

By: Wilson

H.B. No. 1573

A BILL TO BE ENTITLED

AN ACT

relating to nonrepairable and salvage motor vehicles.

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

SECTION 1. Section 2302.002, Occupations Code, is amended to read as follows:

Sec. 2302.002. CLASSIFICATION OF VEHICLES. For purposes of this chapter:

(1) a vehicle is a ~~[late model salvage motor vehicle or~~ salvage motor vehicle if the vehicle:

(A) conforms to the definition of that term in Section 501.0911, Transportation Code ~~[is a late model motor vehicle with a major component part that is damaged or missing to the extent that the total estimated cost of repairs to rebuild or reconstruct the vehicle, including parts and labor and excluding the cost to repair hail damage, is equal to or greater than an amount equal to 75 percent of the actual cash value of the vehicle in its predamaged condition]~~; or

(B) is a damaged vehicle that comes into this state under a salvage motor vehicle certificate of title or other comparable certificate of title; and

(2) a vehicle is a nonrepairable motor vehicle if the vehicle:

(A) conforms to the definition of that term in Section 501.0911, Transportation Code; or

1 (B) is a vehicle that comes into this state with a
2 nonrepairable motor vehicle certificate of title or other
3 comparable certificate of title.

4 SECTION 2. Section 2302.107, Occupations Code, is amended
5 by amending Subsections (a) and (d) and adding Subsection (e) to
6 read as follows:

7 (a) Except as provided by Subsection (e), a [A] person may
8 not act as a salvage vehicle agent unless the person holds a salvage
9 vehicle agent license issued under this chapter.

10 (d) A salvage vehicle agent may acquire, sell, or otherwise
11 deal in [~~late model~~] salvage motor vehicles, nonrepairable motor
12 vehicles, or salvage parts as directed by the authorizing dealer.

13 (e) A person is not required to hold a salvage vehicle agent
14 license to act as a salvage vehicle agent if the person:

15 (1) holds a salvage vehicle dealer license;

16 (2) is a partner, owner, officer, or employee of a
17 person who holds a salvage vehicle dealer license; or

18 (3) only transports salvage or nonrepairable motor
19 vehicles for a person who holds a salvage vehicle dealer license.

20 SECTION 3. Section 501.0911(a), Transportation Code, is
21 amended by amending Subdivisions (8), (12), (13), and (15) and
22 adding Subdivisions (13-a) and (16) to read as follows:

23 (8) "Nonrepairable motor vehicle" means a [~~late model~~]
24 motor vehicle that:

25 (A) is damaged, wrecked, or burned to the extent
26 that the only residual value of the vehicle is as a source of parts
27 or scrap metal; or

1 (B) comes into this state under a title or other
2 ownership document that indicates that the vehicle is
3 nonrepairable, junked, or for parts or dismantling only [~~or missing~~
4 ~~a major component part to the extent that the total estimated cost~~
5 ~~of repairs to rebuild or reconstruct the vehicle, including parts~~
6 ~~and labor other than the costs of materials and labor for repainting~~
7 ~~the vehicle and excluding sales taxes on the total cost of the~~
8 ~~repairs, and excluding the cost of repairs to repair hail damage, is~~
9 ~~equal to or greater than an amount equal to 95 percent of the actual~~
10 ~~cash value of the vehicle in its predamaged condition)].~~

11 (12) "Out-of-state buyer" means a person licensed in
12 an automotive business by another state or jurisdiction if the
13 department has listed the holders of such a license as permitted
14 purchasers of salvage motor vehicles or nonrepairable motor
15 vehicles based on substantially similar licensing requirements and
16 on whether salvage vehicle dealers licensed in Texas are permitted
17 to purchase salvage motor vehicles or nonrepairable motor vehicles
18 in the other state or jurisdiction.

19 (13) "Rebuilder" means a person who acquires and
20 repairs, for operation on public highways, five or more [~~late~~
21 ~~model~~] salvage motor vehicles in any calendar year [~~12-month~~
22 ~~period~~].

