

By: Walle

H.B. No. 1788

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the regulation of salvage vehicle dealers, salvage pool
3 operators, and salvage vehicle rebuilders; expanding the
4 applicability of an occupational license.

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

6 SECTION 1. Section 375.001(11), Health and Safety Code, is
7 amended to read as follows:

8 (11) "Vehicle recycler" means a person engaged in the
9 business of acquiring, dismantling, or preparing for recycling six
10 or more end-of-life vehicles in a calendar year for the primary
11 purpose of reselling the vehicles' parts. The term includes a
12 license holder [salvage vehicle dealer licensed] under Chapter
13 2302, Occupations Code, and a used automotive parts recycler
14 licensed under Chapter 2309, Occupations Code.

15 SECTION 2. The heading to Chapter 2302, Occupations Code,
16 is amended to read as follows:

17 CHAPTER 2302. SALVAGE VEHICLE DEALERS, SALVAGE POOL OPERATORS, AND
18 SALVAGE VEHICLE REBUILDERS

19 SECTION 3. Section 2302.001, Occupations Code, is amended
20 by amending Subdivision (1) and adding Subdivisions (4-a), (4-b),
21 (4-c), (7), (8), and (9) to read as follows:

22 (1) "Casual sale," "damage," "insurance company,"
23 "major component part," [~~"metal recycler," "motor vehicle,"~~]
24 "nonrepairable motor vehicle," "nonrepairable vehicle title,"

1 "out-of-state buyer," "salvage motor vehicle," "salvage vehicle
2 title," [~~"salvage vehicle dealer,"~~] and "used part" have the
3 meanings assigned by Section 501.091, Transportation Code.

4 (4-a) "License holder" means a person who holds a
5 license as a salvage vehicle dealer, salvage pool operator, or
6 salvage vehicle rebuilder issued under this chapter.

7 (4-b) "Metal recycler" means a person who:

8 (A) is engaged in the business of obtaining,
9 converting, or selling ferrous or nonferrous metal for conversion
10 into raw material products consisting of prepared grades and having
11 an existing or potential economic value;

12 (B) has a facility to convert ferrous or
13 nonferrous metal into raw material products by a method other than
14 the exclusive use of hand tools, including the processing, sorting,
15 cutting, classifying, cleaning, baling, wrapping, shredding,
16 shearing, or changing the physical form or chemical content of the
17 metal; and

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

21 (4-c) "Motor vehicle" has the meaning assigned by
22 Section 501.002, Transportation Code.

23 (7) "Salvage vehicle dealer" means a person engaged in
24 this state in the business of acquiring, selling, or otherwise
25 dealing in nonrepairable motor vehicles, salvage motor vehicles,
26 or, if incidental to a salvage vehicle dealer's primary business,
27 used automotive parts, regardless of whether the person holds a

1 license to engage in that business. The term does not include a
2 person who:

3 (A) buys not more than five nonrepairable motor
4 vehicles or salvage motor vehicles in the same calendar year;

5 (B) is a licensed used automotive parts recycler;

6 (C) is a licensed salvage vehicle rebuilder; or

7 (D) is a licensed salvage pool operator.

8 (8) "Salvage vehicle rebuilder" means a person who
9 acquires and repairs, rebuilds, or reconstructs for operation on a
10 public highway more than five salvage motor vehicles in a calendar
11 year. The term includes a person who repairs, rebuilds, or
12 reconstructs for operation on a public highway more than five
13 salvage motor vehicles in a calendar year that are acquired by
14 another person and returned to that person after the repair,
15 rebuilding, or reconstruction.

16 (9) "Used parts dealer" and "used automotive parts
17 recycler" have the meaning assigned to "used automotive parts
18 recycler" by Section 2309.002.

19 SECTION 4. Sections 2302.0015(b) and (c), Occupations Code,
20 are amended to read as follows:

21 (b) For the purpose of enforcing or administering this
22 chapter, ~~or~~ Chapter 501 or 502, Transportation Code, or board
23 rules, a member of the board, an employee or agent of the board or
24 department, a member of the Public Safety Commission, an officer of
25 the Department of Public Safety, or a peace officer may at a
26 reasonable time:

27 (1) enter the premises of a business regulated under

1 one of those chapters; ~~and~~

2 (2) inspect or copy any document, record, vehicle,
3 part, or other item regulated under one of those chapters; and

4 (3) inspect the inventory on the premises of a license
5 holder.

