

By: Gutierrez

H.B. No. 2709

A BILL TO BE ENTITLED

AN ACT

relating to nonrepairable and salvage motor vehicles and salvage vehicle dealers.

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

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

SUBCHAPTER E. NONREPAIRABLE AND SALVAGE MOTOR VEHICLES.

Sec. 501.091. [~~Sec. 501.0911.~~] Definitions. [~~(a)~~] In this subchapter:

(1) [~~"Actual cash value" means the market value of a motor vehicle as determined:~~

~~[(A) from publications commonly used by the automotive and insurance industries to establish the values of motor vehicles, or~~

~~[(B) if the entity determining the value is an insurance company, by any other procedure recognized by the insurance industry, including market surveys, that is applied by the company in a uniform manner.~~

~~[(2) "Automobile recycler" means a person in the business of dealing in salvage motor vehicles for the purpose of dismantling the vehicles to sell used parts or a person otherwise engaged in the business of acquiring, selling, or dealing in salvage parts for reuse or resale as parts. The term includes a dealer in used motor vehicle parts.~~

1 ~~[(3)]~~ "Casual sale" means the sale by a salvage
2 vehicle dealer or insurance company ~~[at auction]~~ of not more than
3 two ~~[one]~~ nonrepairable or salvage motor vehicles ~~[vehicle or late~~
4 ~~model salvage motor vehicle]~~ to the same person in any 12-month
5 period. The term does not include a sale at auction to a salvage
6 vehicle dealer.

7 (2) "Damage" means sudden damage to a vehicle caused
8 by the vehicle being wrecked, burned, flooded, or stripped of major
9 component parts. The term does not include gradual damage from any
10 cause, sudden damage caused by hail, or any damage caused to the
11 exterior paint of the vehicle.

12 (3) "Export-only vehicle" means a motor vehicle
13 described in Section 501.099(a) ~~[during a calendar year].~~

14 (4) "Insurance company" means:

15 (A) a person authorized to write automobile
16 insurance in this state; or

17 (B) an out-of-state insurance company that pays a
18 loss claim for a motor vehicle in this state.

19 (5) ~~["Late model motor vehicle" means a motor vehicle~~
20 ~~with the same model year as the current calendar year or one of the~~
21 ~~five calendar years preceding that calendar year.~~

22 ~~[(6) "Late model salvage motor vehicle" or "salvage~~
23 ~~motor vehicle" means a late model motor vehicle, other than a late~~
24 ~~model vehicle that is a nonrepairable motor vehicle, that is~~
25 ~~damaged to the extent that the total estimated cost of repairs,~~
26 ~~other than repairs related to hail damage but including parts and~~
27 ~~labor, is equal to or greater than an amount equal to 75 percent of~~

1 ~~the actual cash value of the vehicle in its predamaged condition.~~

2 [~~7~~] "Major component part" means one of the
3 following parts of a motor vehicle:

4 (A) an [~~the~~] engine;

5 (B) a [~~the~~] transmission;

6 (C) a [~~the~~] frame;

7 (D) a [~~the right or left front~~] fender;

8 (E) a [~~the~~] hood;

9 (F) a door allowing entrance to or egress from
10 the passenger compartment of the vehicle;

11 (G) a [~~the front or rear~~] bumper;

12 (H) a [~~the right or left~~] quarter panel;

13 (I) a [~~the~~] deck lid, tailgate, or hatchback;

14 (J) a [~~the~~] cargo box of a one ton or smaller
15 truck, including a pickup truck;

16 (K) a [~~the~~] cab of a truck; [~~or~~]

17 (L) a [~~the~~] body of a passenger vehicle; or

18 (M) a roof or floor pan of a passenger vehicle, if
19 separate from its body.

20 (6) "Metal recycler" means a person who:

21 (A) is predominately engaged in the business of
22 obtaining ferrous or nonferrous metal that has served its original
23 economic purpose in order to convert the metal, or sell the metal
24 for conversion, into raw material products consisting of prepared
25 grades and having an existing or potential economic value;

26 (B) has a facility to convert ferrous or
27 nonferrous metal into raw material products consisting of prepared

1 grades and having an existing or potential economic value, by
2 method other than the exclusive use of hand tools, including the
3 processing, sorting, cutting, classifying, cleaning, baling,
4 wrapping, shredding, shearing, or changing the physical form or
5 chemical content of the metal;

6 (C) sells or purchases the ferrous or nonferrous
7 metal solely for use as raw material in the production of new
8 products; and

9 (D) is required to act under a license issued by
10 the department that allows the holder of the license to engage in
11 business activity described in Paragraphs (A) through (C). The
12 term includes a person engaged in the business of a metal recycler
13 whether or not the person is licensed by the department to do so.

14 (7) "Motor vehicle" has the meaning assigned by
15 Section 541.201.

16 (8) "Highway" has the meaning assigned by Section
17 502.001.

18 (9) ~~(8)~~ "Nonrepairable motor vehicle" or
19 "nonrepairable vehicle" means a ~~[late model]~~ motor vehicle that is:

20 (A) damaged beyond the reasonable ~~[or missing a~~
21 ~~major component part to the extent that the total estimated]~~ cost of
22 repairs to rebuild or reconstruct the vehicle to such an extent that
23 its only legitimate residual value is as a source of used parts or
24 scrap metal; or

25 (B) damaged and came into this state under an
26 out-of-state nonrepairable certificate or title or similar
27 out-of-state ownership document that indicates: "dismantle only,"

1 "parts only," "junked," "scrapped," or similar notation~~[,~~
2 ~~including parts and labor other than the costs of materials and~~
3 ~~labor for repainting the vehicle and excluding sales taxes on the~~
4 ~~total cost of the repairs, and excluding the cost of repairs to~~
5 ~~repair hail damage, is equal to or greater than an amount equal to~~
6 ~~95 percent of the actual cash value of the vehicle in its predamaged~~
7 ~~condition].~~

8 (10) [~~(9)~~] "Nonrepairable motor vehicle certificate
9 of title" or "nonrepairable vehicle title" means a document issued
10 by the department that evidences ownership of a nonrepairable motor
11 vehicle.

12 (11) [~~(10)~~] ~~"Older model motor vehicle" means a motor~~
13 ~~vehicle that was manufactured in a model year before the sixth~~
14 ~~preceding model year, including the current model year.~~

15 [~~(11)~~] ~~"Other negotiable evidence of ownership" means a~~
16 ~~document other than a Texas certificate of title or a salvage~~
17 ~~certificate of title that relates to a motor vehicle that the~~
18 ~~department considers sufficient to support issuance of a Texas~~
19 ~~certificate of title for the vehicle.~~

20 [~~(12)~~] "Out-of-state buyer" means a person licensed
21 under Section 2302.109, Occupations Code.

22 (12) "Out-of-state ownership document" means a
23 negotiable document issued by another state or jurisdiction that
24 the department considers sufficient to:

25 (A) prove ownership of a nonrepairable or salvage
26 vehicle; and

27 (B) support issuance of a comparable Texas

1 certificate of title for the vehicle. The term does not include a
2 Texas certificate of title, including a regular, nonrepairable, or
3 salvage vehicle title or other ownership document issued by the
4 department [~~in an automotive business by another state or~~
5 ~~jurisdiction if the department has listed the holders of such a~~
6 ~~license as permitted purchasers of salvage motor vehicles or~~
7 ~~nonrepairable motor vehicles based on substantially similar~~
8 ~~licensing requirements and on whether salvage vehicle dealers~~
9 ~~licensed in Texas are permitted to purchase salvage motor vehicles~~
10 ~~or nonrepairable motor vehicles in the other state or~~
11 ~~jurisdiction~~].

12 (13) "Rebuilder" means a person who acquires and
13 repairs, rebuilt, or reconstructs for operation on a public
14 highway, three [~~public highways, five~~] or more [~~late model~~] salvage
15 motor vehicles in any 12-month period.

16 (14) "Salvage motor vehicle" or "salvage vehicle"
17 means a motor vehicle that is:

18 (A) damaged beyond the reasonable cost of repair and
19 that has more legitimate residual value than as a source of used
20 parts or scrap metal; or

21 (B) damaged and that comes into this state under an
22 out-of-state salvage motor vehicle certificate of title or similar
23 out-of-state ownership document that indicates: "accident
24 damage," "flood damage," "inoperable," "rebuildable,"
25 "salvageable," or similar notation. The term does not include an
26 out-of-state vehicle with a "rebuilt," "salvage," or similar
27 notation, a nonrepairable motor vehicle, or a motor vehicle for

1 which an insurance company has paid a total loss claim for:

2 (i) the cost of repairing hail damage; or

3 (ii) theft, unless the damage to the
4 vehicle, occurring during the theft and before recovery, meets the
5 requirements of Paragraph (A).

6 (15) [~~(14)~~] "Salvage motor vehicle certificate of
7 title" or "salvage vehicle title" means a [~~any~~] document issued by
8 the department that evidences ownership of a salvage motor vehicle.

