

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

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**SENATE BILL****No. 476** Session of  
1995

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INTRODUCED BY CORMAN AND STOUT, FEBRUARY 9, 1995

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SENATOR CORMAN, TRANSPORTATION, AS AMENDED, APRIL 26, 1995

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## AN ACT

1 Amending Title 75 (Vehicles) of the Pennsylvania Consolidated  
2 Statutes, further providing for the transfer of ownership of  
3 a vehicle; and providing for the development of an electronic  
4 lien program.

5 The General Assembly of the Commonwealth of Pennsylvania  
6 hereby enacts as follows:

7 Section 1. Section 1111 of Title 75 of the Pennsylvania  
8 Consolidated Statutes is amended by adding a subsection to read:  
9 § 1111. Transfer of ownership of vehicle.

10 \* \* \*

11 (a.1) Exception for dealers.--When a certificate of title  
12 for a vehicle acquired by a licensed dealer for the purpose of  
13 resale is encumbered by a lien, delivery of the certificate of  
14 title by the dealer as a transferor at the time of delivery of  
15 the vehicle upon resale shall not be required for a vehicle  
16 being titled in this Commonwealth if, prior to delivery of the  
17 vehicle, the dealer obtains the applicable powers of attorney to  
18 properly execute transfer of the title and the dealer requests

1 and receives the departmental verification of any lienholders,  
2 ownership, odometer information, title brands and any other  
3 information that the department deems necessary to be verified.  
4 Upon payment of the established fee, the department shall  
5 provide the dealer or authorized messenger service with  
6 verification of the required information. The department may  
7 supply the verified information by either written or electronic  
8 means. The application and a properly assigned certificate of  
9 title shall be delivered to the department within the time  
10 period prescribed by section 1103.1 (relating to application for  
11 certificate of title). If a dealer sells a vehicle after  
12 verification of the required information for a certificate of  
13 title encumbered by a lien, but fails to satisfy the lien or  
14 deliver an assignment and warranty of title to the dealer's  
15 transferee within 90 days of the date of purchase, and this  
16 failure is the result of an act or omission by the dealer, the  
17 dealer shall accept return of the vehicle from the transferee  
18 and shall refund the purchase price less actual depreciation of  
19 the vehicle while it was within the possession of the  
20 transferee. In refunding the purchase price, the price shall  
21 include the listed dollar value of any trade-in vehicle as  
22 stated in the sales transaction document in lieu of returning  
23 the transferee's trade-in vehicle.

24 \* \* \*

25 Section 2. Chapter 11 of Title 75 is amended by adding a  
26 subchapter to read:

27 CHAPTER 11

28 CERTIFICATE OF TITLE AND SECURITY INTERESTS

29 \* \* \*

30 SUBCHAPTER C

ELECTRONIC LIEN PROGRAM

Sec.

1151. Electronic media system for vehicle titles.

1152. Development of pilot program.

1153. Administration of system.

1154. Expansion of pilot program.

1155. Certification.

§ 1151. Electronic media system for vehicle titles.

(a) Initial responsibilities of department.--The department is authorized to form a task force for the purpose of developing a system which will permit the voluntary recording of vehicle title information for new, transferred and corrected certificates of title, including the perfection and release of security interests, through electronic media in a cost-effective manner in lieu of the submission and maintenance of paper documents otherwise required by this chapter. The members of the task force shall be appointed by the secretary and shall include representatives from the department, the commercial banking industry, sales finance companies, credit unions, savings institutions and the vehicle dealership industry.

(b) Task force responsibilities.--The task force shall research methods whereby the department, lending institutions and sales finance companies may exchange and maintain information concerning the perfection and release of vehicle security interests without submitting or receiving the paper title document. Further, the task force shall develop methods whereby lending institutions and sales finance companies may submit, through a variety of electronic media, updated information pertaining to the title record, including the addition, assignment or release of vehicle security interests.

1 § 1152. Development of pilot program.

2 The task force appointed under section 1151 (relating to  
3 electronic media system for vehicle titles) shall develop a  
4 pilot program to implement voluntary electronic transactions in  
5 lieu of the paper documents required by this chapter. The  
6 department may limit the number of counties in which the pilot  
7 program will be in effect and may also limit the number of  
8 lending institutions and sales finance companies participating  
9 in the program, but shall encourage lending institutions and  
10 sales finance companies of various sizes to participate.

11 § 1153. Administration of system.

12 To carry out its responsibilities under this subchapter, the  
13 department is authorized to contract with private industries for  
14 the purpose of administering a system which will permit the  
15 electronic communication of title information and security  
16 interest notification. A third party operating a secured host  
17 computer system interfacing with the department's computer  
18 system and the computer system of a lending institution or other  
19 sales finance company shall be bonded in the amount specified by  
20 the department and shall maintain audit trails for a period of  
21 time specified by the department. The department is authorized  
22 to pay a reasonable fee to a third party to administer the  
23 system. Information received under this section by a third party  
24 shall remain confidential as specified by the department.

25 § 1154. Expansion of pilot program.

26 If, after 12 months of operation, the secretary certifies in  
27 the Pennsylvania Bulletin that the pilot program created under  
28 section 1152 (relating to development of pilot program) has been  
29 successful, the department shall promulgate regulations  
30 governing voluntary electronic media transactions in lieu of

1 submission and maintenance of paper documents otherwise required  
2 by this chapter. Until the regulations are adopted, the  
3 department may maintain and expand the pilot program provided  
4 for in section 1152.

5 § 1155. Certification.

6 Notwithstanding any other provision of law, a written or  
7 printed report of an electronic transaction or recording  
8 permitted under this subchapter, if certified as true and  
9 correct by the department, shall serve as evidence of any  
10 signature, acknowledgment ~~of~~ OR information which was provided <—  
11 to or by the department through electronic means, and the  
12 certification shall be admissible in any legal proceeding as  
13 evidence of the facts stated therein.

14 Section 3. This act shall take effect ~~immediately~~. AS <—  
15 FOLLOWS:

16 (1) THE AMENDMENT OF 75 PA.C.S. § 1111 SHALL TAKE EFFECT  
17 UPON PUBLICATION OF A NOTICE TO THAT EFFECT IN THE  
18 PENNSYLVANIA BULLETIN.

19 (2) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT  
20 IMMEDIATELY.