23 (13-a) "Salvage motor vehicle" means a motor vehicle,
24 other than a nonrepairable motor vehicle, that:

25 (A) is the subject of a payment of a total loss
26 claim by an insurance company to the insured, but not including a
27 motor vehicle that:

1 (i) has been stolen and recovered, unless
2 the vehicle is damaged to the extent that the total estimated cost
3 of repairs, including parts and labor but excluding repairs related
4 to hail damage, equals or exceeds 75 percent of the actual cash
5 value of the vehicle in its predamaged condition; or

6 (ii) is a total loss solely due to hail
7 damage;

8 (B) is sold, transferred, or otherwise disposed
9 of by the vehicle's owner, other than an insurance company that
10 acquired the vehicle through payment of a total loss claim, in a
11 damaged condition to the extent that the total estimated cost of
12 repairs, including parts and labor but excluding repairs related to
13 hail damage, equals or exceeds 75 percent of the actual cash value
14 of the vehicle in its predamaged condition; or

15 (C) comes into this state under a salvage motor
16 vehicle certificate of title or other similar ownership document.

17 (15) "Salvage vehicle dealer" has the meaning assigned
18 by Section 2302.001, Occupations Code [~~1.01, Article 6687-1a,~~
19 ~~Revised Statutes~~].

20 (16) "Total loss claim" means a claim on which an
21 insurance company pays the owner of a motor vehicle:

22 (A) on theft of the vehicle; or

23 (B) the replacement cost of the vehicle, on wreck
24 of or damage to the vehicle, based on the cost of a motor vehicle of
25 similar kind and quality.

26 SECTION 4. Section 501.0912, Transportation Code, is
27 amended to read as follows:

1 Sec. 501.0912. INSURANCE COMPANY TO SURRENDER CERTIFICATES
2 OF TITLE TO CERTAIN [~~LATE MODEL~~] SALVAGE MOTOR VEHICLES OR
3 NONREPAIRABLE MOTOR VEHICLES. (a) An insurance company that is
4 licensed to conduct business in this state and that acquires,
5 through payment of a claim, ownership or possession of a [~~late~~
6 ~~model~~] salvage motor vehicle or nonrepairable motor vehicle covered
7 by a certificate of title issued by this state [~~through payment of a~~
8 ~~claim~~] shall surrender a properly assigned certificate of title to
9 the department, on a form prescribed by the department, except that
10 not earlier than the 46th day after the date of payment of the claim
11 the insurance company may surrender a certificate of title, on a
12 form prescribed by the department, and receive a salvage
13 certificate of title or a nonrepairable certificate of title
14 without obtaining a properly assigned certificate of title if the
15 insurance company:

16 (1) has obtained the release of all liens on the
17 vehicle;

18 (2) is unable to locate one or more owners of the
19 vehicle; and

20 (3) has provided notice to the last known address in
21 the department's records to each owner that has not been located:

22 (A) by registered or certified mail, return
23 receipt requested; or

24 (B) if a notice sent under Paragraph (A) is
25 returned unclaimed, by publication in a newspaper of general
26 circulation in the area where the unclaimed mail notice was sent.

27 (b) For a salvage motor vehicle [~~described by Section~~

1 ~~501.0911(6) but not by Section 501.0911(8)]~~, the insurance company
2 shall apply for a salvage motor vehicle certificate of title. For a
3 nonrepairable motor vehicle [~~described by Section 501.0911(8)]~~,
4 the insurance company shall apply for a nonrepairable motor vehicle
5 certificate of title.

6 (c) An insurance company may not sell a [~~late model salvage~~]
7 motor vehicle to which this section applies unless the department
8 has issued a salvage motor vehicle certificate of title or a
9 nonrepairable motor vehicle certificate of title for the vehicle or
10 a comparable ownership document has been issued by another state or
11 jurisdiction for the vehicle.

12 (d) An insurance company may sell a [~~late model salvage~~]
13 motor vehicle to which this section applies, or assign a salvage
14 motor vehicle certificate of title or a nonrepairable motor vehicle
15 certificate of title for the vehicle, only to a salvage vehicle
16 dealer, an out-of-state buyer, a buyer in a casual sale at auction,
17 or a person described by Section 2302.003, Occupations Code
18 [~~Subsection (g), Article 6687-2b, Revised Statutes~~]. If the
19 vehicle is not a [~~late model~~] salvage motor vehicle or a
20 nonrepairable motor vehicle, the insurance company is not required
21 to surrender the regular certificate of title for the vehicle or to
22 be issued a salvage motor vehicle certificate of title or a
23 nonrepairable motor vehicle certificate of title for the vehicle.