9 (16) [~~(15)~~] "Salvage vehicle dealer" means a person:

10 (A) engaged in this state in the business of
11 acquiring, selling, dismantling, repairing, rebuilding,
12 reconstructing, or otherwise dealing in nonrepairable or salvage
13 vehicles or used parts; and

14 (B) required to act under a license issued by the
15 department that allows the holder of the license to deal in a
16 vehicle or part described in Paragraph (A). The term does not
17 include a person who casually repairs, rebuilds, or reconstructs
18 not more than two salvage vehicles in a 12-month period. The term
19 includes a person engaged in the business of:

20 (i) a salvage vehicle dealer whether or not
21 the person is licensed by the department to do so;

22 (ii) dealing in nonrepairable or salvage
23 vehicles whether or not the person deals in used parts; or

24 (iii) dealing in used parts whether or not
25 the person deals in nonrepairable or salvage vehicles.

26 (17) "Self-insured fleet vehicle" means a motor
27 vehicle:

1 (A) for which the department has issued a regular
2 certificate of title;

3 (B) that is self-insured by the owner and not by
4 an insurance company; and

5 (C) that is owned and operated by a business or
6 governmental entity without regard to the number of vehicles in the
7 fleet. The term does not include a vehicle operated by an
8 individual for private transportation and self-insured by the owner
9 or insured by an insurance company.

10 (18) "Used part" means a part salvaged, dismantled, or
11 removed from a motor vehicle for resale as is or as repaired. The
12 term includes a major component part. The term does not include a
13 rebuildable or rebuilt core, including an engine, block,
14 crankshaft, transmission, or other core part that is acquired,
15 possessed, or transferred in the ordinary course of business.

16 ~~Sec. 501.092. [has the meaning assigned by Section 1.01,~~
17 ~~Article 6687-1a, Revised Statutes.~~

18 ~~[(b) For purposes of this subchapter:~~

19 ~~[(1) the estimated cost of repair parts shall be~~
20 ~~determined by using a manual of repair costs or other instrument~~
21 ~~that is generally recognized and commonly used in the motor vehicle~~
22 ~~insurance industry to determine those costs or an estimate of the~~
23 ~~actual cost of the repair parts; and~~

24 ~~[(2) the estimated labor costs shall be computed by~~
25 ~~using the hourly rate and time allocations that are reasonable and~~
26 ~~commonly assessed in the repair industry in the community in which~~
27 ~~the repairs are performed.~~

1 ~~[Sec. 501.0912.]~~ Insurance Company to Surrender
2 ~~[Certificates of] Title~~ After Acquisition ~~[to Certain Late Model~~
3 ~~Salvage Motor Vehicles]~~. (a) If an ~~[An]~~ insurance company ~~[that is~~
4 ~~licensed to conduct business in this state and that]~~ acquires
5 ownership of a nonrepairable or ~~[late model]~~ salvage ~~[motor]~~
6 vehicle through payment of a total loss claim, the company shall:

7 (1) obtain from the insured ~~[surrender]~~ a properly
8 assigned regular ~~[certificate of]~~ title to the vehicle;

9 (2) surrender the regular title to the department;

10 (3) apply, on a form prescribed by the department, for
11 a nonrepairable or salvage vehicle title under this subchapter; and

12 (4) include the original certification made by a
13 recipient of an export-only vehicle under Section 501.099(b).

14 (b) An ~~[For a vehicle described by Section 501.0911(6) but~~
15 ~~not by Section 501.0911(8), the]~~ insurance company shall apply for
16 a nonrepairable or salvage vehicle title under this subchapter
17 ~~[motor vehicle certificate of title. For a vehicle described by~~
18 ~~Section 501.0911(8), the insurance company shall apply for a~~
19 ~~nonrepairable motor vehicle certificate of title].~~

20 (c) An insurance company may sell, transfer, or release a
21 nonrepairable or ~~[not sell a late model]~~ salvage ~~[motor]~~ vehicle to
22 which this section applies only to a business or governmental
23 entity described in Section 501.095(a) or the vehicle's owner or
24 former owner.

25 (d) Subsection (c) does not apply if:

26 (1) [unless] the department has issued a ~~[salvage~~
27 ~~motor vehicle certificate of title or a]~~ nonrepairable or salvage

1 ~~[motor]~~ vehicle ~~[certificate of]~~ title for the vehicle; or

2 (2) ~~[a comparable ownership document has been issued~~
3 ~~by]~~ another state or jurisdiction has issued a comparable
4 out-of-state ownership document for the vehicle.

5 Sec. 501.093. ~~[(d) An insurance company may sell a late~~
6 ~~model salvage motor vehicle to which this section applies, or~~
7 ~~assign a salvage motor vehicle certificate of title or a~~
8 ~~nonrepairable motor vehicle certificate of title for the vehicle,~~
9 ~~only to a salvage vehicle dealer, an out-of-state buyer, a buyer in~~
10 ~~a casual sale at auction, or a person described by Subsection (g),~~
11 ~~Article 6687-2b, Revised Statutes. If the vehicle is not a late~~
12 ~~model salvage motor vehicle or a nonrepairable motor vehicle, the~~
13 ~~insurance company is not required to surrender the regular~~
14 ~~certificate of title for the vehicle or to be issued a salvage motor~~
15 ~~vehicle certificate of title or a nonrepairable motor vehicle~~
16 ~~certificate of title for the vehicle.~~

17 ~~[Sec. 501.0913. Insurance Company to Deliver Certificates~~
18 ~~of Title to Certain Motor Vehicles. (a) If an insurance company~~
19 ~~acquires ownership of a motor vehicle other than a late model~~
20 ~~salvage motor vehicle or a nonrepairable motor vehicle through~~
21 ~~payment of a claim, the company shall, on delivery of the vehicle to~~
22 ~~a buyer of the vehicle, deliver the buyer a properly assigned~~
23 ~~certificate of title for the vehicle.~~

24 ~~[(b) An insurance company or other person who acquires~~
25 ~~ownership of a motor vehicle other than a late model salvage motor~~
26 ~~vehicle or a nonrepairable motor vehicle may voluntarily and on~~
27 ~~proper application obtain a salvage motor vehicle certificate of~~

1 ~~title or a nonrepairable motor vehicle certificate of title for the~~
2 ~~vehicle.~~

3 ~~[Sec. 501.0914. Nonapplicability. Sections 501.0912 and~~
4 ~~501.0913 do not apply to a vehicle that has been stolen and~~
5 ~~recovered unless the damage to the vehicle causes the vehicle to be~~
6 ~~a salvage motor vehicle or a nonrepairable motor vehicle.~~

7 ~~[Sec. 501.0915.]~~ Insurance Company ~~[to Submit]~~ Report If No
8 Acquisition ~~[to Department]~~. (a) If an insurance company pays
9 ~~[after payment of]~~ a total loss claim on a ~~[late model salvage motor~~
10 ~~vehicle or a]~~ nonrepairable or salvage ~~[motor]~~ vehicle and ~~[an~~
11 ~~insurance company]~~ does not acquire ownership of the vehicle, the
12 ~~[insurance]~~ company shall make a reasonable effort to obtain from
13 the insured the regular title to the vehicle.

14 (b) The insurance company shall, before the 31st day after
15 the date of the payment of the claim:

16 (1) apply for a nonrepairable or salvage vehicle title
17 on behalf of the insured;

18 (2) obtain from the insured a signed notice under
19 Subsection (c);

20 (3) submit to the department ~~[, before the 31st day~~
21 ~~after the date of the payment of the claim,]~~ on the form prescribed
22 by the department ~~[,]~~ a report stating that the company has:

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

25 (B) [(2) the insurance company has] not acquired
26 ownership of the vehicle; and

27 (4) submit to the department with the form a \$15

1 application fee and:

2 (A) a \$100 non-surrender fee; or

3 (B) the regular title stamped on its face "TOTAL
4 LOSS CLAIM" in print that:

5 (i) is capitalized and red in color;

6 (ii) is centered on the face and occupies at
7 least 15 percent of the certificate of title; and

8 (iii) does not prevent any other words on
9 the title from being read or copied.

10 (c) If an insurance company does not acquire the vehicle
11 under this section or sells, transfers, or releases the vehicle
12 back to the insured under Section 501.095(c), the company shall
13 obtain the signature of the insured on a printed notice of each
14 substantial limitation on nonrepairable vehicles under this
15 subchapter or other law, including the following:

16 (1) the vehicle may not be operated on the public
17 highway or sold without first surrendering the regular title;

18 (2) a nonrepairable vehicle may not be repaired,
19 rebuilt, reconstructed, issued a regular title, or registered under
20 Chapter 502;

21 (3) if the regular title is not surrendered, a \$100
22 non-surrender fee is due;

23 (4) the non-surrender fee will be deducted from the
24 claim payment and may be refunded under Subsection (e); and

25 (5) the non-surrender fee may be refunded under this
26 section.

27 (d) The insurance company shall deduct any title fee,

1 including an application or non-surrender fee, from the claim
2 payment.

3 (e) At any time before the 10th business day following the
4 date the department received the report described in Subsection
5 (a), the insurance company may surrender the regular title to the
6 department and obtain a refund of the \$100 non-surrender fee. The
7 company shall forward the refund to the insured if it was deducted
8 from a claim payment under Subsection (d). The department by rule
9 may provide for notice of intent to seek a delayed refund by an
10 insurance company or insured owner and the period of time the
11 department may delay depositing the non-surrender fee.

