



# SENATE BILL 412: Abandoned Vehicles/Charities.

2017-2018 General Assembly

---

<b>Committee:</b>		<b>Date:</b>	July 19, 2018
<b>Introduced by:</b>		<b>Prepared by:</b>	Howard Marsilio Staff Attorney
<b>Analysis of:</b>	S.L. 2018-43		

---

**OVERVIEW:** *S.L. 2018-43 does the following:*

- *Provides 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.*
- *Provides that a charitable organization is not required to register and title a vehicle that was donated to the organization solely for purposes of resale.*
- *Provides that willful and intentional failure to comply with the new statutory process is grounds for denying, suspending, placing on probation, or revoking a motor vehicle dealer's license.*
- *Exempts a charitable organization where a vehicle was donated to the organization solely for purposes of resale from the definition of motor vehicle dealer.*
- *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.*

*This act became effective June 22, 2018.*

**BILL ANALYSIS:** Section 1 of this act creates a new statutory process for used motor vehicle 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 from a qualified charitable organization but the title is not provided, the following provisions 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.

Karen Cochrane-Brown  
Director



Legislative Analysis  
Division  
919-733-2578

# Senate Bill 412

Page 2

- 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.

The Division would not be liable for any damages arising from the transfer of a title pursuant to this process.

**Section 2** and **Section 3** of this act 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.

**Section 4** provides that willfully and intentionally failing to comply with these provisions is grounds for the dealer to have its license denied, suspended, placed on probation, or revoked.

**Section 5** of this act also provides 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 became effective June 22, 2018.