24 SECTION 5. Section 501.0913, Transportation Code, is
25 amended to read as follows:

26 Sec. 501.0913. INSURANCE COMPANY TO DELIVER CERTIFICATES OF
27 TITLE TO CERTAIN MOTOR VEHICLES. (a) If an insurance company

1 acquires ownership of a motor vehicle other than a [~~late model~~]
2 salvage motor vehicle or a nonrepairable motor vehicle through
3 payment of a claim, the company shall, on delivery of the vehicle to
4 a buyer of the vehicle, deliver the buyer a properly assigned
5 certificate of title for the vehicle.

6 (b) An insurance company or other person who acquires
7 ownership of a motor vehicle other than a [~~late model~~] salvage motor
8 vehicle or a nonrepairable motor vehicle may voluntarily and on
9 proper application obtain a salvage motor vehicle certificate of
10 title or a nonrepairable motor vehicle certificate of title for the
11 vehicle.

12 SECTION 6. Section 501.0915, Transportation Code, is
13 amended to read as follows:

14 Sec. 501.0915. INSURANCE COMPANY TO SUBMIT REPORT TO
15 DEPARTMENT. (a) If after payment of a total loss claim on a [~~late~~
16 ~~model~~] salvage motor vehicle or a nonrepairable motor vehicle an
17 insurance company does not acquire ownership of the vehicle for a
18 reason other than the inability to locate one or more of the owners
19 as provided by Section 501.0912(a), the insurance company shall
20 submit to the department, before the 31st day after the date of the
21 payment of the claim, on the form prescribed by the department, a
22 report stating that:

23 (1) the insurance company has paid a total loss claim
24 on the vehicle; and

25 (2) the insurance company has not acquired ownership
26 of the vehicle.

27 (b) The owner of a [~~late model~~] salvage motor vehicle to

1 which this section applies may not transfer ownership of the
2 vehicle by sale or otherwise unless the department has issued a
3 salvage motor vehicle certificate of title or a nonrepairable motor
4 vehicle certificate of title for the vehicle or a comparable
5 ownership document has been issued by another state or jurisdiction
6 for the vehicle.

7 SECTION 7. The heading to Section 501.0916, Transportation
8 Code, is amended to read as follows:

9 Sec. 501.0916. SALE, TRANSFER, OR RELEASE OF [~~LATE MODEL~~]
10 SALVAGE OR NONREPAIRABLE MOTOR VEHICLE.

11 SECTION 8. Section 501.0916, Transportation Code, is
12 amended by amending Subsections (a), (b), and (c) and adding
13 Subsection (f) to read as follows:

14 (a) Except as provided by Subsection (f), a [~~A~~] person may
15 not sell, transfer, or release a [~~late model~~] salvage motor vehicle
16 or a nonrepairable motor vehicle to a person other than:

17 (1) a person who holds a salvage vehicle dealer
18 license issued under Chapter 2302, Occupations Code;

19 (2) the former owner of the vehicle;

20 (3) a governmental entity;

21 (4) an out-of-state buyer;

22 (5) a buyer in a casual sale at auction; or

23 (6) a person described by Section 2302.003,
24 Occupations Code.

25 (b) A person who sells, transfers, or releases a motor
26 vehicle under Subsection (a) or (f) shall deliver a properly
27 assigned certificate of title for the vehicle to the person to whom

1 the motor vehicle is sold, transferred, or released. If the
2 assigned certificate of title is not a salvage motor vehicle
3 certificate of title, a nonrepairable motor vehicle certificate of
4 title, or a comparable ownership document issued by another state
5 or jurisdiction, the purchaser shall, not later than the 10th day
6 after the date the purchaser receives the certificate of title:

7 (1) surrender the certificate of title to the
8 department; and

9 (2) apply for a salvage motor vehicle certificate of
10 title or a nonrepairable motor vehicle certificate of title for the
11 vehicle, as appropriate.