12 (f) The department shall:

13 (1) forward the nonrepairable or salvage vehicle title
14 to the address of the insured shown on the application; and

15 (2) if the fee is not refunded or delayed under
16 Subsection (e), deposit each \$100 non-surrender fee on or after the
17 last business day of the month after its receipt to the credit of
18 the state highway fund for use only by the Department of Public
19 Safety to enforce this chapter.

20 (g) An insured [~~(b) The~~] owner of a [~~late model salvage~~
21 ~~motor~~] vehicle to which this section applies may sell, [not]
22 transfer, or release [~~ownership of~~] the vehicle only to a business
23 or governmental entity described in Section 501.095(a).

24 (h) Subsection (g) does not apply if:

25 (1) the department has issued a nonrepairable or
26 salvage vehicle title for the vehicle; or

27 (2) another state or jurisdiction has issued a

1 comparable out-of-state ownership document for the vehicle.

2 Sec. 501.094. Self-insured Fleet Vehicle. (a) This
3 section applies to a vehicle in this state that:

4 (1) is a self-insured fleet vehicle;

5 (2) is damaged to the extent it becomes a
6 nonrepairable or salvage vehicle; and

7 (3) is removed from normal fleet operation by the
8 fleet owner.

9 (b) The fleet owner of a vehicle to which this section
10 applies shall submit to the department, before the 31st day after
11 the date of the damage, on the form prescribed by the department, a
12 report stating that the vehicle was self-insured, damaged, and was
13 removed from normal fleet operation.

14 (c) Along with the report described by Subsection (b), the
15 fleet owner shall:

16 (1) surrender the regular title for the vehicle; and

17 (2) apply for a nonrepairable or salvage vehicle title
18 under this subchapter.

19 (d) The fleet owner of a vehicle to which this section
20 applies may sell, transfer, or release the vehicle only to a
21 business or governmental entity described in Section 501.095(a) or
22 a buyer at a casual sale.

23 (e) Subsection (d) does not apply if:

24 (1) the department has issued a nonrepairable or
25 salvage vehicle title for the vehicle; or

26 (2) another state or jurisdiction has issued a
27 comparable out-of-state ownership document.

1 (f) A fleet owner shall make a reasonable effort to obtain a
2 nonrepairable or salvage vehicle title to a vehicle to which this
3 section applies before selling, transferring, or releasing the
4 vehicle.

5 (g) If a fleet owner sells, transfers, or releases a
6 nonrepairable or salvage motor vehicle to a buyer at a casual sale
7 without first obtaining a title under Subsection (a), the owner
8 shall:

9 (1) apply for a nonrepairable or salvage vehicle title
10 on behalf of the recipient;

11 (2) obtain from the recipient a signed notice under
12 Subsection (h);

13 (3) submit to the department on the form prescribed by
14 the department a report stating that the fleet owner has:

15 (A) determined the vehicle to be a nonrepairable
16 or salvage vehicle; and

17 (B) sold, transferred, or released the vehicle to
18 another before obtaining a nonrepairable or salvage vehicle title;
19 and

20 (4) submit with the form:

21 (A) a \$15 application fee; and

22 (B) the regular title stamped on its face "FLEET
23 DAMAGED" in print that:

24 (i) is capitalized and red in color;

25 (ii) is centered on the face and occupies at
26 least 15 percent of the certificate of title; and

27 (iii) does not prevent any other words on

1 the title from being read or copied.

2 (h) If a fleet owner sells, transfers, or releases a
3 nonrepairable or salvage vehicle to a buyer at a casual sale without
4 first obtaining a nonrepairable or salvage vehicle title, the owner
5 shall obtain the signature of the recipient on a printed notice of
6 each substantial limitation on the vehicle under this subchapter,
7 including the following:

8 (1) the vehicle may not be operated on the public
9 highway or sold without first surrendering the regular title;

10 (2) a nonrepairable vehicle may not be repaired,
11 rebuilt, reconstructed, issued a regular title, or registered under
12 Chapter 502; and

13 (3) in a 12 month period no more than two salvage
14 vehicles may be repaired, rebuilt, or reconstructed by a person:

15 (A) after a casual sale; and

16 (B) without obtaining a license as a salvage
17 vehicle dealer.

18 (i) The department shall forward the nonrepairable or
19 salvage vehicle title to the address of the recipient shown on the
20 title application.

21 Sec. 501.095. [~~by sale or otherwise unless the department~~
22 ~~has issued a salvage motor vehicle certificate of title or a~~
23 ~~nonrepairable motor vehicle certificate of title for the vehicle or~~
24 ~~a comparable ownership document has been issued by another state or~~
25 ~~jurisdiction for the vehicle.~~

26 [~~Sec. 501.0916.~~] Sale, Transfer, or Release of
27 Nonrepairable or [~~Late Model~~] Salvage [~~or Nonrepairable Motor~~]

1 Vehicle. (a) If the department has not issued a nonrepairable or
2 salvage vehicle title for the vehicle and no other state or
3 jurisdiction has issued a comparable out-of-state ownership
4 document for the vehicle, a business or governmental entity
5 described in Subdivisions (1) through (5) [A person] may [not]
6 sell, transfer, or release a [late model salvage motor vehicle or a]
7 nonrepairable or salvage [motor] vehicle to a person who is:

8 (1) a licensed salvage vehicle dealer under Chapter
9 2302, Occupations Code;

10 (2) a licensed metal recycler under Chapter 2302,
11 Occupations Code;

12 (3) a licensed out-of-state buyer under Chapter 2302,
13 Occupations Code;

14 (4) an insurance company that has paid a total loss
15 claim on the vehicle; or

16 (5) a governmental entity.

17 (b) If the department has issued a nonrepairable or salvage
18 vehicle title for the vehicle or another state or jurisdiction has
19 issued a comparable out-of-state ownership document for the
20 vehicle, a person may sell, transfer, or release a nonrepairable or
21 salvage motor vehicle to any person.

22 (c) A business or governmental entity listed in Subsection
23 (a) may sell, transfer, or release a nonrepairable or salvage
24 vehicle to another who is the vehicle's owner, former owner, or
25 buyer in a casual sale, if the business or entity submits to the
26 department, before the 31st day after the date of the sale,
27 transfer, or release, on the form prescribed by the department, a

1 report stating that the vehicle was a nonrepairable or salvage
2 vehicle and the business or entity sold, transferred, or released
3 the vehicle on a regular title to the owner, former owner, or buyer
4 at a casual sale.

5 (d) Along with the report described by Subsection (c), the
6 business or governmental entity shall:

7 (1) apply for a nonrepairable or salvage vehicle title
8 on behalf of the recipient of the vehicle;

9 (2) obtain from the recipient a signed notice under
10 Subsection (e); and

11 (3) submit with the form:

12 (A) a \$15 application fee; and

13 (B) the regular title stamped on its face "CASUAL
14 SALE" in print that:

15 (i) is capitalized and red in color;

16 (ii) is centered on the face and occupies at
17 least 15 percent of the certificate of title; and

18 (iii) does not prevent any other words on
19 the title from being read or copied.

20 (e) If a business or governmental entity described in
21 Subsection (a), who sells, transfers, or releases a nonrepairable
22 or salvage vehicle under Subsection (c) without first obtaining a
23 nonrepairable or salvage vehicle title, the business or entity
24 shall obtain the signature of the recipient on a printed notice of
25 each substantial limitation on the vehicle under this subchapter,
26 including the following:

27 (1) the vehicle may not be operated on the public

1 highway or sold without first surrendering the regular title;

2 (2) a nonrepairable vehicle may not be repaired,
3 rebuilt, reconstructed, issued a regular title, or registered under
4 Chapter 502; and

5 (3) in a 12 month period no more than two salvage
6 vehicles may be repaired, rebuilt, or reconstructed by a person:

7 (A) after a casual sale; or

8 (B) without obtaining a license as a salvage
9 vehicle dealer.

10 (f) The department shall forward the nonrepairable or
11 salvage vehicle title to the address of the recipient shown on the
12 title application.

