

## **BILL ANALYSIS**

C.S.H.B. 3577  
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Transportation  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The owner of an older motor vehicle can donate the vehicle to the owner's favorite charity in order to claim a federal income tax deduction. In Texas, the current disposition process includes the owner signing and delivering the official title over to an eligible nonprofit 501(c)(3) tax-exempt organization. Vehicles with a missing title may be left with the organization or the organization's service company while the owner locates the title. For some low-value vehicles the owner may never locate the title. The failure of the recent owner to deliver the title may result in the accrual of additional costs and significant delays before a donated vehicle can finally be sold. These costs and delays can reduce the portion of the proceeds that would have otherwise benefited the chosen charity. For certain vehicles subject to an insurance claim and in the possession of a salvage pool operator, current law allows the salvage pool operator to obtain a title from the Texas Department of Motor Vehicles after two notices are provided to the last known owner and to ultimately sell that vehicle. C.S.H.B. 3577 seeks to provide a similar notification and titling process for donated vehicles donated to the eligible nonprofit organization so they can be sold to benefit charitable organizations.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change 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. 3577 amends the Transportation Code to provide for the issuance of title to a salvage pool operator for a motor vehicle donated to a 501(c)(3) nonprofit organization that is in the possession of the operator, at the nonprofit organization's request, applicable to a nonprofit organization that itself does not possess title to and does not otherwise take ownership of the motor vehicle. Such a nonprofit must notify the operator of the disposition of the motor vehicle and must include in the notice the name and address of the person who donated the vehicle, the previous owner of the vehicle, and any lienholder, if known.

C.S.H.B. 3577 requires the salvage pool operator, before the 15th day after receiving the notice, to notify the vehicle's owner and any lienholder of the following:

- the owner or lienholder must remove the vehicle from the salvage pool operator's possession at the location specified in the notice not later than the 60th day after the date the notice is mailed; and
- if the vehicle is not removed within the time specified in the notice, the salvage pool operator will sell the vehicle and retain the proceeds of the sale.

C.S.H.B. 3577 requires the salvage pool operator to provide subsequent notice with the same information as the initial notice described by the bill to the vehicle's owner and any lienholder not later than the 30th and 45th day after receiving the notice regarding the vehicle's disposition from the nonprofit organization if the motor vehicle was not removed after the operator's preceding notice. The notice required of an operator under the bill's provisions must be sent by registered or certified mail, return receipt requested.

C.S.H.B. 3577 authorizes the salvage pool operator, if the vehicle is not removed from the operator's possession before the 61st day after the date notice is mailed to the vehicle's owner and any lienholder, to obtain from the Texas Department of Motor Vehicles (TxDMV) a salvage vehicle title for a salvage motor vehicle or a nonrepairable vehicle title for a nonrepairable motor vehicle and further provides the following:

- the application for title must be submitted to TxDMV on a form prescribed by TxDMV and include evidence that the notice to the owner and any lienholder was mailed as required;
- such a title must be issued in the name of the salvage pool operator; and
- TxDMV must issue the appropriate title to a person authorized to apply for the title if TxDMV determines that the application is complete and complies with applicable law.

The bill authorizes the salvage pool operator, on receipt of a title for the vehicle, to sell the vehicle and retain the proceeds of the sale.

### **EFFECTIVE DATE**

September 1, 2023.

### **COMPARISON OF INTRODUCED AND SUBSTITUTE**

While C.S.H.B. 3577 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes the following provisions that were not in the introduced:

- a requirement that the applicable requisite notice from a salvage pool operator to the vehicle's owner and any lienholder be sent by registered or certified mail, return receipt requested;
- a requirement for an applicable title to be issued in the name of the salvage pool operator; and
- a requirement for TxDMV to issue the appropriate title to a person authorized to apply for the title if TxDMV determines that the application is complete and complies with applicable law.