

---

May 8, 2018

Ken Levine, Director  
Sunset Advisory Commission  
PO Box 13066  
Austin, TX 78711

Submitted at: [sunset@sunset.texas.gov](mailto:sunset@sunset.texas.gov)

Re: Sunset Staff Report on the Texas Department of Motor Vehicles

Dear Mr. Levine:

I am submitting these comments on behalf of the Texas Automotive Recyclers Association (TARA). TARA is the statewide organization of professional automotive recyclers. Since 1965, the association has represented an industry dedicated to safe and environmentally responsible removal, reuse and disposal of automotive parts and inoperable motor vehicles. TARA members are licensed by the Texas Department of Licensing & Regulation (TDLR) as Used Automotive Parts Recyclers and many are also licensed by the Texas Department of Motor Vehicles (TxDMV) as salvage dealers and/or used car dealers.

TARA appreciates the opportunity to submit comments relating to the Sunset Commission Staff Report on TxDMV. Our members work with the vehicle titling and registration division on a daily basis and we have a long history with the agency's salvage dealer program as prior to 2009 used automotive parts recyclers were regulated under that program at TxDMV's predecessor agency, the Texas Department of Transportation (TxDOT).

In the 2008 Sunset review of TxDOT, staff found that "The potential harm that can result from illegal activities of salvage vehicle dealers... requires a more concerted effort by the State to control salvage vehicle dealers". TARA agreed with this statement a decade ago and we believe it is still relevant today. Criminal activities associated with unlicensed and unregulated salvage operations include title cloning, auto theft, dealing in stolen and damaged auto parts, money laundering and drug trafficking. Moreover, illegitimate salvage yards do not comply with local, state and federal environmental laws, health and safety codes, or zoning and visual blight ordinances. Unlicensed and unregulated salvage operations harm the legitimate industry as well as the public. The cost of compliance is expensive in automotive salvage business and those who do not comply have a clear competitive advantage.

In 2009, TARA successfully advocated for the Texas Legislature to transfer regulation of used automotive parts recyclers to TDLR to ensure meaningful regulation of our segment of the salvage industry. Today we recommend that the remainder of the salvage industry be placed under TDLR and believe that such a move will address many of the issues identified by Sunset staff.

Below are our detailed comments and recommendations:

*Issue 1: The Department's Industry-Oriented Board and Its Processes Create Risk for the State.*

TARA supports Recommendation 1.7 relating to standing advisory committees to "provide

---

independent, external expertise on significant department functions and policies.” TDLR has a proven record of utilizing advisory committees and statute should require an advisory committee for salvage dealers if transferring the program. Should regulation remain at TxDMV, we suggest there be an advisory committee for the salvage industry.

*Issue 2: Texas Lacks Basic Safeguards to Identify and Address Vehicle Title Fraud.*

TARA supports the findings and recommendations outlined under Issue 2. Our members work with the vehicle titling and registration division daily and we believe it should be the agency’s priority. Transferring regulation of the salvage industry to TDLR would allow more focus on this critical function.

*Issue 3: The Department’s Approach to Enforcement Does Not Effectively Address the Biggest Risks to the Public*

TARA does not believe the salvage dealer program is a priority for TxDMV as exemplified by the average timeframe for complaint resolution of 325 days that is more than double the number of days for the motor vehicle program and the motor carrier program. The average time for complaint resolution at TDLR is 142 days.

TARA supports Recommendation 3.3 authorizing the use of cease-and-desist authority for unlicensed salvage activity. TDLR has this authority under a number of their programs and uses it effectively.

TARA agrees with Recommendation 3.8 directing the publication of penalty matrices. TDLR currently publishes penalty matrices for its programs.

*Issue 4. Key Elements of the Department’s Licensing Functions Do Not Conform to Common Licensing Standards.*

TARA agrees with the Issue 4 findings and recommends that the salvage program be transferred to TDLR that does conform to common licensing standards.

TARA respectfully submits two additional recommendations to aid in substantive regulation of the salvage industry. We suggest that salvage vehicle dealers be required to carry \$250,000 of general liability insurance the same as used automotive parts recyclers. Additionally, TARA recommends that TxDMV establish an electronic system for tracking casual sales.

Thank you for your consideration, should you have any questions please contact me at [ctredway@austin.rr.com](mailto:ctredway@austin.rr.com) or 512.751.0743.

Sincerely,

  
CJ Tredway, Consultant