

By: Thompson of Brazoria

H.B. No. 3577

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the issuance of title to a salvage pool operator for
3 certain motor vehicles.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 501.0935, Transportation Code, is
6 amended by amending Subsections (a), (b), (b-1), (g), and (j) and
7 adding Subsections (b-2), (c-1), (c-2), (f-1), and (j-1) to read as
8 follows:

9 (a) In this section:

10 (1) "Nonprofit organization" means an organization
11 exempt from federal income taxation under Section 501(c)(3),
12 Internal Revenue Code of 1986, as amended.

13 (2) "Salvage [~~7~~"salvage] pool operator" has the
14 meaning assigned by Section 2302.001, Occupations Code.

15 (b) This section applies only to a salvage pool operator
16 who:

17 (1) [~~7~~] on request of an insurance company, takes
18 possession of a motor vehicle that is the subject of an insurance
19 claim and the insurance company subsequently:

20 (A) [~~1~~] denies coverage with respect to the
21 motor vehicle; or

22 (B) [~~2~~] does not otherwise take ownership of
23 the motor vehicle; or

24 (2) on request of a nonprofit organization, takes

1 possession of a motor vehicle that was donated to the nonprofit and
2 the nonprofit:

3 (A) does not possess title to the vehicle; and
4 (B) does not otherwise take ownership of the
5 motor vehicle.

6 (b-1) An insurance company described by Subsection (b)(1)
7 [~~(b)~~] shall notify the salvage pool operator of the denial of the
8 claim regarding the motor vehicle or other disposition of the motor
9 vehicle. The insurance company must include in the notice the name
10 and address of the owner of the motor vehicle and the lienholder, if
11 any.

12 (b-2) A nonprofit organization described by Subsection
13 (b)(2) shall notify the salvage pool operator of the disposition of
14 the motor vehicle and must include in the notice the name and
15 address of:

- 16 (1) the person who donated the motor vehicle;
17 (2) the previous owner of the motor vehicle; and
18 (3) any lienholder, if known.

19 (c-1) Before the 15th day after receiving notice under
20 Subsection (b-2), a salvage pool operator shall notify the owner of
21 the motor vehicle and any lienholder that:

22 (1) the owner or lienholder must remove the motor
23 vehicle from the salvage pool operator's possession at the location
24 specified in the notice to the owner and any lienholder not later
25 than the 60th day after the date the notice is mailed; and

26 (2) if the motor vehicle is not removed within the time
27 specified in the notice, the salvage pool operator will sell the

1 motor vehicle and retain the proceeds of the sale.

2 (c-2) A salvage pool operator shall provide subsequent
3 notice described by Subsection (c-1) to the owner of the motor
4 vehicle and any lienholder not later than the 30th and 45th day
5 after receiving notice under Subsection (b-2) if the motor vehicle
6 was not removed after the preceding notice.

7 (f-1) If a motor vehicle is not removed from a salvage pool
8 operator's possession before the 61st day after the date notice is
9 mailed to the motor vehicle's owner and any lienholder under
10 Subsection (c-1), the salvage pool operator may obtain from the
11 department:

12 (1) a salvage vehicle title for a salvage motor
13 vehicle; or

14 (2) a nonrepairable vehicle title for a nonrepairable
15 motor vehicle.

16 (g) An application for a title under Subsection (f) or
17 (f-1), as applicable, must:

18 (1) be submitted to the department on a form
19 prescribed by the department; and

20 (2) include evidence that the notice was mailed as
21 required by Subsections [~~Subsection~~] (c), (c-1), and (c-2), as
22 applicable, to the motor vehicle owner and any lienholder.

23 (j) On receipt of a title under this section for a motor
24 vehicle described by Subsection (b)(1), the salvage pool operator
25 shall:

26 (1) sell the motor vehicle and retain from the
27 proceeds of the sale the costs incurred by the salvage pool operator

1 as permitted by Subsection (d) along with the cost of titling and
2 selling the motor vehicle; and

3 (2) [~~The salvage pool operator shall~~] pay any excess
4 proceeds from the sale to the previous owner of the motor vehicle
5 and the lienholder, if any, by mailing the [~~The~~] excess proceeds
6 [~~must be mailed~~] to the lienholder.

7 (j-1) On receipt of a title under this section for a motor
8 vehicle described by Subsection (b)(2), the salvage pool operator
9 may sell the motor vehicle and retain the proceeds of the sale.

10 SECTION 2. This Act takes effect September 1, 2023.