automobile.
3. The date the automobile was obtained by the reporting entity.
4. The name of the individual or entity from whom the automobile was obtained.
5. A statement of whether the automobile was crushed or disposed of, for sale or other purposes, to whom it was provided or transferred, and if the vehicle is intended for export out of the United States.

The Anti Car Theft Acts and the NMVTIS implementing regulations do not require towing companies to report automobiles that: 1) do not meet the NMVTIS definition for junk or salvage automobiles or 2) were only transported or stored by the towing company. *The NMVTIS reporting obligation for a towing company occurs when the towing company sells, rebuilds, restores, or crushes five or more junk or salvage automobiles per year.* The Department of Justice recognizes that there are circumstances in which it is not immediately apparent whether the owner of an automobile will re-claim a towed automobile. Therefore, when considering the junk or salvage automobiles that were obtained in a particular month and when reporting the date "the automobile was obtained," the towing company should report the date, under the law of the applicable jurisdiction, that the towing company obtained the right to determine the disposition (i.e., sell (for parts or in whole), rebuild, restore, or crush) of the automobile (e.g., the date the towing company obtained a salvage certificate or certificate of destruction under the law of the applicable jurisdiction; the date the towing company purchased the vehicle from a private party either for a monetary amount or in lieu of towing and storage costs and the towing company seeks to sell, rebuild, restore, or crush the automobile).

Failure to report to NMVTIS as required is punishable by a civil penalty of \$1,000 per violation. Accordingly, for example, a failure to report 100 junk or salvage automobiles could result in a civil penalty of up to \$100,000. NMVTIS Reporting Entities are responsible for ensuring all required information has been reported to NMVTIS accurately and within the timelines required.

The accuracy of the data reported to NMVTIS is essential to the intent and purpose of the System. Law enforcement agencies, state titling agencies, and consumers rely on the accuracy of NMVTIS data. An incorrect report may significantly diminish the resale value of an automobile, subjecting the reporting entity to legal liability. **Entities that acquire junk and salvage automobiles, in addition to other automobiles, are strongly encouraged to use caution and take all necessary measures to ensure that ONLY automobiles meeting the NMVTIS definition of junk or salvage automobiles are reported to the System.**

The Department of Justice and the NMVTIS operator, the American Association of Motor Vehicle Administrators (AAMVA), partnered with the private sector to provide multiple reporting methods to meet the business needs of reporting entities. Currently, there are four reporting services available, offering individual VIN and batch reporting options. Three service providers offer a no-cost per-transaction program. More detailed information on these reporting options may be found at: [www.vehiclehistory.gov/nmvtis\\_auto.html](http://www.vehiclehistory.gov/nmvtis_auto.html).

The Department of Justice respectfully requests that if any individual or organization disseminates this policy clarification to members and interested parties, then this entire policy clarification document be provided.

For more information on this clarification or NMVTIS, please e-mail [nmvtis@usdoj.gov](mailto:nmvtis@usdoj.gov) or visit [www.vehiclehistory.gov](http://www.vehiclehistory.gov).

ATTACHMENT A

Salvage Automobile Determination Sample Worksheet

NMVTIS Salvage Automobile Formula:

Fair Salvage Value + Cost of Repairing the Automobile for Legal Operation > Fair Market Value Immediately Before Damage

- A. Fair Salvage Value of Automobile (current condition): \$ \_\_\_\_\_
- B. Cost of Repairing the Automobile for Legal Operation: \$ \_\_\_\_\_
- C. Total of Line "A" and Line "B": \$ \_\_\_\_\_
- D. Fair Market Value of Automobile Immediately Before Damage: \$ \_\_\_\_\_

If the value on line "C" is greater than the value on line "D", then the vehicle meets the definition of "Salvage Automobile" and must be reported to NMVTIS as such.

If a vehicle has been declared a "total loss" by any insurance company or would be considered as such under the law of the applicable jurisdiction, then the above formula and assessment are not necessary, the vehicle meets the definition of "Salvage Automobile" and must be reported to NMVTIS as such.

Approved Third Party Data Consolidators for Auto Recyclers, Junk Yards, and Salvage Yards

Please contact data consolidators for more information on reporting methods and technical specifications.

AUDATEK

Phone 1-800-237-3463

AUTO DATA DIRECT, INC.

Web site: [www.add123.com](http://www.add123.com)

Phone: 1-866-923-3123; Local 850-877-8804

INSURANCE:

Mike Samaan: [insurance@add123.com](mailto:insurance@add123.com)

SALVAGE

Jay Svendsen: [salvage@add123.com](mailto:salvage@add123.com)

INSURANCE SERVICES OFFICE (ISO)

ISO Claim Search Customer Support

1-800-888-4476

e-mail: [claimssearchnmvtis@iso.com](mailto:claimssearchnmvtis@iso.com)

web site: [www.iso.com/nmvtis](http://www.iso.com/nmvtis)

NMVTIS DIRECT REPORTING SERVICE

WEB: <http://www.aamva.org/KnowledgeCenter/Vehicle/NMVTIS/JSIRReportingService.htm>.

**From:** Peter O'Connell <peter.oclaw1@verizon.net>

**To:** Harriet Cooley <towserver@aol.com>

**Subject:** NMVTIS

**Date:** Thu, Apr 7, 2011 11:04 am

---

Per Alissa Huntoon, not necessary to file with NMVTIS if there are no reportable events during a month.