



SENATE BILL 412: Abandoned Vehicles/Charities.

2017-2018 General Assembly

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| Committee: | | Date: | June 13, 2018 |
| Introduced by: | Sen. B. Jackson | Prepared by: | Howard Marsilio |
| Analysis of: | Third Edition | | Staff Attorney |

OVERVIEW: *Senate Bill 412 would do the following:*

- *Provide a process for used motor vehicle dealers to sell vehicles donated to charitable organizations when the donated vehicle is titled in this State but the title is not provided with the donation.*
- *Provide that failure to comply with the new statutory process is grounds for denying, suspending, placing on probation, or revoking a motor vehicle dealer's license.*
- *Provide that a charitable organization is not required to register and title a vehicle that was donated to the organization solely for purposes of resale.*
- *Exempt from the definition of 'motor vehicle dealer' a charitable organization where a vehicle was donated to the organization solely for purposes of resale.*
- *Exempts a charitable organization from paying highway use tax for a title issued as the result of a transfer of a vehicle to the organization that was donated solely for purposes of resale.*

BILL ANALYSIS: Senate Bill 412 would create a new statutory process for used motor vehicles dealers to dispose of vehicles donated to charitable organizations without a title. If the dealer, whose primary business is the sale of salvage vehicles on behalf of insurers and charitable organizations, takes possession of a vehicle currently titled in the State but the title is not provided, the following provisions would apply:

- The dealer must send notice to the last registered owner and any lienholders that the vehicle has been donated, providing any owner or lienholder who objects to the donation 30 days to provide proof of ownership and reclaim the vehicle.
- If the owner or lienholder receives notice and fails to object, any claim to the vehicle is abandoned, the title is deemed transferred to the charitable organization, and the lien is deemed extinguished. The dealer or charitable organization may then apply for a duplicate title with transfer.
- Upon receipt of the application for duplicate title with transfer and supporting documentation, the Division is required to issue a title to the donated vehicle in the name of the charitable organization, free and clear of liens, to the dealer.
- If notice to the owner or lienholder is not received or is returned undeliverable, the dealer may file a special proceeding to obtain an order allowing the vehicle to be sold.
- If the donated vehicle is not currently titled in the State, does not appear in the Division's records, or the owner and lienholders are not reasonably ascertainable, the dealer may bring a civil action for authorization to sell the vehicle as salvage on behalf of the charitable organization.

Karen Cochrane-Brown
Director



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Willfully and intentionally failing to comply with these provisions would be grounds for the dealer to have its license denied, suspended, placed on probation, or revoked. Any person providing false information to the Division in conjunction with the sale of a charity vehicle would be guilty of a Class 2 misdemeanor. The Division would not be liable for any damages arising from the transfer of a title pursuant to this process.

The bill would provide that a charitable organization does not have to register a vehicle or forward the certificate of title to the Division when the vehicle was donated to the organization solely for purposes of resale. The charitable organization would also be exempted from the definition of motor vehicle dealer in situations where a vehicle was donated to the organization solely for purposes of resale.

The bill would also provide that a charitable organization is exempt from paying highway use tax when a transfer of title is the result of a transfer of a motor vehicle to the organization and the vehicle was donated solely for purposes of resale by the organization.

EFFECTIVE DATE: The act would be effective when it becomes law.