

## **BILL ANALYSIS**

C.S.S.B. 935  
By: West  
Transportation  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

In Texas, a vehicle may be sold to a metal recycler or a used automotive parts recycler for parts or scrap only if the seller has a title, regardless of the age or condition of the vehicle. In reality, the owners of many older vehicles, which may only have value for parts or scrap, may have either lost the title or have never obtained a properly reassigned title. Legitimate recyclers turn away non-titled vehicles every day. Many non-original owners of older vehicles will not spend the time and money to obtain a duplicate title. Others, if they are not the most recently titled owner, will obtain a title in their name, which is even more difficult and costly, and will then sell the car for its scrap value. In many instances, untitled vehicles are sold to unlicensed or unscrupulous facilities only to effectively disappear. These vehicles may leave the state or be scrapped beyond recognition without notice to the state or to the required federal database. Even though these vehicles no longer exist, their titles remain active and their vehicle identification number (VIN) remains valid, allowing the number to be used to conceal the identity of a stolen vehicle. Many states have recognized this problem and have codified procedures that allow untitled vehicles to be sold only to certain licensed entities for scrap or parts so that their titles are deactivated and the VINs canceled. C.S.S.B. 935 seeks to address this issue in Texas by creating an exception to the titling requirement for certain motor vehicles sold for parts, dismantling, or scrap.

### **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.S.B. 935 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 following conditions are met:

- the vehicle is at least 12 years old and is 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 six years before the date of purchase under the bill's provisions;
- the recycler obtains certain information and a seller statement relating to the vehicle and the transaction, as required by the bill;

- 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 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; and
- the recycler does not dismantle, crush, or shred the vehicle before the close of business on the third business day after the date the recycler submitted the satisfactory information to TxDMV.

The bill authorizes TxDMV to report that information to the National Motor Vehicle Title Information System on the recycler's behalf and exempts a recycler from the requirement to report the information to the system if TxDMV does so. 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.S.B. 935 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 in turn 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. 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.S.B. 935 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 under the following conditions:

- 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 to the National Motor Vehicle Title Information System.

C.S.S.B. 935 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. The bill's provisions relating to the title requirement exception expressly 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.S.B. 935 creates a Class C misdemeanor offense for a person who knowingly:

- fails to obtain or falsifies 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 six 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 and restricts the use of money generated from penalties collected for the offense to the enforcement, investigation, prosecution, and training activities related to motor vehicle related offenses.

**EFFECTIVE DATE**

September 1, 2021.

**COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE**

While C.S.S.B. 935 may differ from the engrossed in minor or nonsubstantive ways, the following summarizes the substantial differences between the engrossed and committee substitute versions of the bill.

The substitute revises two of the conditions in the engrossed that must be satisfied before a vehicle may be purchased under the exception to the title requirement as follows:

- with regard to the condition in the engrossed that a vehicle subject to recorded security interests or liens that are not released be subject only to those that were recorded on the certificate of title more than four years before the date of purchase, the substitute changes that period to more than six years before the date of purchase; and
- with regard to the condition in the engrossed that the recycler not dismantle, crush, or shred the vehicle before the close of business on the second business day after the date the recycler submitted the required information to TxDMV, the substitute extends that period to the close of business on the third business day after the date the recycler submitted the information.