13 Sec. 501.096. Salvage Vehicle Dismantled, Scrapped, or
14 Destroyed. (a) If a ~~other than:~~

15 ~~[(1) a person who holds a salvage vehicle dealer~~
16 ~~license issued under Chapter 2302, Occupations Code,~~

17 ~~[(2) the former owner of the vehicle,~~

18 ~~[(3) a governmental entity,~~

19 ~~[(4) an out-of-state buyer,~~

20 ~~[(5) a buyer in a casual sale at auction, or~~

21 ~~[(6) a person described by Section 2302.003,~~
22 ~~Occupations Code.~~

23 ~~[(b) A person who sells, transfers, or releases a motor~~
24 ~~vehicle under Subsection (a) shall deliver a properly assigned~~
25 ~~certificate of title for the vehicle to the person to whom the motor~~
26 ~~vehicle is sold, transferred, or released. If the assigned~~
27 ~~certificate of title is not a salvage motor vehicle certificate of~~

1 ~~title, a nonrepairable motor vehicle certificate of title, or a~~
2 ~~comparable ownership document issued by another state or~~
3 ~~jurisdiction, the purchaser shall, not later than the 10th day~~
4 ~~after the date the purchaser receives the certificate of title:~~

5 ~~(1) surrender the certificate of title to the~~
6 ~~department; and~~

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

10 ~~(c) A salvage vehicle dealer [that] acquires ownership of~~
11 ~~a [late model salvage motor vehicle or a] nonrepairable or salvage~~
12 ~~[motor] vehicle for the purpose of dismantling, scrapping, or~~
13 ~~destroying the vehicle, the dealer shall, before the 31st day after~~
14 ~~the date the dealer acquires the vehicle, submit to the~~
15 ~~department[, on the form prescribed by the department,] a report~~
16 ~~stating that the vehicle will be dismantled, scrapped, or~~
17 ~~destroyed. The dealer shall:~~

18 ~~(1) make the report on a form prescribed by the~~
19 ~~department; and~~

20 ~~(2) submit with the report[, ~~accompanied by~~] a~~
21 ~~properly assigned regular, [~~certificate of title, salvage motor~~~~
22 ~~~~vehicle certificate of title,~~] nonrepairable, or salvage [motor]~~
23 ~~vehicle [~~certificate of~~] title or comparable out-of-state[, ~~or~~~~
24 ~~~~comparable~~] ownership document [~~issued by another state or~~~~
25 ~~~~jurisdiction~~] for the vehicle.~~

26 ~~(b) [~~d~~] On receipt of the report and [~~the certificate of~~~~
27 ~~title, the department shall issue the salvage vehicle dealer a~~

1 receipt for the regular, [~~certificate of title, salvage motor~~
2 ~~vehicle certificate of title,~~] nonrepairable, or salvage [~~motor~~]
3 vehicle [~~certificate of~~] title[~~,~~] or comparable out-of-state
4 ownership document.

5 (c) The dealer shall: [~~issued by another state or~~
6 ~~jurisdiction.~~

7 [~~(c) A salvage vehicle dealer who submits a report under~~
8 ~~Subsection (c) shall report to the department after the action is~~
9 ~~taken that the vehicle was dismantled, scrapped, or destroyed.~~

10 [~~Sec. 501.0917. SALVAGE VEHICLE DEALER TO SUBMIT REPORT TO~~
11 ~~DEPARTMENT. (a) A salvage vehicle dealer that acquires an older~~
12 ~~model vehicle for the purpose of dismantling, scrapping, or~~
13 ~~destroying the vehicle and that receives a properly assigned~~
14 ~~certificate of title for the vehicle shall, before the 31st day~~
15 ~~after the date the dealer acquires the vehicle:~~

16 [~~(1) submit to the department, on the form prescribed~~
17 ~~by the department, a report stating that the vehicle will be~~
18 ~~dismantled, scrapped, or destroyed, accompanied by the properly~~
19 ~~assigned regular certificate of title, salvage motor vehicle~~
20 ~~certificate of title, nonrepairable motor vehicle certificate of~~
21 ~~title, or comparable ownership document issued by another state or~~
22 ~~jurisdiction for the vehicle, and~~

23 (1) [(2)] keep on the business premises of the dealer,
24 until the third anniversary of the date the report on the vehicle is
25 submitted to the department, a record of the vehicle, its
26 ownership, and its condition as dismantled, scrapped, or destroyed;
27 and

1 (2) [~~.~~

2 ~~[(b) A salvage vehicle dealer that is required to submit a~~
3 ~~report under Subsection (a) shall]~~ present to the department, on
4 the form prescribed by the department, evidence that the vehicle
5 was dismantled, scrapped, or destroyed, before the 61st day after
6 the date the dealer completed the dismantling, scrapping, or
7 destruction of the vehicle.

8 Sec. 501.097. [~~Sec. 501.0918. Person Acquiring Late Model~~
9 ~~Salvage Motor Vehicle to Surrender Certificate of Title. A person,~~
10 ~~other than a salvage vehicle dealer or an insurance company~~
11 ~~licensed to do business in this state, who acquires ownership of a~~
12 ~~late model salvage motor vehicle or a nonrepairable motor vehicle~~
13 ~~that has not been issued a salvage motor vehicle certificate of~~
14 ~~title, a nonrepairable motor vehicle certificate of title, or a~~
15 ~~comparable ownership document issued by another state or~~
16 ~~jurisdiction shall, before selling the vehicle, surrender the~~
17 ~~properly assigned certificate of title for the vehicle to the~~
18 ~~department and:~~

19 ~~[(1) if the vehicle is a vehicle described by Section~~
20 ~~501.0911(6) but not by Section 501.0911(8), apply to the department~~
21 ~~for a salvage motor vehicle certificate of title for the vehicle, or~~

22 ~~[(2) if the vehicle is a vehicle described by Section~~
23 ~~501.0911(8), apply to the department for a nonrepairable motor~~
24 ~~vehicle certificate of title for the vehicle.~~

25 ~~[Sec. 501.0919. Sale of Certain Late Model Salvage Motor~~
26 ~~Vehicles. The owner of a late model salvage motor vehicle that has~~
27 ~~been issued a salvage motor vehicle certificate of title or a~~

1 ~~nonrepairable motor vehicle certificate of title may sell the~~
2 ~~vehicle only to a salvage vehicle dealer in this state, an~~
3 ~~out-of-state buyer, a buyer in a casual sale at auction, or a person~~
4 ~~described by Subsection (g), Article 6687-2b, Revised Statutes.~~

5 [Sec. 501.0920.] Application for Nonrepairable or Salvage
6 ~~[Motor Vehicle Certificate of]~~ Title. (a) An application for a
7 ~~[salvage motor vehicle certificate of title or a]~~ nonrepairable or
8 salvage ~~[motor]~~ vehicle certificate of title must:

9 (1) be made on a form prescribed by the department and
10 accompanied by a \$15 application fee; ~~[established by the~~
11 ~~department, not to exceed an amount that is sufficient, when added~~
12 ~~to other fees collected under this chapter, to recover the actual~~
13 ~~costs to the department of issuing the certificate, and]~~

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

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

17 (B) a description of the vehicle, including the
18 make, style of body, model year, and vehicle identification number;
19 and

20 (C) a statement describing whether the vehicle:

21 (i) was the subject of a total loss claim
22 paid by an insurance company under Section 501.092 or 501.093;

23 (ii) is a self-insured fleet vehicle under
24 Section 501.094;

25 (iii) is an export-only vehicle under
26 Section 501.099; or

27 (iv) was sold, transferred, or released to

1 the vehicle's owner, former owner, or buyer at a casual sale; and

2 (3) include the name and address of a current lien
3 holder [~~description of the damage to the vehicle,~~

4 [~~(D) the estimated cost of repairs to the~~
5 ~~vehicle, including parts and labor; and~~

6 [~~(E) the predamaged actual cash value of the~~
7 ~~vehicle]~~.

8 (b) On receipt of a complete application and the \$15
9 [~~prescribed~~] application fee, the department shall issue the
10 applicant an appropriate title[~~7~~] before the sixth business day
11 after the date the department receives the application[~~, issue the~~
12 ~~applicant a salvage motor vehicle certificate of title or a~~
13 ~~nonrepairable motor vehicle certificate of title, as appropriate]~~.

14 (c) A nonrepairable [~~motor~~] vehicle [~~certificate of~~] title
15 must state on its face that[~~, except as provided by Sections~~
16 ~~501.0925 and 501.0927,~~] the vehicle:

17 (1) may not be issued a regular certificate of title or
18 registered in this state; and

19 (2) may only be used as a source for used parts or
20 scrap metal.

21 Sec. 501.098. Rights of Holder [~~Sec. 501.0921. Possession~~
22 ~~and Operation]~~ of Nonrepairable or Salvage Vehicle Title [~~Motor~~
23 ~~Vehicle]~~. (a) A person who holds a nonrepairable vehicle title for
24 a vehicle:

25 (1) is entitled to possess, transport, dismantle,
26 scrap, destroy, record a lien, and sell, transfer, or release
27 ownership of the vehicle or a used part from the vehicle;

1 (2) may not:

2 (A) operate or permit the operation of the
3 vehicle on a public highway, in addition to any other requirement of
4 law;

5 (B) repair, rebuild, or reconstruct the vehicle;
6 or

7 (C) register the vehicle.

8 (b) A person who holds a salvage [motor] vehicle
9 [certificate of] title for a vehicle:

10 (1) is entitled to possess [the vehicle, record a lien
11 on the vehicle], transport, dismantle, scrap, destroy, repair,
12 rebuild, reconstruct, record a lien, [the vehicle,] and sell,
13 transfer, or release ownership of the vehicle or a used part from
14 the vehicle; and

15 (2) [

16 [(b) A vehicle for which a salvage motor vehicle certificate
17 of title is the most current title] may not operate or permit
18 operation of the vehicle [be operated] on a public highway, in
19 addition to any other requirement of law.

20 Sec. 501.099. Rights of Purchaser of an Export-only
21 Vehicle. (a) This section applies to a motor vehicle purchased in
22 this state after the recipient agrees to comply with Subsection
23 (b).

