

Columnists

Originally published Friday, May 4, 2012 at 10:42 PM

Vehicle donation is efficient recycling

Many of us have vivid memories of visiting a muddy auto junkyard to find parts for an old car or truck. Junkyards persevere, but in recent years additional alternatives have emerged for dealing with old cars.

By Tom Watson

Special to The Seattle Times

No matter what indignities they've suffered, old cars still have value. Recycling and reusing cars and car parts are American traditions, and many of us have vivid memories of visiting a muddy auto junkyard to find parts for an old car or truck.

Junkyards persevere, but in recent years additional alternatives have emerged for dealing with old cars. For a consumer wondering what to do with an old vehicle, the biggest change has been the proliferation of charity auto-donation programs.

Relentless ads in various media urge us to donate our old cars to charities or nonprofit organizations. But consumers need to be careful, since the financial implications of this modern way of dealing with old cars can get confusing.

Q: Why do so many organizations want donations of old vehicles?

A: Charities and the companies that operate car-donation programs for charities can potentially make a significant profit. Even if charities don't make much money, they usually have nothing to lose by being in the car-donation business. In addition to cars and trucks, most of these donation programs accept recreational vehicles, motorcycles, airplanes and boats.

Q: What's in it for me?

A: Many vehicle-donation programs will pick up the car from you, even if it's not running, and handle most of the paperwork. You also support a charity.

Q: Do I get a tax deduction?

A: You only receive a deduction for a car donation if you itemize deductions on your federal tax return (according to the Internal Revenue Service, less than 35 percent of Americans itemize their deductions).

In 2005 the IRS tightened regulations, making it harder to claim a sizable deduction for a car of low resale value. However, if a charity plans to use the vehicle in its own programs, to make deliveries for a food bank for example, the donor may qualify for a larger deduction.

Q: How do I know if a car-donation program is legitimate?

A: Local charities or nonprofits with good reputations are usually safe bets for vehicle donations.

If you're not familiar with an organization, investigate it (search online for the charity name and "complaints," for example) before you donate your car.

Q: How much do charities benefit from car donations?

A: Charities typically receive 40 to 60 percent of the proceeds of the eventual sale of the vehicle if they use a private company to handle the donations. If a charity operates its own car-donation program, the charity has more costs but generally reaps a much greater monetary benefit from donations.

To maximize the benefit to a favorite charity, consider selling the car yourself and then giving the sale proceeds to the charity. That will take more time and effort but will usually provide more money for the organization.

A few Seattle-area charities such as Northwest Center and Volunteers of America operate used-car sales lots where they sell vehicles donated to them, and buying a used car from those lots is another great way to directly benefit a charity.

Serious Givers, a California-based nonprofit that provides education about making effective charitable donations, offers additional advice about car donations in a 10-page 2011 report: seati.ms/It4zeC.

Q: What happens to my car after I donate it?

A: Most donated cars are resold. If the car is beyond repair, the scrap metal will be recycled after the car has been salvaged for parts.

Q: Isn't it best environmentally if gas-guzzling cars get taken off the road?

A: That's true in general, but a case can also be made for making inexpensive used cars available, so low-income people can get to work, for example.

Q: How eco-friendly is the auto-recycling business overall?

A: Although occasional problems arise with the handling of fluids and toxic materials, the salvaging of cars and car parts is one of the most efficient reclamation industries around. Making use of nearly every piece of the car, auto salvagers epitomized recycling before the word even existed.

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