12 (c) A salvage vehicle dealer that acquires ownership of a
13 [~~late model~~] salvage motor vehicle or a nonrepairable motor vehicle
14 for the purpose of dismantling, scrapping, or destroying the
15 vehicle shall, before the 31st day after the date the dealer
16 acquires the vehicle, submit to the department, on the form
17 prescribed by the department, a report stating that the vehicle
18 will be dismantled, scrapped, or destroyed, accompanied by a
19 properly assigned regular certificate of title, salvage motor
20 vehicle certificate of title, nonrepairable motor vehicle
21 certificate of title, or comparable ownership document issued by
22 another state or jurisdiction for the vehicle.

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

27 SECTION 9. Section 501.0918, Transportation Code, is

1 amended to read as follows:

2 Sec. 501.0918. PERSON ACQUIRING [~~LATE MODEL~~] SALVAGE MOTOR
3 VEHICLE OR NONREPAIRABLE MOTOR VEHICLE TO SURRENDER CERTIFICATE OF
4 TITLE. A person, other than a salvage vehicle dealer or an
5 insurance company licensed to do business in this state, who
6 acquires ownership of a [~~late model~~] salvage motor vehicle or a
7 nonrepairable motor vehicle that has not been issued a salvage
8 motor vehicle certificate of title, a nonrepairable motor vehicle
9 certificate of title, or a comparable ownership document issued by
10 another state or jurisdiction shall, before selling the vehicle,
11 surrender the properly assigned certificate of title for the
12 vehicle to the department and:

13 (1) if the vehicle is a salvage motor vehicle
14 [~~described by Section 501.0911(6) but not by Section 501.0911(8)~~],
15 apply to the department for a salvage motor vehicle certificate of
16 title for the vehicle; or

17 (2) if the vehicle is a nonrepairable motor vehicle
18 [~~described by Section 501.0911(8)~~], apply to the department for a
19 nonrepairable motor vehicle certificate of title for the vehicle.

20 SECTION 10. Section 501.0919, Transportation Code, is
21 amended to read as follows:

22 Sec. 501.0919. SALE OF CERTAIN [~~LATE MODEL~~] SALVAGE MOTOR
23 VEHICLES. The owner of a [~~late model~~] salvage motor vehicle that
24 has been issued a salvage motor vehicle certificate of title or a
25 nonrepairable motor vehicle certificate of title may sell the
26 vehicle only to a salvage vehicle dealer in this state, an
27 out-of-state buyer, a buyer in a casual sale at auction, or a person

1 described by Section 2303.003, Occupations Code, except that if the
2 owner is a salvage vehicle dealer, in addition to selling to the
3 authorized buyers listed, the dealer may sell not more than five
4 salvage motor vehicles or nonrepairable motor vehicles to any
5 individual during a calendar year [~~Subsection (g), Article 6687-2b,~~
6 ~~Revised Statutes~~].

7 SECTION 11. Section 501.0920(a), Transportation Code, is
8 amended to read as follows:

9 (a) An application for a salvage motor vehicle certificate
10 of title or a nonrepairable motor vehicle certificate of title
11 must:

12 (1) be made on a form prescribed by the department and
13 accompanied by a fee established by the department, not to exceed
14 the greater of \$5 or an amount that is sufficient, when added to
15 other fees collected under this chapter, to recover the actual
16 costs to the department of issuing the certificate; and

17 (2) include, in addition to any other information
18 required by the department:

19 (A) the name and current address of the owner;

20 (B) a description of the vehicle, including the
21 make, style of body, model year, and vehicle identification number;

22 (C) a description of the damage to the vehicle;

23 (D) the estimated cost of repairs to the vehicle,
24 including parts and labor; and

25 (E) the predamaged actual cash value of the
26 vehicle.