24 (b) A person may purchase a nonrepairable or salvage vehicle
25 without first obtaining a nonrepairable or salvage vehicle title,
26 if the person:

27 (1) holds an out-of-state buyer license under Chapter

1 2302, Occupations Code;

2 (2) purchases or acquires the vehicle at an auction
3 from a business or governmental entity described in Section
4 501.095(a);

5 (3) certifies to the seller that the person will:

6 (A) remove the vehicle from the United States;
7 and

8 (B) not return the vehicle to any state of the
9 United States as a vehicle titled or registered under its
10 manufacturer's vehicle identification number;

11 (4) obtains a regular title from the seller stamped on
12 its face "FOR EXPORT ONLY" in print that:

13 (A) is capitalized and red in color;

14 (B) is centered on the face and occupies at least
15 15 percent of the certificate of title; and

16 (C) does not prevent any other words on the title
17 from being read or copied; and

18 (5) surrenders the title back to the seller and agrees
19 to allow the seller to submit the title and a report to the
20 department of the transaction on a form provided by the department
21 and apply for a nonrepairable or salvage vehicle title on behalf of
22 the person.

23 (c) Without regard to the amount of damage to the vehicle,
24 the department shall classify a vehicle and a title received from a
25 seller under Subsection (b) as a nonrepairable vehicle and title
26 under this subchapter.

27 (d) This section does not prevent a person from:

1 (1) exporting or importing a used part obtained from
2 an export-only vehicle; or

3 (2) operating an export-only vehicle in this state
4 under the reciprocal title and registration law of another
5 jurisdiction outside the United States.

6 Sec. 501.100. [Sec. 501.0922.] Application for Regular
7 [Certificate of] Title for Salvage [Motor] Vehicle. (a) A vehicle
8 for which a salvage [motor] vehicle [certificate of] title has been
9 issued may be issued a regular [certificate of] title [only] after
10 the vehicle has been repaired, rebuilt, or reconstructed by a
11 person described in Section 501.104(a) [application] and, in
12 addition to any other requirement of law, only if the application is
13 accompanied by a separate form:

14 (1) describing [describes] each major component part
15 used to repair the vehicle; and

16 (2) showing [shows] the identification number
17 required by federal law to be affixed to or inscribed on the part.

18 (b) [, and

19 [(2) is accompanied by a written statement signed by a
20 specially trained commissioned officer of the Department of Public
21 Safety certifying to the department that:

22 [(A) the vehicle identification numbers and
23 parts identification numbers are accurate,

24 [(B) the applicant has proof that the applicant
25 owns the parts used to repair the vehicle, and

26 [(C) the vehicle may be safely operated and
27 complies with all applicable motor vehicle safety standards of this

1 state.

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

6 ~~[Sec. 501.0923. Issuance of Regular Certificate of Title~~
7 ~~for Rebuilt Salvage Motor Vehicle. (a)]~~ On receipt of a complete
8 application under this section ~~[Section 501.0922]~~, accompanied by
9 ~~[the peace officer's statement and]~~ the \$15 application
10 ~~[appropriate]~~ fee ~~[for the certificate of title]~~, the department
11 shall issue the applicant a regular ~~[certificate of]~~ title for the
12 vehicle.

13 (c) ~~[(b)]~~ A regular ~~[certificate of]~~ title issued under
14 this section must:

15 (1) ~~[bear on its face the words "REBUILT SALVAGE", and~~
16 ~~[(2)]~~ describe or disclose the vehicle's former
17 condition in a manner reasonably understandable to a potential
18 purchaser of the vehicle; and

19 (2) bear on its face the words "REBUILT SALVAGE" in
20 print that:

21 (A) is capitalized and red in color;

22 (B) is centered on the face and occupies at least
23 15 percent of the certificate of title; and

24 (C) does not prevent any other words on the title
25 from being read or copied.

26 (d) In addition to the fee described by Subsection (b), the
27 applicant shall pay a \$65 rebuilder fee.

1 (e) On or after the 31st day after its receipt, the
2 department shall deposit each \$65 rebuilder fee to the credit of the
3 state highway fund to be used only by the Department of Public
4 Safety to enforce this chapter.

5 (f) The department may not issue a regular title for a motor
6 vehicle based on:

7 (1) a nonrepairable vehicle title or comparable
8 out-of-state ownership document;

9 (2) a receipt issued under Section 501.096(b);

10 (3) a salvage certificate; or

11 (4) a certificate of authority.

12 Sec. 501.101. [~~Sec. 501.0924.~~] Issuance of [~~Certificate of~~
13 Title to Vehicle [~~Certain Vehicles~~] Brought Into State. (a) This
14 section applies to [~~On proper application by the owner of~~] a motor
15 vehicle brought into this state from another state or jurisdiction
16 that has on any certificate of title or comparable out-of-state
17 ownership document issued by the other state or jurisdiction:

18 (1) a "rebuilt," "salvage," or similar
19 ["nonrepairable," or analogous] notation;

20 (2) an "accident damage," "flood damage,"
21 "inoperable," "rebuildable," "salvageable," or similar notation;
22 or

23 (3) a "nonrepairable" "dismantle only," "parts only,"
24 "junked," "scrapped," or similar notation.

25 (b) On proper application by the owner, the department shall
26 issue the applicant an appropriate [a] certificate of title [~~or~~
27 other appropriate document] for the vehicle.

1 (c) [~~(b)~~] A certificate of title [~~or other appropriate~~
2 ~~document~~] issued under this section must show on its face:

3 (1) the date of issuance;

4 (2) the name and address of the owner;

5 (3) any registration number assigned to the vehicle;

6 and

7 (4) a description of the vehicle or other notation [~~as~~
8 ~~determined by~~] the department [~~;~~ and

9 [~~(5) any notation the department~~] considers necessary
10 or appropriate.

11 Sec. 501.102. [~~Sec. 501.0925. Rights of Holder of~~
12 ~~Nonrepairable Motor Vehicle Certificate of Title. A person who~~
13 ~~holds a nonrepairable motor vehicle certificate of title for a~~
14 ~~vehicle:~~

15 [~~(1) is entitled to possess the vehicle, dismantle,~~
16 ~~scrap, or destroy the vehicle, transport the vehicle or parts of the~~
17 ~~vehicle, or rebuild the vehicle,~~

18 [~~(2) may not operate or permit the operation of the~~
19 ~~vehicle on a public highway, and~~

20 [~~(3) may transfer ownership of the vehicle only as~~
21 ~~permitted by law.~~

22 [~~Sec. 501.0926.~~] Offense. (a) A [~~Except as provided by~~
23 ~~Section 501.0927, a~~] person commits an offense if the person:

24 (1) applies to the department for a regular
25 certificate of title for a motor vehicle; and

26 (2) knows or reasonably should know that:

27 (A) the vehicle is a nonrepairable motor vehicle

1 that has been repaired, rebuilt, or reconstructed;

2 (B) the vehicle identification number assigned
3 to the vehicle belongs to a nonrepairable motor vehicle that has
4 been repaired, rebuilt, or reconstructed;

5 (C) the title issued to the vehicle belongs to a
6 nonrepairable motor vehicle that has been repaired, rebuilt, or
7 reconstructed;

8 (D) the vehicle identification number assigned
9 to the vehicle belongs to an export-only vehicle; or

10 (E) the vehicle is an export-only vehicle.

11 (b) A person commits an offense if the person intentionally
12 or knowingly sells, transfers, or releases a salvage motor vehicle
13 in violation of this subchapter.

14 (c) A person commits an offense if the person intentionally
15 or knowingly fails or refuses to surrender a regular title after the
16 person:

17 (1) receives a total loss claim payment from an
18 insurance company under Sections 501.092 or 501.093; or

19 (2) knows the vehicle has become a nonrepairable or
20 salvage motor vehicle under Section 501.094.

21 (d) Except as provided by Subsection (e), an offense under
22 this section is a Class C misdemeanor.

23 (e) If it is shown on the trial of an offense under this
24 section that the defendant has been previously convicted of:

25 (1) one offense under this section, the offense is
26 punishable as a Class B misdemeanor; or

27 (2) two or more offenses under this section, the

1 offense is punishable as a state jail felony.

2 Sec. 501.103. Color of Nonrepairable or [~~-~~

3 [~~Sec. 501.0927. Application for Certificate of Title by~~
4 ~~Rebuilder of Nonrepairable Motor Vehicle. (a) A person who~~
5 ~~rebuilds a nonrepairable vehicle may apply to the department for a~~
6 ~~certificate of title for the vehicle if, in addition to any other~~
7 ~~requirement of law, the application:~~

8 [~~(1) contains the information required by Section~~
9 ~~501.0922(a)(1); and~~

10 [~~(2) is accompanied by a written statement that~~
11 ~~complies with Section 501.0922(a)(2).~~

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

16 [~~(c) On receipt of a complete application under this~~
17 ~~section, accompanied by the appropriate fee for the certificate of~~
18 ~~title, the department shall issue the applicant a certificate of~~
19 ~~title for the vehicle that conforms to Section 501.0923(b).~~

20 [~~Sec. 501.0928. Department to Print] Salvage [~~and~~
21 ~~Nonrepairable Motor Vehicle Certificates of] Title. (a) The~~
22 department shall print a nonrepairable vehicle title in a color
23 that distinguishes it from a regular or salvage vehicle title and so
24 that it clearly shows that it is the negotiable ownership document
25 for a nonrepairable vehicle.~~

26 (b) A nonrepairable vehicle title must state on its face
27 that the vehicle:

1 (1) may not be:

2 (A) issued a regular title;

3 (B) registered in this state; or

4 (C) repaired, rebuilt, or reconstructed; and

5 (2) may be used only as a source for used parts or
6 scrap metal.

