

February 13th, 2023
Proponent Testimony on HB 2147
House Transportation Committee

HB2147 is concerning motor vehicles relating to abandoned or towed vehicles; requiring an individual or agency to acquire a certificate of title before selling an abandoned or towed vehicle.

To: House Committee on Transportation
From: Steve Denton President of Denton Auto Salvage

Mr. Chairman and Committee,

Thank you for the hearing on HB 2147 and for allowing me to testify.

HB 2147 would require that an abandoned or towed vehicle receive a title prior to being sold at public auction. Currently these abandoned or towed vehicles can be sold with a possessory lien affidavit and the tow lot is supposed to have all the required inspections and paperwork done prior to selling the vehicle at public auction.

This is not always the case. I am the owner of Denton Auto Salvage. We have stores in St. Marys and Carbondale Ks. In the past 3 years we have purchased 167 from 6 different tow lot auctions. Roughly half of those we could not get a title on our first attempt at the county courthouse. This was due to various reasons including, no proof of lien release, no paperwork indicating where the vehicle was picked up, or no inspection done by the highway patrol to get a Salvage or Highway title. Three particularly disturbing instances were when the highway patrol sent out 3 officers including their Captain because they thought I was trying to sell stolen vehicles when I asked them to come inspect 10 vehicle that we bought at a tow lot. After 3 hours I finally convinced them that I was not the problem. Another instance we bought a 2006 Jeep Commander and it took us 6 months to get a title, because the tow lot never got the lien release. The third concerning moment was when I was contacted by Fair Titling & Trust in Santa Monica Ca about a 2017 Ford Fusion that they saw we were selling parts online. They wanted to know how we were selling parts from a vehicle that they owned the title on. I informed them where I bought it and gave them their number. They told me I was not to sell any parts from it until they got back in touch with me. I had already sold ½ the parts off the car. I informed them that I purchased the vehicle legally and they would have to take it up with the tow lot.

On all the vehicles that we had problems getting titles on. The only reason we needed a title was to crush the car and turn the title in to KDOR as the proof of end of life. None of these vehicles were ever going to be back on the road. They use to allow us to send in the Bill Of Sale and possessory lien affidavit from the tow lot, but since the creation of MNVITUS. The KDOR will no longer accept that as the end of life paperwork. We don't buy vehicles from individuals off the street unless they have the title. The only time we buy any vehicle on a Bill of Sale is from a Tow Lot. If I can not legally own or even crush a car without the title, how can a tow lot sell me a car with just a Bill of Sale. By requiring the tow lot to acquire the title before selling us the vehicle would not put any undue financial burden on the tow lot. They are already supposed to have all the required paperwork and inspections done for us to get a title. They could then just charge us a fee for the cost of the title process.

Last year I testified on HB2294 which was last years version of this. During that hearing a lobbyist for the tow lots testified that these tow lots don't make any money off of these auctions. That they do this mostly

as a public service to get the vehicle off the roads. That statement is very misleading. I would estimate that 90% of the vehicles that are towed to the tow lots are picked up within 20 miles of the tow lot. Vehicles that were involved in a wreck or that need mechanical repairs get hauled to the body shops and service repair shops, not tow lots. At a \$85 hook up fee and \$4 a mile plus a 10% fuel surcharge that what equal about \$180 tow bill. The last 5 tow lot auctions I went to had anywhere from 15 to 45 cars for sale. The starting bid on all of them was between \$300 and \$500 per car depending on which auction it was. **If all they got was the starting bid they would have made a profit of at least \$120 per car** over what they normally get paid for the tow. **They make more money if the person doesn't pick up their car** than they would if they came to pick it up in 2 days. The cars that I buy are the mid to higher end cars. For the 167 cars that I bought at tow lots over the past 3 years I paid \$264,110. **That is \$1,581.49 per car.**

The tow lots are **already supposed** to be doing all the proper paper work and getting any inspections done in order for the buyer to get a title. If you require them to get an actual title before selling the vehicle the only extra work is taking all the paper work to the courthouse to get the titles. Then they can charge and extra \$50-75 per car for a title fee, **so it wont cost them a dime**. The biggest advantage to the state on this is that all the individuals and small junk yard or chop shops will have a title for every vehicle they buy and the state can track it better. It also makes it fairer for professional auto recyclers like myself to compete with the businesses that aren't following the laws.