27 SECTION 12. Section 501.0922, Transportation Code, is

1 amended to read as follows:

2 Sec. 501.0922. APPLICATION FOR REGULAR CERTIFICATE OF TITLE
3 FOR SALVAGE MOTOR VEHICLE. [~~(a)~~] A vehicle for which a salvage
4 motor vehicle certificate of title, Texas salvage certificate, or
5 other salvage ownership document has been issued may be issued a
6 regular certificate of title only after application and, in
7 addition to any other requirement of law, only if the application[~~+~~

8 [~~(1)~~] describes each major component part used to
9 repair the vehicle and shows the identification number required by
10 federal law to be affixed to or inscribed on the part[~~+~~ and

11 [~~(2)~~ is accompanied by a written statement signed by a
12 ~~specialty trained commissioned officer of the Department of Public~~
13 ~~Safety certifying to the department that:~~

14 [~~(A)~~ the vehicle identification numbers and
15 ~~parts identification numbers are accurate;~~

16 [~~(B)~~ the applicant has proof that the applicant
17 ~~owns the parts used to repair the vehicle;~~ and

18 [~~(C)~~ the vehicle may be safely operated and
19 ~~complies with all applicable motor vehicle safety standards of this~~
20 ~~state.~~

21 [~~(b)~~ The Department of Public Safety may impose a fee, in an
22 ~~amount not to exceed the lesser of \$200 or the actual cost to that~~
23 ~~department, for conducting an inspection and providing the written~~
24 ~~statement required by Subsection (a)].~~

25 SECTION 13. Section 501.0923(a), Transportation Code, is
26 amended to read as follows:

27 (a) On receipt of a complete application under Section

1 501.0922, [~~accompanied by the peace officer's statement and the~~
2 ~~appropriate fee for the certificate of title,~~] the department shall
3 issue the applicant a certificate of title for the vehicle.

4 SECTION 14. Section 501.0925, Transportation Code, is
5 amended to read as follows:

6 Sec. 501.0925. RIGHTS OF HOLDER OF NONREPAIRABLE MOTOR
7 VEHICLE CERTIFICATE OF TITLE. A person who holds a nonrepairable
8 motor vehicle certificate of title for a vehicle:

9 (1) is entitled to possess the vehicle, dismantle,
10 scrap, or destroy the vehicle, or transport the vehicle or parts of
11 the vehicle[~~, or rebuild the vehicle~~];

12 (2) may not operate or permit the operation of the
13 vehicle on a public highway; and

14 (3) may transfer ownership of the vehicle only as
15 permitted by law.

16 SECTION 15. Section 501.0926, Transportation Code, is
17 amended to read as follows:

18 Sec. 501.0926. OFFENSE. A [~~Except as provided by Section~~
19 ~~501.0927, a~~] person commits an offense if the person:

20 (1) applies to the department for a certificate of
21 title for a motor vehicle; and

22 (2) knows that the vehicle is a nonrepairable motor
23 vehicle that has been rebuilt.

24 SECTION 16. Section 501.0928(a), Transportation Code, is
25 amended to read as follows:

26 (a) The department shall print salvage motor vehicle
27 certificates of title and nonrepairable motor vehicle certificates

1 of title in a color that distinguishes them from certificates of
2 title and so that each document clearly shows that it is the
3 ownership document for a [~~late model~~] salvage motor vehicle or a
4 nonrepairable motor vehicle.

5 SECTION 17. Section 501.0929(b), Transportation Code, is
6 amended to read as follows:

7 (b) A person who rebuilds a [~~late model~~] salvage motor
8 vehicle for which the department has issued a salvage motor vehicle
9 certificate of title, or who assembles a [~~late model~~] salvage motor
10 vehicle from component parts, may apply to the department for a
11 certificate of title for the vehicle. A certificate of title issued
12 by the department under this subsection must bear the words
13 "REBUILT SALVAGE."

14 SECTION 18. Section 501.0931, Transportation Code, is
15 amended to read as follows:

16 Sec. 501.0931. APPLICABILITY OF SUBCHAPTER. (a) This
17 subchapter does not apply to, and does not preclude or prohibit a
18 sale to, purchase by, or other transaction by or with, a person
19 described by Section 2302.003, Occupations Code [~~Subsection (g),~~
20 ~~Article 6687-2b, Revised Statutes~~], except as provided by
21 Subsections (b) and (c).

22 (b) A person described by Section 2302.003, Occupations
23 Code [~~Subsection (g), Article 6687-2b, Revised Statutes~~], shall
24 submit to the department the certificate of title or equivalent
25 document that the person receives in conjunction with the purchase
26 of a motor vehicle not later than the 60th day after the date the
27 person receives the certificate of title or equivalent document.