7 (c) The department shall print a salvage vehicle title
8 [salvage motor vehicle certificates of title and nonrepairable
9 motor vehicle certificates of title] in a color that distinguishes
10 it [them] from a regular or nonrepairable vehicle [certificates of]
11 title and so that it [each document] clearly shows that it is the
12 ownership document for a [late model] salvage [motor] vehicle.

13 (d) [or a nonrepairable motor vehicle.

14 [(b) A nonrepairable motor vehicle certificate of title for
15 a vehicle that is nonrepairable because of damage caused
16 exclusively by flood must bear an appropriate notation on its face.

17 [(c)] A salvage [motor] vehicle [certificate of] title for a
18 vehicle that is a salvage [motor] vehicle because of damage caused
19 exclusively by flood must bear a [an appropriate] notation on its
20 face the department considers appropriate. If the title for a
21 vehicle reflects the notation required by this subsection, the
22 owner may sell, transfer, or release the vehicle as provided by this
23 subchapter.

24 (e) The department may provide a stamp to a person for
25 purposes of marking the face of a title under this subchapter. The
26 department shall provide the stamp to a person described in Section
27 501.095(a)(1) at a fee determined by the department necessary to

1 recover the cost of providing the stamp.

2 Sec. 501.104. [~~Sec. 501.0929.~~] Rebuilder to Possess
3 Certificate of Title or Other Documentation. (a) This section
4 applies to:

5 (1) a rebuilder licensed as a salvage vehicle dealer;

6 (2) a person engaged in the business of a rebuilder
7 whether or not the person is licensed to do so; or

8 (3) a person engaged in the casual repair, rebuilding,
9 or reconstruction of two or less motor vehicles in a 12-month
10 period.

11 (b) A person described in Subsection (a) [~~A rebuilder~~] must
12 possess:

13 (1) a regular, [~~a certificate of title, a salvage~~
14 ~~motor vehicle certificate of title, a~~] nonrepairable, or salvage
15 [motor] vehicle [certificate of] title[7] or a comparable
16 out-of-state ownership document [~~issued by another state or~~
17 ~~jurisdiction~~] for any [~~motor~~] vehicle that is:

18 (A) owned by the person;

19 (B) [~~(1)~~] in the person's [~~rebuilder's~~]
20 inventory; and

21 (C) [~~(2)~~] being offered for resale; or

22 (2) a contract with the owner, a work order, or another
23 document indicating authority for the person's possession for any
24 vehicle that is:

25 (A) owned by another;

26 (B) on the person's business or casual premises;

27 and

1 (C) being repaired, rebuilt, or reconstructed
2 for the other.

3 Sec. 501.105. [~~(b) A person who rebuilds a late model~~
4 ~~salvage motor vehicle for which the department has issued a salvage~~
5 ~~motor vehicle certificate of title, or who assembles a late model~~
6 ~~salvage motor vehicle from component parts, may apply to the~~
7 ~~department for a certificate of title for the vehicle. A~~
8 ~~certificate of title issued by the department under this subsection~~
9 ~~must bear the words "REBUILT SALVAGE."~~

10 [~~Sec. 501.0930.~~] Enforcement of Subchapter. (a) This
11 subchapter shall be [~~exclusively~~] enforced by the department or
12 [~~any~~] other governmental or law enforcement entity, including the
13 Department of Public Safety, [agency] or any [its] personnel of the
14 department or other entity[~~, except~~] as provided by this
15 subchapter.

16 (b) The department, [~~or~~] an agent, officer, or employee of
17 the department, or other person enforcing this subchapter is not
18 liable to a person damaged or injured by an act or omission relating
19 to the issuance of a regular, [certificate of title, salvage motor
20 vehicle certificate of title, or] nonrepairable, or salvage [motor]
21 vehicle [certificate of] title under this subchapter.

22 Sec. 501.106. [~~Sec. 501.0931.~~] Applicability of Subchapter
23 to Recycler. (a) Except as provided by Subsections (b) and (c),
24 this [This] subchapter does not apply to [and does not preclude or
25 prohibit] a sale to, purchase by, or other transaction by or with, a
26 metal recycler [person described by Subsection (g), Article
27 6687-2b, Revised Statutes, except as provided by Subsections (b)

1 ~~and (c)]~~.

2 (b) A metal recycler [~~person described by Subsection (g),~~
3 ~~Article 6687-2b, Revised Statutes,~~] shall submit to the department
4 the regular, nonrepairable, or salvage vehicle [~~certificate of~~
5 title or comparable out-of-state ownership [~~equivalent~~] document
6 that the recycler [~~person~~] receives in conjunction with the
7 purchase of a motor vehicle not later than the 60th day after the
8 date the recycler [~~person~~] receives the [~~certificate of~~] title or
9 [~~equivalent~~] document. A recycler may not destroy a vehicle to
10 which this subsection applies until the 61st day after the date the
11 recycler forwarded the title or document to the department.

12 (c) This subchapter applies to a transaction with a metal
13 recycler [~~person described by Subsection (g), Article 6687-2b,~~
14 ~~Revised Statutes,~~] in which a motor vehicle:

15 (1) is sold or delivered to the recycler [~~person~~] for
16 the purpose of reuse or resale as a motor vehicle or as a source of
17 used [~~motor vehicle~~] parts; and

18 (2) [~~if the motor vehicle~~] is [~~so~~] used for that
19 purpose.

20 [~~(d) This subchapter does not:~~

21 [~~(1) prohibit the owner of a late model salvage motor~~
22 ~~vehicle or a nonrepairable motor vehicle from selling the vehicle~~
23 ~~to any person, if the vehicle is so classified solely because of~~
24 ~~water damage caused by a flood, or~~

25 [~~(2) limit the ability or authority of an insurance~~
26 ~~company to adjust or settle a claim for loss on a motor vehicle.]~~

27 SECTION 2. Subchapter A, Chapter 2302, Occupations Code, is

1 amended to read as follows:

2 Sec. 2302.001. Definitions. In this chapter:

3 (1) [~~"Actual cash value" has the meaning assigned by~~
4 ~~Section 501.0911, Transportation Code.~~

5 [~~(2)~~] "Casual sale," "damage," "insurance company,"
6 "major component part," "metal recycler," "motor vehicle,"
7 "nonrepairable motor vehicle," "nonrepairable motor vehicle
8 "certificate of title," "out-of-state buyer," "rebuilder," "salvage
9 "motor vehicle," "salvage motor vehicle certificate of title,"
10 "salvage vehicle dealer," "used part" have the meanings [~~has the~~
11 ~~meaning~~] assigned by Section 501.091 [~~501.0911~~], Transportation
12 Code.

13 (2) [~~(3)~~] "Commission" means the Texas Transportation
14 Commission.

15 (3) [~~(4)~~] "Department" means the Texas Department of
16 Transportation.

17 (4) [~~(5)~~] "Federal safety certificate" means the
18 label or tag required under 49 U.S.C. Section 30115 that certifies
19 that a vehicle or equipment complies with applicable federal motor
20 vehicle safety standards.

21 (5) [~~(6)~~] "~~Late model motor vehicle" has the meaning~~
22 ~~assigned by Section 501.0911, Transportation Code.~~

23 [~~(7)~~] "~~Major component part" has the meaning assigned~~
24 ~~by Section 501.0911, Transportation Code.~~

25 [~~(8)~~] "~~Motor vehicle" has the meaning assigned by~~
26 ~~Section 541.201, Transportation Code.~~

27 [~~(9)~~] "~~Nonrepairable motor vehicle certificate of~~

1 ~~title" has the meaning assigned by Section 501.0911, Transportation~~
2 ~~Code.~~

3 ~~[(10) "Out-of-state buyer" has the meaning assigned by~~
4 ~~Section 501.0911, Transportation Code.~~

5 ~~[(11) "Person" means an individual, partnership,~~
6 ~~corporation, trust, association, or other private legal entity.~~

7 ~~[(12) "Salvage motor vehicle certificate of title" has~~
8 ~~the meaning assigned by Section 501.0911, Transportation Code.~~

9 ~~[(13) "Salvage part" means a major component part of a~~
10 ~~salvage motor vehicle that is serviceable to the extent that it can~~
11 ~~be reused.~~

12 ~~[(14)] "Salvage pool operator" means a person who~~
13 ~~engages in the business of selling nonrepairable [motor vehicles]~~
14 ~~or salvage motor vehicles at auction, including wholesale auction,~~
15 ~~or otherwise.~~

16 (6) [(15)] "Salvage vehicle agent" means a person
17 acting under [employed by] a salvage vehicle dealer's license
18 issued by the department under this chapter that authorizes the
19 holder of the license [dealer] to acquire, sell, or otherwise deal
20 in nonrepairable or salvage motor vehicles or used [salvage] parts
21 in this state for a licensed salvage vehicle dealer. The term does
22 not include a person who:

23 (A) is a licensed salvage vehicle dealer;

24 (B) is a partner, owner, or officer of a business
25 entity that holds a salvage vehicle dealer license;

26 (C) is an employee of a licensed salvage vehicle
27 dealer; or

1 (D) only transports salvage vehicles for a
2 licensed salvage vehicle dealer

3 [~~(16) "Salvage vehicle dealer" means a person licensed~~
4 ~~under this chapter who engages in the business of acquiring,~~
5 ~~selling, dismantling, repairing, or dealing in salvage motor~~
6 ~~vehicles or vehicle parts of a type required to be covered by a~~
7 ~~salvage motor vehicle certificate of title or nonrepairable motor~~
8 ~~vehicle certificate of title].~~

9 Sec. 2302.002. Consent to Entry and Inspection. (a) A
10 person consents to an entry or inspection described in Subsection
11 (b) by:

12 (1) accepting a license under this chapter; or
13 (2) engaging in a business or activity regulated under
14 this chapter.

