

BILL ANALYSIS

Senate Research Center
78R6303 DWS-F

S.B. 789
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Business & Commerce
4/21/2003
As Filed

DIGEST AND PURPOSE

Currently, damaged vehicles are required to be inspected by specially trained police officers to ensure stolen vehicle parts are not being used on salvage title vehicles. However, there has been little discovery of stolen vehicle parts. As proposed, S.B. 789 eliminates inspections of non-repairable and salvage vehicles by the Texas Department of Public Safety and changes requirements on titling and sale of non-repairable and salvage motor vehicles. This bill also places certain requirements on insurance companies when surrendering a certificate of title. S.B. 789 also adjusts fees for titles collected by certain entities.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2302.002, Occupations Code, to provide the circumstances under which a vehicle will be classified as a salvage motor vehicle.

SECTION 2. Amends Section 2302.107, Occupations Code, by amending Subsections (a) and (d) and adding Subsection (e), as follows:

- (a) Provides an exception.
- (d) Authorizes a salvage vehicle agent to acquire, sell, or otherwise deal in salvage motor vehicles, nonrepairable motor vehicles, or salvage parts as directed by the authorizing dealer.
- (e) Provides that a person is not required to hold a salvage vehicle agent license to act as a salvage vehicle agent if the person holds a salvage vehicle dealer license, is a partner, owner, officer, or employee of a person who holds a salvage vehicle dealer license or only transports salvage or nonrepairable motor vehicles for a person who holds a salvage vehicle dealer license.

SECTION 3. Amends Section 501.0911(a), Transportation Code, by amending Subdivisions (8), (12), (13), and (15) and adding Subdivisions (13-a) and (16), as follows:

- (8) Redefines "nonrepairable motor vehicle."
- (12) Bill, as drafted, makes no change to this definition.
- (13) Redefines "rebuilder."
- (13-a) Defines "salvage motor vehicle."

(15) Redefines "salvage vehicle dealer."

(16) Defines "total loss claim."

SECTION 4. Amends Section 501.0912, Transportation Code, as follows:

Sec. 501.0912. New heading: INSURANCE COMPANY TO SURRENDER CERTIFICATES OF TITLE TO CERTAIN SALVAGE MOTOR VEHICLES OR NONREPAIRABLE MOTOR VEHICLES. (a) Requires an insurance company that is licensed to conduct business in this state and that acquires, through payment of a claim, ownership or possession of a salvage motor vehicle or nonrepairable motor vehicle covered by a certificate of title issued by this state to surrender a properly assigned certificate of title to the Texas Department of Transportation (TxDOT), on a form prescribed by TxDOT, except that not earlier than the 46th day after the date of payment of the claim the insurance company may surrender a certificate of title, on a form prescribed by TxDOT, and receive a salvage certificate of title or a nonrepairable certificate of title without obtaining a properly assigned certificate of title if the insurance company meets certain requirements.

(b) Requires an insurance company to apply for a salvage motor vehicle certificate of title, for a salvage motor vehicle. Requires an insurance company to apply for a nonrepairable motor vehicle certificate of title, for a nonrepairable motor vehicle.

(c) Makes a conforming change.

(d) Redefines the entities to which an insurance company is authorized to sell a motor vehicle to which this section applies to. Makes a conforming change.

SECTION 5. Amends Section 501.0913, Transportation Code, to make conforming changes.

SECTION 6. Amends Section 501.0915, Transportation Code, as follows:

(a) Requires an insurance company to submit a report to TxDOT if after payment of a total loss claim on a salvage motor vehicle or a nonrepairable motor vehicle an insurance company does not acquire ownership of the vehicle for a reason other than the inability to locate one or more of the owners as provided by Section 501.0912(a). Makes a conforming change.

(b) Makes a conforming change.

SECTION 7. Amends the heading to Section 501.0916, Transportation Code, to read as follows:

Sec. 501.0916. SALE, TRANSFER, OR RELEASE OF SALVAGE OR NONREPAIRABLE MOTOR VEHICLE.

SECTION 8. Amends Section 501.0916, Transportation Code, by amending Subsections (a), (b), and (c) and adding Subsection (f), as follows:

(a) Provides an exception and makes a conforming change.

(b) Includes Subsection (f) as a subsection under which a person who sells, transfers, or releases a motor vehicle is required to deliver a properly assigned certificate of title.

(c) Makes a conforming change.

(f) Authorizes a salvage vehicle dealer to sell not more than five salvage motor vehicles or nonrepairable motor vehicles to any individual during a calendar year, in addition to selling to the authorized buyers listed by Subsection (a).

SECTION 9. Amends Section 501.0918, Transportation Code, as follows:

Sec. 501.0918. New Heading: PERSON ACQUIRING SALVAGE MOTOR VEHICLE OR NONREPAIRABLE MOTOR VEHICLE TO SURRENDER CERTIFICATE OF TITLE. Requires a person, other than a salvage vehicle dealer or an insurance company licensed to do business in this state, who acquires ownership of a salvage motor vehicle or a nonrepairable motor vehicle that has not been issued a salvage motor vehicle certificate of title, a nonrepairable motor vehicle certificate of title, or a comparable ownership document issued by another state or jurisdiction, before selling the vehicle to surrender the properly assigned certificate of title for the vehicle to TxDOT and if the vehicle is a salvage motor vehicle, apply to TxDOT for a salvage motor vehicle certificate of title for the vehicle or if the vehicle is a nonrepairable motor vehicle, apply to TxDOT for a nonrepairable motor vehicle certificate of title for the vehicle.

