

## **BILL ANALYSIS**

Senate Research Center

H.B. 3131  
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Business & Commerce  
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Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

During the interim, the Texas Department of Motor Vehicles (TxDMV) heard from stakeholder groups and vehicle storage facilities (VSFs) regarding redundant and sometimes confusing language in statutes regarding fees and processes. TxDMV staff met with these stakeholders to review potential ways to streamline processes and the TxDMV board recommended legislation to address the needs to the 85th Legislature.

H.B. 3131 clarifies the role of individuals and VSFs when a vehicle is to be demolished. (Original Author's / Sponsor's Statement of Intent)

H.B. 3131 amends current law relating to the disposal of certain motor vehicles to a motor vehicle demolisher.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends the heading to Subchapter D, Chapter 683, Transportation Code, to read as follows:

#### **SUBCHAPTER D. DEMOLITION OF MOTOR VEHICLES**

SECTION 2. Amends Sections 683.051, 683.052, 683.053, and 683.054, Transportation Code, as follows:

Sec. 683.051. APPLICATION FOR AUTHORIZATION TO DISPOSE OF CERTAIN MOTOR VEHICLES. Authorizes a person to apply to the Texas Department of Motor Vehicles (TxDMV) for authority:

(1) to sell, give away, or dispose of a motor vehicle to a motor vehicle demolisher for demolition, wrecking, or dismantling if:

(A) the person is the recorded owner or has been transferred ownership of the motor vehicle, rather than the person owns the motor vehicle and the certificate of title to the vehicle is lost, destroyed, or faulty; or

(B) the vehicle is an abandoned motor vehicle and is in the possession of the person or located on property owned by the person; or

(2) to dispose of a motor vehicle to a motor vehicle demolisher for demolition, wrecking, or dismantling if:

(A) the motor vehicle is in the possession of a lienholder under Chapter 54 (Landlord's Liens), 59 (Self-Service Storage Facility Liens), or 70 (Miscellaneous Liens), Property Code, or Chapter 2303 (Vehicle Storage

Facilities), Occupations Code, rather than the abandoned motor vehicle is in the possession of the person; is more than eight years old; has certain mechanical defects; and was authorized to be towed by a law enforcement agency; and the law enforcement agency approves the application;

(B) the lienholder has complied with all notification requirements of the applicable chapter to foreclose on the lien, and

(C) the lienholder determines the motor vehicle's only residual value is as a source of parts or scrap metal, or it is not economical to dispose of the vehicle at a public sale.

Sec. 683.052. CONTENTS OF APPLICATION; APPLICATION FEE. (a) Requires that an application under Section 683.051 be made in a manner prescribed by TxDMV and include certain documentation. Deletes existing text requiring an application under Section 683.051 to contain the name and address of the applicant, state the year, make, model, and vehicle identification number of the vehicle, if ascertainable, and any other identifying feature of the vehicle; and include a concise statement of the facts about the abandonment; a statement that the certificate of title is lost or destroyed; or a statement of the reasons for the defect in the owner's certificate of title for the vehicle.

(b) Provides that TxDMV is not required to obtain an ownership document or any other verification of ownership in the name of an applicant under Section 683.051(1)(A) if TxDMV is able to verify that the applicant is the recorded owner in TxDMV's automated registration and titling system, rather than requiring that an application under Section 683.051(2) also include an affidavit containing a statement of the facts that make that subdivision applicable.

(c) Requires the application to be accompanied by a fee of \$2, unless the application is made by a unit of government. Deletes existing Subsection (d) designation and text of Subsection (c) requiring the applicant to make an affidavit stating that the facts stated in the application are true, and no material fact has been withheld. Redesignates existing Subsection (d) as Subsection (c).

Sec. 683.053. DEPARTMENT TO PROVIDE NOTICE. (a) Requires TxDMV, if an application is submitted to sell, give away, or dispose of an abandoned motor vehicle under Section 683.051(1)(B), to:

(1) send notice to any owners and lienholders of the abandoned motor vehicle identified in TxDMV's automated registration and titling system; or

(2) if TxDMV has no record of owners or lienholders for the abandoned motor vehicle, publish notice of abandonment on TxDMV's website.

(b) Requires that the notice required by Subsection (a) include certain information.

(c) Provides that TxDMV is not required to send or publish notice for an application submitted for a motor vehicle described by Section 683.051(1)(A) or (2).