15 (b) For the purpose of enforcing or administering this
16 chapter or Chapters 501 or 502, Transportation Code, a member of the
17 commission, an employee or agent of the commission or department,
18 an officer or member of the Department of Public Safety, or a peace
19 officer may at a reasonable time:

20 (1) enter the premises of a business regulated under
21 those chapters; and

22 (2) inspect or copy any document, record, vehicle,
23 part, or other item regulated under those chapters.

24 (c) A person described in Subsection (a):

25 (1) may not refuse or interfere with an entry or
26 inspection under this section; and

27 (2) shall cooperate fully with a person conducting an

1 inspection under this section to assist in the recovery of stolen
2 vehicles and parts and to prevent the sale or transfer of stolen
3 vehicles and parts.

4 (d) In this section, "reasonable time" means:

5 (1) during normal business hours of the person or
6 activity regulated under this chapter; or

7 (2) while an activity regulated under this chapter is
8 occurring on the premises.

9 Sec. 2302.003. [Classification of Vehicles. For purposes
10 of this chapter:

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

13 [(A) is a late model motor vehicle with a major
14 component part that is damaged or missing to the extent that the
15 total estimated cost of repairs to rebuild or reconstruct the
16 vehicle, including parts and labor and excluding the cost to repair
17 hail damage, is equal to or greater than an amount equal to 75
18 percent of the actual cash value of the vehicle in its predamaged
19 condition; or

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

23 [(2) a vehicle is a nonrepairable motor vehicle if the
24 vehicle:

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

27 [(B) is a vehicle that comes into this state with

1 ~~a nonrepairable motor vehicle certificate of title or other~~
2 ~~comparable certificate of title.~~

3 ~~[Sec. 2302.003. Classification as Metal Recycler. For~~
4 ~~purposes of this chapter, a person is a metal recycler if the~~
5 ~~person:~~

6 ~~(1) is predominately engaged in the business of~~
7 ~~obtaining ferrous or nonferrous metal that has served its original~~
8 ~~economic purpose in order to convert the metal, or sell the metal~~
9 ~~for conversion, into raw material products consisting of prepared~~
10 ~~grades and having an existing or potential economic value;~~

11 ~~(2) has a facility to convert ferrous or nonferrous~~
12 ~~metal into raw material products consisting of prepared grades and~~
13 ~~having an existing or potential economic value, by method other~~
14 ~~than the exclusive use of hand tools, including the processing,~~
15 ~~sorting, cutting, classifying, cleaning, baling, wrapping,~~
16 ~~shredding, shearing, or changing the physical form or chemical~~
17 ~~content of the metal; and~~

18 ~~(3) sells or purchases the ferrous or nonferrous~~
19 ~~metal solely for use as raw material in the production of new~~
20 ~~products.~~

21 ~~[Sec. 2302.004. Sale of Certain Water-Damaged Vehicles.~~
22 ~~Subchapters B-E do not prohibit the sale to any person of a vehicle~~
23 ~~that is classified as a salvage motor vehicle or a nonrepairable~~
24 ~~motor vehicle solely because of water damage caused by flood~~
25 ~~conditions.~~

26 ~~[Sec. 2302.005.] Applicability of Certain Municipal~~
27 ~~Ordinances, Licenses, and Permits. This chapter ~~[Subchapters B-E]:~~~~

1 (1) is [~~are~~] in addition to any municipal ordinance
2 relating to the regulation of a person who deals in nonrepairable or
3 salvage motor vehicles or used parts; and

4 (2) does [~~do~~] not prohibit the enforcement of a
5 requirement of a municipal license or permit that is related to an
6 activity regulated under this chapter [~~those subchapters~~].

7 Sec. 2302.004. [~~Sec. 2302.006.~~] Application [~~of~~
8 ~~Subchapters B-E~~] to Metal Recyclers. (a) Except as provided by
9 Subsection (b), this chapter does [~~Subchapters B-E do~~] not apply to
10 a transaction in which a metal recycler is a party.

11 (b)(1) This section applies to [~~other than~~] a transaction
12 in which a motor vehicle:

13 (A) [~~(1)~~] is sold, transferred, released, or
14 delivered to the [~~metal~~] recycler for the purpose of reuse or resale
15 as a motor vehicle or as a source of used [~~motor vehicle~~] parts; and

16 (B) [~~(2)~~] is used for that purpose.

17 (2) Sections 2302.002 and [~~(b) Section~~] 2302.205 apply
18 [~~applies~~] to a metal recycler.

19 [~~(c) Subchapter G does not apply to a sale or purchase by a~~
20 ~~metal recycler.~~]

21 Sec. 2302.005. [~~Sec. 2302.007.~~] Application [~~of~~
22 ~~Subchapters B-E~~] to Insurance Companies. This chapter does
23 [~~Subchapters B-E do~~] not apply to an insurance company [~~authorized~~
24 ~~to engage in the business of insurance in this state~~].

25 SECTION 3. Section 2302.051, Occupations Code, is amended
26 to read as follows:

27 Sec. 2302.051. Rules and Enforcement Powers. The

1 commission shall adopt rules as necessary to administer this
2 chapter [~~subchapter and Subchapters A and C-E~~] and may take other
3 action as necessary to enforce this chapter [~~those subchapters~~].

4 SECTION 4. Section 2302.052, Occupations Code, is amended
5 to read as follows:

6 Sec. 2302.052. Duty to Set Fees. The commission shall set
7 application fees, license fees, renewal fees, and other fees as
8 required to implement this chapter [~~Subchapters C-E~~]. The
9 commission shall set the fees in amounts reasonable and necessary
10 to implement and enforce this chapter [~~those subchapters~~].

11 SECTION 5. Section 2302.101, Occupations Code, is amended
12 to read as follows:

13 Sec. 2302.101. License Required for Salvage Vehicle Dealer.
14 [~~(a) In this section, "automobile recycler" has the meaning~~
15 ~~assigned by Section 501.0911, Transportation Code.~~

16 [~~(b)~~] Unless a person holds a salvage vehicle dealer license
17 issued under this chapter, the person may not:

18 (1) act as a salvage vehicle dealer or rebuilder [~~an~~
19 ~~automobile recycler~~]; or

20 (2) store or display a vehicle as an agent or escrow
21 agent of an insurance company.

22 SECTION 6. Section 2302.107, Occupations Code, is amended
23 by amending Subsection (d) to read as follows:

24 (d) A salvage vehicle agent may acquire, sell, or otherwise
25 deal in [~~late model salvage motor vehicles,~~] nonrepairable or
26 salvage [~~motor~~] vehicles or used [~~, or salvage~~] parts as directed by
27 the authorizing dealer, if the salvage vehicle dealer is licensed

1 under this chapter.

2 SECTION 7. Subchapter C, Chapter 2302, Occupations Code, is
3 amended to add Section 2302.109 to read as follows:

4 Sec. 2302.109. Out-of-State Buyer License. (a) A person
5 who is from another state or jurisdiction may not purchase a
6 nonrepairable or salvage vehicle in this state unless the person
7 holds an out-of-state buyer license issued by the department.

8 (b) The department may issue an out-of-state buyer license
9 if:

10 (1) the person applies to the department under this
11 section; and

12 (2) the department has determined that the applicant
13 is from a state or jurisdiction that permits a salvage vehicle
14 dealer licensed under this chapter to purchase a nonrepairable or
15 salvage vehicle in the applicant's state or jurisdiction.

16 (c) Except as provided by Subsection (d), an applicant for a
17 license under this section must submit a nonrefundable application
18 fee of \$200.

19 (d) If the applicant for a license under this section
20 certifies to the department that the applicant will purchase
21 vehicles in this state only over the Internet, the applicant may
22 submit a nonrefundable application fee of \$25 in lieu of the fee
23 described in Subsection (c).

24 (e) An applicant who resides in the United States must
25 submit a copy, photocopy, or other accurate reproduction of a valid
26 license issued to the applicant by the appropriate licensing
27 authority of the state in which the applicant resides allowing the

1 person to:

2 (1) drive or operate a motor vehicle; and

3 (2) engage in an automotive business.

4 (f) An applicant who resides in a jurisdiction outside the
5 United States must submit a copy, photocopy, or other accurate
6 reproduction of:

7 (1) a valid identification card, certificate, or
8 equivalent document issued to the applicant by the appropriate
9 licensing authority of the jurisdiction in which the applicant
10 resides that bears a photograph of the applicant and is capable of
11 being verified using identification standards adopted by the United
12 States; or

13 (2) an identification card, certificate, or
14 equivalent document, that bears a photograph of the applicant and
15 is capable of being verified using identification standards adopted
16 by the international community.