SECTION 10. Amends Section 501.0919, Transportation Code, as follows:

Sec. 501.0919. New Heading: SALE OF CERTAIN SALVAGE MOTOR VEHICLES. Authorizes the owner of a salvage motor vehicle that has been issued a salvage motor vehicle certificate of title or a nonrepairable motor vehicle certificate of title to sell the vehicle only to a salvage vehicle dealer in this state, an out-of-state buyer, a buyer in a casual sale at auction, or a person described by Section 2303.003, Occupations Code, except that if the owner is a salvage vehicle dealer, in addition to selling to the authorized buyers listed, the dealer may sell not more than five salvage motor vehicles or nonrepairable motor vehicles to any individual during a calendar year.

SECTION 11. Amends Section 501.0920(a), Transportation Code, to require that an application for a salvage motor vehicle certificate of title or a nonrepairable motor vehicle certificate of title not exceed the greater of \$5 or an amount that is sufficient, when added to other fees collected under this chapter, to recover the actual costs to TxDOT of issuing the certificate.

SECTION 12. Amends Section 501.0922, Transportation Code, to authorize a vehicle for which a salvage motor vehicle certificate of title, Texas salvage certificate, or other salvage ownership document has been issued to be issued a regular certificate of title only after application and, in addition to any other requirement of law, only if the application describes each major component part used to repair the vehicle and shows the identification number required by federal law to be affixed to or inscribed on the part.

SECTION 13. Amends Section 501.0923(a), Transportation Code, to authorize TxDOT, on receipt of a complete application under Section 501.0922, to issue the applicant a certificate of title for the vehicle.

SECTION 14. Amends Section 501.0925, Transportation Code, to remove “rebuild the vehicle” from the list of what a person who holds a nonrepairable motor vehicle certificate of title for a vehicle is entitled to do with the vehicle.

SECTION 15. Amends Section 501.0926, Transportation Code, to remove an exception.

SECTION 16. Amends Section 501.0928(a), Transportation Code, to make a conforming change.

SECTION 17. Amends Section 501.0929(b), Transportation Code, to make a conforming change.

SECTION 18. Amends Section 501.0931, Transportation Code, to remove references to Subsection (g), Article 6687-2b from the provisions that this subchapter does not apply to and makes a conforming change.

SECTION 19. Amends Section 501.138(a), Transportation Code, to provide an exception.

SECTION 20. Amends Subchapter G, Chapter 501, Transportation Code, by adding Section 501.1381, as follows:

Sec. 501.1381. COLLECTION AND DISPOSITION OF FEES FOR NONREPAIRABLE OR SALVAGE MOTOR VEHICLE. (a) Defines "nonrepairable motor vehicle certificate of title" and "salvage motor vehicle certificate of title."

(b) Requires an applicant, other than the state or a political subdivision of the state, for a certificate of title for a motor vehicle currently titled under a nonrepairable motor vehicle certificate of title or a salvage motor vehicle certificate of title, Texas salvage certificate, or other salvage ownership document to pay the county assessor-collector a fee of \$68.

(c) Requires the county assessor-collector to send \$15 of the fee to the county treasurer for deposit in the officers' salary fund and \$53 of the fee to TxDOT together with the salvage motor vehicle certificate of title, Texas salvage certificate, or other salvage ownership document or the nonrepairable motor vehicle certificate of title and the application within the time prescribed by Section 501.023 or if the fee is deposited in an interest-bearing account or certificate in the county depository or invested in an investment authorized by Subchapter A, Chapter 2256, Government Code, not later than the 35th day after the date on which the fee is received.

(d) Requires TxDOT, of the amount received under Subsection (c)(2), to deposit: \$5 in the general revenue fund, \$3 to the credit of the state highway fund to recover the expenses necessary to administer this chapter and \$45 to the credit of an account to be known as the motor vehicle theft enforcement account in the state highway fund to be used only by the Department of Public Safety for the enforcement of laws related to theft of motor vehicles and the prevention of motor vehicle theft.

(e) Provides that the county owns all interest earned on fees deposited or invested under Subsection(c)(2)(B). Requires the county treasurer to credit that interest to the county general fund.

SECTION 21. Repealer: Section 2302.001(6), Occupations Code, Sections 501.0911(a)(5) (definition of "late model motor vehicle") and (6) (definition of "late model salvage motor vehicle"), Transportation Code, and Sections 501.0914 (Nonapplicability) and 501.0927 (Application for Certificate of Title by Rebuilder of Nonrepairable Motor Vehicle), Transportation Code.

SECTION 22. (a) Effective date: September 1, 2003.

(b) Makes application of this Act prospective.