

## **BILL ANALYSIS**

S.B. 2240  
By: West  
Transportation  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Concerns have been raised regarding the number 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. S.B. 2240 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**

S.B. 2240 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.

S.B. 2240 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.

S.B. 2240 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.

S.B. 2240 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.

S.B. 2240 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.