1 (c) This subchapter applies to a transaction with a person
2 described by Section 2302.003, Occupations Code [~~Subsection (g),~~
3 ~~Article 6687-2b, Revised Statutes~~], in which a motor vehicle is
4 sold or delivered to the person for the purpose of reuse or resale
5 as a motor vehicle or as motor vehicle parts if the motor vehicle is
6 so used.

7 (d) This subchapter does not:

8 (1) prohibit the owner of a [~~late model~~] salvage motor
9 vehicle or a nonrepairable motor vehicle from selling the vehicle
10 to any person, if the vehicle is so classified solely because of
11 water damage caused by a flood; or

12 (2) limit the ability or authority of an insurance
13 company to adjust or settle a claim for loss on a motor vehicle.

14 SECTION 19. Section 501.138(a), Transportation Code, is
15 amended to read as follows:

16 (a) Except as provided by Section 501.1381, an [~~An~~]
17 applicant for a certificate of title, other than the state or a
18 political subdivision of the state, must pay the county
19 assessor-collector a fee of \$13.

20 SECTION 20. Subchapter G, Chapter 501, Transportation Code,
21 is amended by adding Section 501.1381 to read as follows:

22 Sec. 501.1381. COLLECTION AND DISPOSITION OF FEES FOR
23 NONREPAIRABLE OR SALVAGE MOTOR VEHICLE. (a) In this section,
24 "nonrepairable motor vehicle certificate of title" and "salvage
25 motor vehicle certificate of title" have the meanings assigned by
26 Section 501.0911.

27 (b) An applicant, other than the state or a political

1 subdivision of the state, for a certificate of title for a motor
2 vehicle currently titled under a nonrepairable motor vehicle
3 certificate of title or a salvage motor vehicle certificate of
4 title, Texas salvage certificate, or other salvage ownership
5 document must pay the county assessor-collector a fee of \$68.

6 (c) The county assessor-collector shall send:

7 (1) \$15 of the fee to the county treasurer for deposit
8 in the officers' salary fund; and

9 (2) \$53 of the fee to the department:

10 (A) together with the salvage motor vehicle
11 certificate of title, Texas salvage certificate, or other salvage
12 ownership document or the nonrepairable motor vehicle certificate
13 of title and the application within the time prescribed by Section
14 501.023; or

15 (B) if the fee is deposited in an
16 interest-bearing account or certificate in the county depository or
17 invested in an investment authorized by Subchapter A, Chapter 2256,
18 Government Code, not later than the 35th day after the date on which
19 the fee is received.

20 (d) Of the amount received under Subsection (c)(2), the
21 department shall deposit:

22 (1) \$5 in the general revenue fund;

23 (2) \$3 to the credit of the state highway fund to
24 recover the expenses necessary to administer this chapter; and

25 (3) \$45 to the credit of an account to be known as the
26 motor vehicle theft enforcement account in the state highway fund
27 to be used only by the Department of Public Safety for the

1 enforcement of laws related to theft of motor vehicles and the
2 prevention of motor vehicle theft.

3 (e) The county owns all interest earned on fees deposited or
4 invested under Subsection(c)(2)(B). The county treasurer shall
5 credit that interest to the county general fund.

6 SECTION 21. The following provisions are repealed:

7 (1) Section 2302.001(6), Occupations Code;

8 (2) Sections 501.0911(a)(5) and (6), Transportation
9 Code; and

10 (3) Sections 501.0914 and 501.0927, Transportation
11 Code.

12 SECTION 22. (a) This Act takes effect September 1, 2003.

13 (b) The change in law made by this Act applies only to a
14 certificate of title, Texas salvage certificate, or other salvage
15 ownership document, or a nonrepairable motor vehicle certificate of
16 title, issued on or after the effective date of this Act. A
17 certificate of title, Texas salvage certificate, or other salvage
18 ownership document, or a nonrepairable motor vehicle certificate of
19 title, issued before the effective date of this Act is governed by
20 the law in effect immediately preceding the effective date of this
21 Act, and the former law is continued in effect for that purpose.