6 (c) A person described by Subsection (a) or an employee of a
7 person described by Subsection (a):

8 (1) may not refuse or interfere with an entry or
9 inspection under this section; ~~and~~

10 (2) shall cooperate fully with a person conducting an
11 inspection under this section to assist in the recovery of stolen
12 motor vehicles and parts and to prevent the sale or transfer of
13 stolen motor vehicles and parts; and

14 (3) on demand shall give to a person conducting an
15 inspection under this section a copy of a record required to be
16 maintained under this chapter, Chapter 501 or 502, Transportation
17 Code, or board rule, including an inventory record or bill of sale.

18 SECTION 5. Section 2302.005, Occupations Code, is amended
19 to read as follows:

20 Sec. 2302.005. APPLICABILITY OF CERTAIN STATUTES, RULES,
21 MUNICIPAL ORDINANCES, [LICENSES,] AND COUNTY ORDERS [PERMITS]. A
22 [This chapter:

23 [~~(1) is in addition to any municipal ordinance~~
24 ~~relating to the regulation of a]~~ person who deals in nonrepairable
25 motor vehicles or salvage motor vehicles, including a salvage
26 vehicle dealer, salvage pool operator, salvage vehicle rebuilder,
27 or salvage vehicle agent, shall comply with:

- 1 (1) this chapter;
2 (2) Chapters 501, 502, and, if applicable, 503,
3 Transportation Code;
4 (3) board rules;
5 (4) all applicable county orders [~~or used parts~~]; and
6 (5) all applicable municipal ordinances
7 ~~[(2) does not prohibit the enforcement of a~~
8 ~~requirement of a municipal license or permit that is related to an~~
9 ~~activity regulated under this chapter].~~

10 SECTION 6. Subchapter B, Chapter 2302, Occupations Code, is
11 amended by adding Section 2302.0521 to read as follows:

12 Sec. 2302.0521. DEPOSIT OF REVENUE. Notwithstanding any
13 other law, all money collected by the board under this chapter shall
14 be deposited in the state treasury to the credit of the Texas
15 Department of Motor Vehicles.

16 SECTION 7. Section [2302.101](#), Occupations Code, is amended
17 to read as follows:

18 Sec. 2302.101. LICENSE REQUIRED [~~FOR SALVAGE VEHICLE~~
19 ~~DEALER~~]. Unless a person holds a [~~salvage vehicle dealer~~] license
20 issued under this chapter, the person may not:

- 21 (1) act as a salvage vehicle dealer, salvage pool
22 operator, or salvage vehicle rebuilder; or
23 (2) store or display a motor vehicle as an agent or
24 escrow agent of an insurance company.

25 SECTION 8. Section [2302.102](#), Occupations Code, is amended
26 to read as follows:

27 Sec. 2302.102. [~~SALVAGE VEHICLE DEALER~~] LICENSE TYPES

1 ~~[CLASSIFICATION]~~. (a) The department may issue one or more of the
2 following licenses to a person ~~[shall classify a salvage vehicle~~
3 ~~dealer]~~ according to the type of activity performed by the person:

- 4 (1) salvage vehicle dealer license;
5 (2) salvage pool operator license; or
6 (3) salvage vehicle rebuilder license ~~[dealer].~~

7 (b) A person ~~[salvage vehicle dealer]~~ may not engage in
8 activities as a salvage vehicle dealer, salvage pool operator, or
9 salvage vehicle rebuilder ~~[of a particular classification]~~ unless
10 the person ~~[dealer]~~ holds a license issued by the department
11 authorizing that activity ~~[with an endorsement in that~~
12 ~~classification].~~

13 (c) A person who engages in business as a salvage vehicle
14 rebuilder and holds a salvage vehicle rebuilder license must also
15 hold the appropriate general distinguishing number issued under
16 Chapter 503, Transportation Code, unless the salvage vehicle
17 rebuilder only repairs, rebuilds, or reconstructs salvage motor
18 vehicles owned by another person.

