

By: West
(Kuempel)

S.B. No. 2240

A BILL TO BE ENTITLED

AN ACT

relating to an exception to the titling requirement for certain vehicles; creating a criminal offense.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter E, Chapter 501, Transportation Code, is amended by adding Section 501.098 to read as follows:

Sec. 501.098. EXCEPTION TO TITLE REQUIREMENT FOR CERTAIN VEHICLES. (a) Notwithstanding any other law, a metal recycler or used automotive parts recycler may purchase a motor vehicle without obtaining a title to the vehicle if:

(1) the vehicle is at least 12 years old and is purchased solely for parts, dismantling, or scrap and:

(A) the vehicle is not subject to a recorded security interest or lien; or

(B) the vehicle is subject only to recorded security interests or liens:

(i) for which a release of each recorded security interest or lien on the vehicle is provided; or

(ii) that were recorded on the certificate of title more than four years before the date of purchase under this section;

(2) 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; and

1 (3) except as provided by Subsection (k), the recycler
2 complies with Subsections (b) and (c).

3 (b) A metal recycler or used automotive parts recycler who
4 purchases a motor vehicle under this section shall obtain the
5 following information:

6 (1) the name, address, and National Motor Vehicle
7 Title Information System identification number of the recycler;

8 (2) the name, initials, or other identification of the
9 individual recording the information required by this subsection;

10 (3) the date of the transaction;

11 (4) a description of the vehicle, including the make
12 and model to the extent practicable;

13 (5) the vehicle identification number of the vehicle;

14 (6) the license plate number of any vehicle
15 transporting the vehicle being sold;

16 (7) the amount of consideration given for the vehicle;

17 (8) a written statement signed by the seller or an
18 agent acting on behalf of the seller:

19 (A) certifying that the seller or agent has the
20 lawful right to sell the vehicle;

21 (B) certifying that the vehicle complies with any
22 security interest or lien requirements under Subsection (a)(1); and

23 (C) acknowledging that a person who falsifies
24 information contained in the written statement is subject to
25 criminal penalties and restitution for losses incurred as a result
26 of the sale of the vehicle based on falsified information contained
27 in the statement;

1 (9) the name and address of the seller, and the
2 seller's agent if applicable;

3 (10) a photocopy or electronic scan of:

4 (A) a valid driver's license of the seller or the
5 seller's agent; or

6 (B) any other photographic identification card
7 of the seller or the seller's agent issued by any state or federal
8 agency; and

9 (11) proof demonstrating that the recycler has
10 reported the vehicle to the department as provided by Subsection
11 (c).

12 (c) A metal recycler or used automotive parts recycler who
13 purchases a motor vehicle under this section shall submit to the
14 department, in the manner prescribed by the department, and the
15 National Motor Vehicle Title Information System information
16 necessary to satisfy any applicable requirement for reporting
17 information to the National Motor Vehicle Title Information System
18 in accordance with rules adopted under 28 C.F.R. Section 25.56 not
19 later than 24 hours, not counting weekends or official state
20 holidays, after the close of business on the day the vehicle was
21 received. The department may report information received under
22 this subsection to the National Motor Vehicle Title Information
23 System on behalf of the recycler. A recycler is not required to
24 report information to the National Motor Vehicle Title Information
25 System if the department reports the information on behalf of the
26 recycler under this subsection.

27 (d) Not later than 48 hours after receiving information from

1 a recycler under Subsection (c) about a motor vehicle, the
2 department shall notify the recycler whether the vehicle has been
3 reported stolen.

4 (e) If the department notifies a recycler under Subsection
5 (d) that a motor vehicle has been reported stolen, the recycler
6 shall notify the appropriate local law enforcement agency of the
7 current location of the vehicle and provide to the agency
8 identifying information of the person who sold the vehicle.

9 (f) On receipt of information under Subsection (c)
10 regarding a motor vehicle purchased under this section, the
11 department shall:

12 (1) add a notation to the motor vehicle record of the
13 vehicle indicating that the vehicle has been dismantled, scrapped,
14 or destroyed; and

15 (2) cancel the title of the vehicle.

16 (g) A person who purchases a motor vehicle under this
17 section that is later determined by the department or another
18 governmental entity to have been reported stolen is not criminally
19 or civilly liable unless the person had knowledge that the vehicle
20 was a stolen vehicle or failed to comply with the requirements of
21 Subsection (b) or (c).

22 (h) A court shall order a person who sells a motor vehicle
23 under this section to make restitution, including attorney's fees,
24 to the owner or lienholder of the vehicle, or to a metal recycler or
25 used automotive parts recycler, for any damage or loss caused by an
26 offense committed by the seller related to the vehicle.

27 (i) The records required to be maintained under this section

1 must be open to inspection by a representative of the department or
2 a law enforcement officer during reasonable business hours.

3 (j) A contract with a United States Department of Justice
4 approved third-party data consolidator, pursuant to 28 C.F.R. Part
5 25, may be used to satisfy:

6 (1) the responsibilities of the department under this
7 section; and

8 (2) the reporting responsibilities of a recycler under
9 Subsection (c).

10 (k) A metal recycler may purchase from a used automotive
11 parts recycler a vehicle under this section without complying with
12 Subsections (b) and (c) if:

13 (1) the vehicle has been flattened, crushed, baled, or
14 logged such that the vehicle is less than 50 percent of its original
15 volume;

16 (2) the vehicle is purchased for purposes of scrap
17 metal only; and

18 (3) the seller or an agent acting on behalf of the
19 seller of the vehicle certifies to the purchaser that all vehicles
20 included in the sale were reported to the department or the National
21 Motor Vehicle Title Information System.

22 (l) This section preempts all requirements that are
23 inconsistent with specific provisions of this section relating to
24 the purchase and dismantling, crushing, or shredding of a motor
25 vehicle without obtaining the title to the vehicle.

26 SECTION 2. Section 501.109, Transportation Code, is amended
27 by adding Subsections (c-1) and (i) and amending Subsections (d)

1 and (e) to read as follows:

2 (c-1) A person commits an offense if the person knowingly:

3 (1) fails to obtain or falsifies information required
4 under Section 501.098(c);

5 (2) falsifies the information required under Section
6 501.098(b);

7 (3) falsifies the statement required under Section
8 501.098(b)(8);

9 (4) sells a vehicle under Section 501.098 that is the
10 subject of a security interest or lien other than a security
11 interest or lien described by Section 501.098(a)(1)(B); or

12 (5) otherwise violates Section 501.098.

13 (d) Except as provided by Subsection (e), an offense under
14 Subsection (a), (b), ~~(c)~~, or (c-1) is a Class C misdemeanor.

15 (e) If it is shown on the trial of an offense under
16 Subsection (a), (b), ~~(c)~~, or (c-1) that the defendant has been
17 previously convicted of:

18 (1) one offense under Subsection (a), (b), ~~(c)~~,
19 or (c-1), the offense is a Class B misdemeanor; or

20 (2) two or more offenses under Subsection (a), (b),
21 ~~(c)~~, or (c-1), the offense is a state jail felony.

22 (i) Money generated from penalties collected for offenses
23 under Subsection (c-1) may be used only for enforcement,
24 investigation, prosecution, and training activities related to
25 motor vehicle related offenses.

26 SECTION 3. This Act takes effect September 1, 2019.