17 (g) A license issued under this section expires on the first
18 anniversary of its date of issuance and may be renewed annually on
19 or before its expiration date by submitting a renewal application
20 accompanied by the appropriate fee under Subsection (c) or (d).

21 SECTION 8. Subchapter E, Chapter 2302, Occupations Code, is
22 amended to read as follows:

23 Sec. 2302.201. Duties on Acquisition of Salvage Motor
24 Vehicle. (a) A salvage vehicle dealer who acquires ownership of a
25 salvage [~~motor~~] vehicle from an owner must receive from the owner an
26 assigned certificate of title.

27 (b) The [~~If the assigned certificate of title is not a~~

1 ~~salvage motor vehicle certificate of title, a nonrepairable motor~~
2 ~~vehicle certificate of title, or a comparable ownership document~~
3 ~~issued by another state or jurisdiction, the] dealer shall comply~~
4 with Subchapter E, Chapter 501, [Section 501.0916(b)],
5 Transportation Code.

6 Sec. 2302.202. Records of Purchases. A salvage vehicle
7 dealer [~~license holder~~] shall maintain a record of each salvage
8 [~~motor~~] vehicle and each used [~~salvage~~] part purchased or sold by
9 the dealer [~~license holder~~].

10 Sec. 2302.203. Registration of New Business Location.
11 Before moving a place of business or opening an additional place of
12 business, a salvage vehicle dealer must register the new location
13 with the department.

14 Sec. 2302.204. Casual Sales. (a) Except as provided by
15 Subsection (b), this chapter does [~~This subchapter and Subchapters~~
16 ~~B-D do~~] not apply to a person who purchases two or less [~~a~~]
17 nonrepairable or salvage motor vehicles [~~vehicle or salvage motor~~
18 ~~vehicle~~] from a salvage dealer or salvage pool operator in a casual
19 sale at auction.

20 (b)(1) The [~~, except that:~~

21 [~~(1) the~~] commission shall adopt rules as necessary to
22 regulate each casual sale [~~sales~~] by a salvage dealer or salvage
23 pool operator [~~operators~~] and to enforce this section; and

24 (2) A salvage dealer or [~~a~~] salvage pool operator who
25 sells a vehicle in a casual sale shall comply with those rules and
26 Subchapter E, Chapter 501, Transportation Code.

27 Sec. 2302.205. Duty of Metal Recycler. A metal recycler who

1 purchases a motor vehicle shall submit a regular, nonrepairable, or
2 salvage vehicle [~~, not later than the 60th day after the date the~~
3 ~~recycler receives the certificate of]~~ title or comparable
4 out-of-state ownership [~~equivalent document in conjunction with~~
5 ~~the purchase, submit the certificate or]~~ document to the department
6 and comply with Subchapter E, Chapter 501, Transportation Code.

7 SECTION 9. Section 2302.251, Occupations Code, is amended
8 to read as follows:

9 Sec. 2302.251. Definitions.

10 Definitions. In this subchapter:

11 (1) "Component part" means a major or minor component
12 part.

13 (2) [~~+~~
14 [~~(A) a front-end assembly or tail section,~~
15 [~~(B) the cab of a light or heavy truck,~~
16 [~~(C) the bed of a one-ton or lighter truck, or~~
17 [~~(D) an interior component part, a special~~
18 ~~accessory part, or a motor vehicle part that displays or should~~
19 ~~display one or more of the following:~~

20 [~~(i) a federal safety certificate,~~
21 [~~(ii) a motor number,~~
22 [~~(iii) a serial number,~~
23 [~~(iv) a manufacturer's permanent vehicle~~
24 ~~identification number, or~~
25 [~~(v) a derivative of a vehicle~~
26 ~~identification number.~~

27 [~~(2) "Front-end assembly" means a motor vehicle hood,~~

1 ~~right or left front fender, grill, bumper, radiator, or radiator~~
2 ~~support, if two or more of those parts are assembled together as one~~
3 ~~unit.~~

4 ~~(3)~~ "Interior component part" means the front seat,
5 ~~[or] rear seat,~~ or ~~[the]~~ radio of a motor vehicle.

6 (3) "Minor component part" means an interior component
7 part, a special accessory part, or a motor vehicle part that
8 displays or should display one or more of the following:

9 (A) a federal safety certificate;

10 (B) a motor number;

11 (C) a serial number or a derivative; or

12 (D) a manufacturer's permanent vehicle
13 identification number or a derivative.

14 (4) "Special accessory part" means a tire, wheel,
15 tailgate, or removable glass top of a motor vehicle.

16 ~~[(5) "Tail section" means a motor vehicle roof, floor~~
17 ~~pan, right or left rear quarter panel, deck lid, or rear bumper, if~~
18 ~~two or more of those parts are assembled together as one unit.]~~

19 SECTION 10. Section 2302.302, Occupations Code, is amended
20 to read as follows:

21 Sec. 2302.302. Limits on Operation of Heavy Machinery. (a)
22 A salvage vehicle dealer may not operate heavy machinery in a motor
23 vehicle salvage yard between the hours of 7 p.m. of one day and 7
24 a.m. of the following day.

25 (b) This section does not apply to conduct necessary to a
26 sale or purchase by the dealer.

27 SECTION 11. Subchapter H, Chapter 2302, Occupations Code,

1 is amended to read as follows:

2 Sec. 2302.351. Injunctions. (a) The prosecutor in the
3 county where a motor vehicle salvage yard is located or the city
4 attorney in the municipality where the salvage yard is located may
5 bring suit to enjoin a violation of this chapter for less than one
6 year [~~Subchapter G~~].

7 (b) If a salvage vehicle dealer, ~~[or an]~~ employee, or agent
8 ~~[of the dealer]~~ acting in the course of employment is convicted of
9 more than one offense under Section 2302.352, other than a Class C
10 misdemeanor [~~Section 2302.353(a)(2) or (b)~~], the district attorney
11 for a [~~the~~] county in which the dealer's salvage business is located
12 may bring an action in that county to enjoin the dealer's business
13 operations for one year or more.

14 (c) An action under Subsection (b) must be brought in the
15 name of the state. If judgment is in favor of the state, the court
16 shall:

17 (1) enjoin the dealer from maintaining or
18 participating in the business of a salvage vehicle dealer for a
19 definite period of not less than one year or indefinitely, as
20 determined by the court; and

21 (2) order that the dealer's place of business be closed
22 for the same period.

23 Sec. 2302.352. [~~Seizure of Vehicle or Part. A peace officer~~
24 ~~may seize, hold, and dispose of, according to the code of criminal~~
25 ~~procedure, a motor vehicle or a motor vehicle part that is in the~~
26 ~~possession of a salvage vehicle dealer and that has been stolen or~~
27 ~~been altered by the removal, changing, mutilation, or obliteration~~

1 ~~of a permanent vehicle identification number, derivative number,~~
2 ~~motor number, serial number, or federal safety certificate.~~

3 ~~[Sec. 2302.353.]~~ Offenses. (a) A person commits an offense
4 if the person intentionally or knowingly violates this chapter [+

5 ~~[(1) Subchapter C, D, or E]~~ or a rule adopted under
6 this chapter ~~[Subchapter C, D, or E, or~~

7 ~~[(2) Subchapter F].~~

8 (b) Except as provided by Subsections (c) and (d), an [A
9 ~~person commits an offense if the person violates Subchapter F in~~
10 ~~conjunction with a violation of Section 31.03, Penal Code.~~

11 ~~[(c) A person commits an offense if the person violates~~
12 ~~Subchapter G.~~

13 ~~[(d) An offense under Subsection (a) is a Class A~~
14 ~~misdemeanor.~~

15 ~~[(c) An]~~ offense under this section ~~[Subsection (b)]~~ is a
16 Class A misdemeanor.

17 (c) If ~~[unless]~~ it is shown on the trial of an ~~[the]~~ offense
18 under Subsection (a) that the defendant has been previously
19 convicted of an offense under this section, ~~[that subsection, in~~
20 ~~which event]~~ the offense is punishable as a state jail felony ~~[of~~
21 ~~the third degree].~~

22 (d) If the person violates Subchapter G, an ~~[(f) An]~~
23 offense under this section ~~[Subsection (c)]~~ is a Class C
24 misdemeanor.

25 SECTION 12. This Act takes effect September 1, 2003.

26 SECTION 13. (a) A person, who owns a nonrepairable motor
27 vehicle for which a nonrepairable motor vehicle certificate of

1 title was issued before the effective date of this Act, may repair,
2 rebuild, or reconstruct the vehicle and receive a regular title for
3 the vehicle on or before September 1, 2005.

4 (b) The Department of Transportation will deem a salvage
5 certificate issued before the effective date of this Act to be a
6 salvage motor vehicle certificate of title on the effective date of
7 this Act.

8 SECTION 14. (a) The change in law made by this Act applies
9 only to an offense committed on or after the effective date of this
10 Act. For purposes of this section, an offense is committed before
11 the effective date of this Act if any element of the offense occurs
12 before the effective date.

13 (b) An offense committed before the effective date of this
14 Act is covered by the law in effect when the offense was committed,
15 and the former law is continued in effect for this purpose.