

By: Bell of Kaufman

H.B. No. 5436

A BILL TO BE ENTITLED

AN ACT

relating to an exception to the titling requirement for certain motor vehicles; creating a criminal offense; providing for a fee.

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

SECTION 1. Subchapter E, Chapter 501, Transportation Code, is amended by adding Section 501.098 to read as follows:

Sec. 501.098. EXCEPTION TO TITLE REQUIREMENT FOR CERTAIN VEHICLES. (a) Notwithstanding any other law, a used automotive parts recycler may purchase a motor vehicle without obtaining a title to the vehicle if:

(1) the vehicle is at least 13 years old and is purchased solely for parts, dismantling, or scrap;

(2) the vehicle has not been registered for at least seven years;

(3) the recycler complies with Subsections (b), (c), and (g); and

(4) either:

(A) the recycler does not dismantle, crush, or shred the vehicle before the close of business on the third business day after the date the recycler submitted to the department the information required under Subsection (c), if the vehicle is:

(i) not subject to a recorded security interest or lien; or

(ii) subject only to recorded security

1 interests or liens:

2 (a) for which a release of each  
3 recorded security interest or lien on the vehicle is provided; or

4 (b) that were recorded on the  
5 certificate of title more than six years before the date of purchase  
6 under this section; or

7 (B) the recycler does not dismantle, crush, or  
8 shred the vehicle before the date stated in the written statement  
9 required by Subsection (h)(4), if the recycler determined under  
10 Subsection (g) that the vehicle is subject to a recorded security  
11 interest or lien, other than a security interest or lien described  
12 by Paragraph (A)(ii).

13 (b) A used automotive parts recycler who purchases a motor  
14 vehicle under this section shall compile the following information  
15 in the manner prescribed by the department:

16 (1) the name, address, and National Motor Vehicle  
17 Title Information System identification number of the recycler;

18 (2) the name, initials, or other identification of the  
19 individual recording the information required by this subsection;

20 (3) the date of the transaction;

21 (4) a description of the vehicle, including the make  
22 and model to the extent practicable;

23 (5) the vehicle identification number of the vehicle;

24 (6) the license plate number of any vehicle  
25 transporting the vehicle being sold;

26 (7) the amount of consideration given for the vehicle;

27 (8) a written statement signed by the seller or an

1 agent acting on behalf of the seller:

2 (A) certifying that the seller or agent has the  
3 lawful right to sell the vehicle; and

4 (B) acknowledging that a person who falsifies  
5 information contained in the written statement is subject to  
6 criminal penalties and restitution for losses incurred as a result  
7 of the sale of the vehicle based on falsified information contained  
8 in the statement;

9 (9) the name and address of the seller, and the  
10 seller's agent if applicable;

11 (10) a photocopy or electronic scan of:

12 (A) a valid driver's license of the seller or the  
13 seller's agent; or

14 (B) any other photographic identification card  
15 of the seller or the seller's agent issued by any state or federal  
16 agency; and

17 (11) proof demonstrating that the recycler has  
18 reported the vehicle to the department as provided by Subsection  
19 (c).

20 (c) A used automotive parts recycler who purchases a motor  
21 vehicle under this section shall submit to the department, in the  
22 manner prescribed by the department, and to the National Motor  
23 Vehicle Title Information System information necessary to satisfy  
24 any applicable requirement for reporting information to the  
25 National Motor Vehicle Title Information System in accordance with  
26 rules adopted under 28 C.F.R. Section 25.56. The information must  
27 be submitted not later than 24 hours, not counting weekends or

1 official state holidays, after the close of business on the day the  
2 vehicle is received. The department may report information  
3 received under this subsection to the National Motor Vehicle Title  
4 Information System on the recycler's behalf. A used automotive  
5 parts recycler is not required to report information to the  
6 National Motor Vehicle Title Information System if the department  
7 reports the information on behalf of the recycler under this  
8 subsection.

9 (d) Not later than 48 hours after receiving motor vehicle  
10 information from a used automotive parts recycler under Subsection  
11 (c), the department shall notify the recycler whether the vehicle  
12 has been reported stolen.

13 (e) If the department notifies a used automotive parts  
14 recycler under Subsection (d) that a motor vehicle has been  
15 reported stolen, the recycler shall notify the appropriate local  
16 law enforcement agency of the vehicle's current location and  
17 provide to the agency identifying information of the person who  
18 sold the vehicle to the recycler.

19 (f) On receipt of motor vehicle information under  
20 Subsection (c), the department shall:

21 (1) add a notation to the motor vehicle record of the  
22 vehicle indicating that the vehicle has been dismantled, scrapped,  
23 or destroyed; and

24 (2) cancel the title of the vehicle.