(d) Requires that notice sent under Subsection (a)(1) be sent by first class mail, rather than requiring TxDMV, except as provided by Section 683.054(b), to give notice as provided by Section 683.012 (Taking Abandoned Motor Vehicle Into Custody: Notice) if it determines that an application under Section 683.051 is executed in proper form; and shows that the abandoned motor vehicle is in the possession of the applicant or has been abandoned on the applicant's property or the vehicle is not an abandoned motor vehicle and the applicant appears to be the owner of the vehicle.

Sec. 683.054. CERTIFICATE OF AUTHORITY TO DISPOSE OF VEHICLE. (a) Requires TxDMV to issue the applicant a certificate of authority to dispose of the vehicle to a motor vehicle demolisher for demolition, wrecking, or dismantling if the application submitted under Section 683.051:

(1) is properly executed;

(2) is accompanied by the required fee under Section 683.052; and

(3) contains any proof of notification or ownership required by TxDMV to enforce this subchapter, rather than if notice under Section 683.053 was given and the vehicle was not claimed as provided by notice.

(b) Requires a motor vehicle demolisher to accept the certificate of authority in lieu of a certificate of title for the vehicle. Deletes existing text authorizing TxDMV, without giving the notice required by Section 683.053, to issue a certificate of authority to an applicant to dispose of the motor vehicle to a demolisher if the vehicle meets certain requirements. Redesignates existing Subsection (c) as Subsection (b).

SECTION 3. Amends Chapter 54, Property Code, by adding Subchapter Z, as follows:

#### SUBCHAPTER Z. MISCELLANEOUS PROVISIONS

Sec. 54.901. DISPOSAL OF CERTAIN MOTOR VEHICLES SUBJECT TO LIEN. (a) Authorizes a person authorized to dispose of property for which a lien under this chapter is attached, notwithstanding any other law, to dispose of the property in accordance with Subchapter D, Chapter 683 (Abandoned Motor Vehicles), Transportation Code, if the property is a motor vehicle, and the person determines that the vehicle's only residual value is as a source of parts or scrap metal, or it is not economical to dispose of the vehicle at a public sale.

(b) Requires a person, if the person disposes of the property under Subsection (a), to apply the fair market value of the motor vehicle to the charges due to the person.

SECTION 4. Amends Section 59.0445, Property Code, by amending Subsection (g) and adding Subsection (g-1), as follows:

(g) Authorizes the lessor, if the charges are not paid before the 31st day after the date the notice is mailed or published, as applicable, to, if the property that is the subject of the notice is a motor vehicle, dispose of the motor vehicle in accordance with Subchapter D, Chapter 683, Transportation Code, if the lessor determines that the vehicle's only residual value is as a source of parts or scrap metal, or it is not economical to dispose of the vehicle at a public sale.

(g-1) Requires the lessor, if the lessor disposes of the property under Subsection (g)(2) (relating to if the charges are not paid after notice has been made to dispose of the vehicle if the lessor finds a certain reason), to apply the fair market value of the motor vehicle to the charges due to the lessor.

SECTION 5. Amends the heading to Section 70.006, Property Code, to read as follows:

Sec. 70.006. SALE OR DISPOSAL OF MOTOR VEHICLE, MOTORBOAT, VESSEL, OR OUTBOARD MOTOR.

SECTION 6. Amends Section 70.006, Property Code, by adding Subsections (f-1) and (f-2), as follows:

(f-1) Authorizes the lienholder, if the charges are not paid before the 31st day after the date that a copy of the notice required by Subsection (a) (relating to requiring a certain person who retains possession of the motor vehicle, motorboat, vessel, or outboard motor to give written notice to the owner and each holder of a lien recorded on the certificate of title) is filed with the county tax assessor-collector's office and the property that is the subject of the notice is a motor vehicle, to, in lieu of selling the vehicle under Subsection (f) (relating to authorizing a lienholder to sell certain vehicles if certain charges are not paid on the vehicle), dispose of the vehicle in accordance with Subchapter D, Chapter 683, Transportation Code, if the lienholder determines that the vehicle's only residual value is as a source of parts or scrap metal, or it is not economical to dispose of the vehicle at a public sale.

(f-2) Requires the lienholder, if the lienholder disposes of the property under Subsection (f-1), to apply the fair market value of the motor vehicle to the charges due to the lienholder.

SECTION 7. Makes application of Subchapter D, Chapter 683, Transportation Code, as amended by this Act prospective.

SECTION 8. Effective date: September 1, 2017.