Some remedy to this situation needs to be considered as this has put undue stress, time constraints and financial burden chasing down these titles. Solely on the Recycling businesses who are trying to abide by the laws. After talking to Luke Olenik, owner of Sunflower Tow in KC. He is fine with most of the wording in this bill as it will add value to the vehicles that he is selling and put everyone on a level playing field. The biggest and valid concern he has is how long will it take the state to issue them a title, so that they can sell the car. Most tow lots are not on a lot of acreage, so time and space are a major concern for them. They cant wait 3 months to get a title in order to sell the car. They would not be able to store the vehicles that long for sell. I believe KDOR requires us to get a title within 30 days of buying the vehicle, so they should be held to that same 30 day turn around to supply us with a title. Luke mentioned that he would like to get a few Tow Lot owners, KDOR, Kansas Motor Carriers and us to work out some of the details.

I am submitting three emails and documents between our business and the Pottawatomie county treasurers office as evidence of some of the problems that we encountered over the past 2 years. As well as an email that I sent to Representative Francis AwerKamp on 11-18-2020

Thank you again Mr. Chairman for the hearing and allowing me to submit testimony on behalf of HB 2147 and I'll happily stand for questions.

Respectfully,

Steve Denton,
President of Denton Auto Salvage

Hello Again Gentleman

11-18-20

It has been a while since I talked to either of you about the issue of tow lots selling cars without titles. First off I am just curious if anything new has happened on your end?

I got a disturbing call today from Zach at Fair Titling trust in Santa Monica California. He saw on line that I was in possession of a 2017 Ford Fusion VIN# 3FA6P0K95HR130147 that they owned the title on. Wanted to know how I came in possession of it and how I was able to list parts on line for a car that I did not own. I informed him that I bought the vehicle at a tow lot auction at Mikes Wrecker Service in Manhattan Ks on 8-1-20. He wanted information on how Mikes Wrecker came into possession of it and why he never received a request for a lien release. I told him that we had the paperwork showing that we purchased the vehicle for \$1750 at the tow lot & that we applied for a title , but the county said we need to get vehicle inspection done since it is an out of state title. That was the only thing they said that was delaying us from getting a title. The HI Way Patrol will only come do an inspection if we have 10 vehicles, so that has not happened yet. He said he would get in contact with Mikes wrecker to see what transpired. He would then get back with me to see if they wanted to get the vehicle back. I told him that would be tough since we have already dismantled it and sold parts off of it. I told him that when we bought the vehicle it was wrecked in the front and all down the passenger side, so I don't know what value they thought it would have. If they do want it back I will want the \$1750 I paid for the car and 3 months storage of \$30 a day and the tow bill.

I know we haven't talked about this lately, but this is a problem that isn't going to go away. Another Tow lot asked me to come buy cars at there tow lot sale. I informed them that I would prefer titles to all my cars or at the very least make sure all the inspections and paperwork are done correctly to get a title. We bought 10-12 vehicles there and 2 vehicles they said they were unable to get all the paperwork done on , so they wanted us to not do anything with them yet. With the Covid pandemic the Insurance Salvage auctions saw a 50%-70% decrease in cars availability at the auctions, so I have to buy more cars than normal from tow lots just to have some inventory.

I don't know the legalities of all this, but I can't afford to not buy inventory. If I cant get enough cars at the Insurance salvage auctions I have to buy them from the Tow lots. If I cant get salvage titles I will just have to fight the consequences of dealing with the Depart of Revenue when they want all the titles that I cant get in order to just crush the cars. None of these cars will ever be back on the road , but at this time I can not get those titles, so the DOR is just going to have to deal with it.