25 (g) Not later than 48 hours after a used automotive parts  
26 recycler purchases a motor vehicle under this section, the recycler  
27 shall, in the manner prescribed by the department, verify whether

1 the vehicle is subject to any recorded security interest or lien.  
2 If the recycler determines that the vehicle is subject to a recorded  
3 security interest or lien, other than a security interest or lien  
4 described by Subsection (a)(4)(A)(ii), the recycler shall provide  
5 notice, in accordance with Subsection (h), to the county  
6 assessor-collector of the county in which the recycler is located  
7 of the recycler's purchase of the vehicle.

8 (h) Notice provided to the county assessor-collector under  
9 Subsection (g) must include:

10 (1) the information described by Subsections  
11 (b)(1)-(5);

12 (2) the contact information of the lienholder  
13 identified by the used automotive parts recycler under Subsection  
14 (g);

15 (3) the date on which the notice is provided to the  
16 county assessor-collector;

17 (4) a written statement signed by the recycler or the  
18 recycler's agent that the vehicle will not be dismantled or  
19 scrapped on or before the 21st day after the date described by  
20 Subdivision (3); and

21 (5) a \$25 administrative fee.

22 (i) Not later than the fifth day after the date a used  
23 automotive parts recycler provides notice to a county  
24 assessor-collector under Subsection (g), the county  
25 assessor-collector shall notify the lienholder and the last  
26 registered owner of the vehicle, if the recycler did not purchase  
27 the vehicle from the last registered owner, of the recycler's

1 purchase of the motor vehicle, which must include the contact  
2 information of the recycler provided under Subsection (h)(1) and a  
3 copy of the written statement provided under Subsection (h)(4).

4 (j) Not later than the 14th day after the date a county  
5 assessor-collector provides notice to a lienholder or a last  
6 registered owner under Subsection (i), the lienholder or last  
7 registered owner may retrieve the vehicle from the recycler at no  
8 cost.

9 (k) A person who purchases a motor vehicle under this  
10 section that is later determined by the department or another  
11 governmental entity to have been reported stolen is not criminally  
12 or civilly liable unless the person had knowledge that the vehicle  
13 was a stolen vehicle or failed to comply with the requirements of  
14 Subsection (b) or (c).

15 (l) A court shall order a person who sells a motor vehicle  
16 under this section to pay restitution, including attorney's fees,  
17 to the owner or lienholder of the vehicle or to a used automotive  
18 parts recycler in an amount equal to the amount of any damage or  
19 loss caused by an offense committed by the seller related to the  
20 vehicle.

21 (m) Records required to be maintained under this section  
22 must be open to inspection by a representative of the department or  
23 a law enforcement officer during reasonable business hours.

24 (n) A contract with a United States Department of Justice  
25 approved third-party data consolidator, pursuant to 28 C.F.R. Part  
26 25, may be used to satisfy:

27 (1) the responsibilities of the department under this

1 section; and

2 (2) the reporting responsibilities of a used  
3 automotive parts recycler under Subsection (c).

4 (o) This section preempts all requirements that are  
5 inconsistent with specific provisions of this section relating to  
6 the purchase and dismantling, crushing, or shredding of a motor  
7 vehicle without obtaining the title to the vehicle.

8 SECTION 2. Section 501.109, Transportation Code, is amended  
9 by adding Subsections (c-1) and (i) and amending Subsections (d)  
10 and (e) to read as follows:

11 (c-1) A person commits an offense if the person knowingly:

12 (1) fails to obtain or falsifies information required  
13 under Section 501.098(c);

14 (2) falsifies the information required under Section  
15 501.098(b) or (h);

16 (3) falsifies the statement required under Section  
17 501.098(b)(8) or (h)(4);

18 (4) sells a vehicle under Section 501.098 that is the  
19 subject of a security interest or lien other than a security  
20 interest or lien described by Section 501.098(a)(4)(A)(ii); or

21 (5) otherwise violates Section 501.098.

22 (d) Except as provided by Subsection (e), an offense under  
23 Subsection (a), (b), ~~(c)~~, or (c-1) is a Class C misdemeanor.

24 (e) If it is shown on the trial of an offense under  
25 Subsection (a), (b), ~~(c)~~, or (c-1) that the defendant has been  
26 previously convicted of:

27 (1) one offense under Subsection (a), (b), ~~(c)~~,

1 or (c-1), the offense is a Class B misdemeanor; or

2 (2) two or more offenses under Subsection (a), (b),  
3 ~~[or]~~ (c), or (c-1), the offense is a state jail felony.

4 (i) Money generated from penalties collected for offenses  
5 under Subsection (c-1) may be used only for enforcement,  
6 investigation, prosecution, and training activities related to  
7 motor vehicle related offenses.

8 SECTION 3. This Act takes effect September 1, 2025.