

## **BILL ANALYSIS**

C.S.H.B. 1087  
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Transportation  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Concerns have been raised regarding the volume of vehicles with a lost title that are sold for parts to unlicensed or unscrupulous recycling facilities given that many of these transactions are not reported. It has been suggested that these circumstances often result in these vehicles leaving the state or even being scrapped beyond recognition while the vehicle title and vehicle identification number remain active and valid and may be used to conceal the identity of a stolen vehicle. C.S.H.B. 1087 seeks to address this issue by providing an exception for certain recyclers to purchase a motor vehicle without obtaining a title to the vehicle.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill expressly does one or more of the following: creates a criminal offense, increases the punishment for an existing criminal offense or category of offenses, or changes the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 1087 amends the Transportation Code to except a metal recycler or used automotive parts recycler from the requirement to obtain the title of a motor vehicle when purchasing the vehicle if:

- the vehicle is at least 12 years old and purchased solely for parts, dismantling, or scrap;
- the vehicle is not subject to a recorded security interest or lien or the vehicle is subject only to recorded security interests or liens for which a release of each recorded security interest or lien on the vehicle is provided or that were recorded on the certificate of title more than four years before the date of purchase under the bill's provisions;
- the recycler does not dismantle, crush, or shred the vehicle before the close of business on the second business day after the date of purchase;
- the recycler obtains certain information and a seller statement relating to the vehicle and the transaction, as required by the bill; and
- the recycler submits to the Texas Department of Motor Vehicles (TxDMV), in the manner prescribed by TxDMV, and to the National Motor Vehicle Title Information System information necessary to satisfy any applicable requirement for reporting information to the National Motor Vehicle Title Information System not later than 24 hours, not counting weekends or official state holidays, after the close of business on the day the vehicle was received.

The bill authorizes TxDMV to report that information to the National Motor Vehicle Title

Information System on behalf of the recycler and exempts a recycler from the requirement to report the information to the system if TxDMV reports the information on behalf of the recycler. The bill requires TxDMV, on receipt of the information, to cancel the motor vehicle title for the motor vehicle and to add a notation to the motor vehicle record of the vehicle indicating that the vehicle has been dismantled, scrapped, or destroyed.

C.S.H.B. 1087 requires TxDMV, not later than 48 hours after receiving the information, to notify the recycler whether the vehicle has been reported stolen. The bill requires a recycler notified that a motor vehicle has been reported stolen to notify the appropriate local law enforcement agency of the vehicle's current location and to provide to the agency identifying information of the person who sold the vehicle. The bill establishes that a person who purchases a motor vehicle under the bill's provisions that is later determined by TxDMV or another governmental entity to have been reported stolen is not criminally or civilly liable unless the person had knowledge that the vehicle was stolen or failed to obtain the requisite information and seller statement and submit the requisite information to TxDMV and the National Motor Vehicle Title Information System.

C.S.H.B. 1087 authorizes a metal recycler to purchase a vehicle from a used automotive parts recycler under the bill's provisions without obtaining the requisite information and seller statement and submitting the requisite information to TxDMV and the National Motor Vehicle Title Information System if:

- the vehicle has been flattened, crushed, baled, or logged such that the vehicle is less than 50 percent of its original volume;
- the vehicle is purchased for purposes of scrap metal only; and
- the seller or an agent acting on behalf of the seller of the vehicle certifies to the purchaser that all vehicles included in the sale were reported to TxDMV or the National Motor Vehicle Title Information System.

C.S.H.B. 1087 requires a court to order a person who sells a motor vehicle under the bill's provisions to make restitution, including attorney's fees, to the owner or lienholder of the vehicle, or to a metal recycler or used automotive parts recycler, for any damage or loss caused by an offense committed by the seller related to the vehicle. The bill requires the records required to be maintained under the bill's provisions to be open to inspection by a representative of TxDMV or a law enforcement officer during reasonable business hours. The bill authorizes a contract with a U.S. Department of Justice approved third-party data consolidator, pursuant to federal regulations, to be used to satisfy the responsibilities of TxDMV and the reporting responsibilities of a recycler under the bill's provisions. The bill's provisions relating to the title requirement exception preempt all requirements that are inconsistent with specific provisions of the bill relating to the purchase and dismantling, crushing, or shredding of a motor vehicle without obtaining the title to the vehicle.

C.S.H.B. 1087 creates a Class C misdemeanor offense for a person who knowingly:

- fails to obtain or falsifies the information required to be submitted to TxDMV and the National Motor Vehicle Title Information System;
- falsifies the information or seller statement required to be obtained;
- sells a vehicle under the bill's provisions that is the subject of a security interest or lien other than a security interest or lien for which a release is provided or that was recorded on the certificate of title more than four years before the date of purchase; or
- otherwise violates the bill's provisions relating to the titling requirement exception.

The bill makes certain penalty enhancements for offenses under the Certificate of Title Act relating to nonrepairable and salvage motor vehicles applicable to the offense created by the bill and restricts the use of money generated from penalties collected for offenses involving a

violation of the bill's provisions to the enforcement, investigation, prosecution, and training activities related to motor vehicle related offenses.

### **EFFECTIVE DATE**

September 1, 2019.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 1087 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute makes the following changes:

- removes a salvage vehicle dealer from the applicability of the motor vehicle title requirement exception;
- raises the age threshold for a vehicle to qualify for the exception from 10 years old to 12 years old;
- clarifies the earliest time at which the vehicle may be dismantled, crushed, or shredded;
- removes the specification that the requirement to obtain the vehicle identification number applies only to the extent practicable;
- does not include the requirement for the written statement to certify that the vehicle will not be titled again and will be dismantled or destroyed;
- specifies that the information a recycler is required to submit to TxDMV is submitted in the manner prescribed by TxDMV;
- shortens the deadline by which a recycler is required to submit information for the National Motor Vehicle Title Information System and changes the manner in which the information is reported to the system by making reporting by TxDMV discretionary and requiring the recycler to submit the information if TxDMV does not do so;
- extends the deadline by which TxDMV is required to notify a recycler whether the vehicle has been reported stolen;
- specifies that the time at which TxDMV is required to cancel the title of a motor vehicle purchased under the bill's provisions is on receipt of information from the recycler;
- changes the authority of a metal recycler to purchase a vehicle without obtaining the requisite information and seller statement and submitting the information for the National Motor Vehicle Title Information System by limiting such authority to purchases from a used automotive parts recycler and by removing the condition that the vehicle is no longer the vehicle described by the certificate of title; and
- changes the conduct constituting an offense relating to information for the National Motor Vehicle Title Information System from knowingly failing to submit the information to knowingly failing to obtain or falsifying the information.

The substitute includes provisions that do the following:

- make the title requirement exception applicable to a vehicle subject to certain recorded or security interests;
- require TxDMV, on receipt of the information required to be reported to TxDMV by a recycler, to add a notation to the motor vehicle record of the vehicle indicating that the vehicle has been dismantled, scrapped, or destroyed; and
- authorize a contract with a U.S. Department of Justice approved third-party data consolidator to be used to satisfy the reporting responsibilities of a recycler.

The substitute does not include provisions that do the following:

- require TxDMV to continue to check with the National Crime Information Center for a period of 30 days if TxDMV has not received information that a motor vehicle purchased under the bill's provisions has been reported stolen before the time TxDMV is required to notify a recycler of whether the vehicle has been reported stolen; and
- prohibit any person damaged by the purchase of the vehicle from bringing a cause of action against TxDMV if the vehicle is not reported stolen.