19 SECTION 9. Section [2302.103](#)(a), Occupations Code, is
20 amended to read as follows:

21 (a) To apply for a salvage vehicle dealer, salvage pool
22 operator, or salvage vehicle rebuilder license, a person must
23 submit to the department an application on a form prescribed by the
24 department and the application fee.

25 SECTION 10. Section [2302.104](#), Occupations Code, is amended
26 to read as follows:

27 Sec. 2302.104. CONTENTS OF APPLICATION. (a) An application

1 for a [~~salvage vehicle dealer~~] license must include:

2 (1) the name, business address, e-mail address, and
3 business telephone number of the applicant;

4 (2) each [~~the~~] name under which the applicant proposes
5 to conduct business;

6 (3) the location, by number, street, county, and
7 municipality, where [~~of each office at which~~] the applicant
8 proposes to conduct business;

9 (4) a statement indicating whether the applicant
10 previously applied for a license under this chapter and, if so, a
11 statement indicating the result of the previous application and
12 indicating whether the applicant has ever been the holder of a
13 license issued under this chapter that was revoked or suspended;

14 (5) an acknowledgment that the applicant is familiar
15 with and in compliance with municipal ordinances, county orders,
16 and state laws governing the activities covered by the license for
17 which the applicant is applying at the location specified in the
18 application [~~a statement of the previous history, record, and~~
19 ~~associations of the applicant to the extent sufficient to~~
20 ~~establish, to the satisfaction of the department, the business~~
21 ~~reputation and character of the applicant~~];

22 (6) the applicant's social security number and federal
23 tax identification number, if any;

24 (7) the applicant's state sales tax number; and

25 (8) any other information required by rules adopted
26 under this chapter.

27 (b) In addition to the information required by Subsection

1 (a), the application of a corporation must include:

2 (1) the state of its incorporation;

3 (2) the name, address, date of birth, and social
4 security number of each principal officer or director of the
5 corporation; and

6 ~~(3) [a statement of the previous history, record, and
7 associations of each officer and each director to the extent
8 sufficient to establish, to the satisfaction of the department, the
9 business reputation and character of the applicant; and~~

10 ~~[(4)]~~ a statement showing whether an officer,
11 director, or employee of the applicant has been refused a license
12 under this chapter or a similar license issued by another
13 jurisdiction ~~[as a salvage vehicle dealer]~~ or has been the holder of
14 a license issued under this chapter or a similar license issued by
15 another jurisdiction that was revoked or suspended.

16 (c) In addition to the information required by Subsection
17 (a), the application of a partnership must include:

18 (1) the name, address, date of birth, and social
19 security number of each owner or partner; and

20 ~~(2) [a statement of the previous history, record, and
21 associations of each owner and each partner to the extent
22 sufficient to establish, to the satisfaction of the department, the
23 business reputation and character of the applicant; and~~

24 ~~[(3)]~~ a statement showing whether an owner, partner, or
25 employee of the applicant has been refused a license under this
26 chapter or a similar license issued by another jurisdiction ~~[as a~~
27 ~~salvage vehicle dealer]~~ or has been the holder of a license issued

1 under this chapter or a similar license issued by another
2 jurisdiction that was revoked or suspended.

3 SECTION 11. The heading to Section 2302.105, Occupations
4 Code, is amended to read as follows:

5 Sec. 2302.105. REVIEW OF APPLICATION [~~DEPARTMENT~~
6 ~~INVESTIGATION~~].

7 SECTION 12. Section 2302.105(a), Occupations Code, is
8 amended to read as follows:

9 (a) The department shall review an application for the
10 issuance or renewal of or an amendment to a license issued under
11 this chapter and may investigate the applicant to determine
12 compliance with this chapter, board rules, and if applicable,
13 Chapter 503, Transportation Code [~~not issue a license under this~~
14 ~~chapter until the department completes an investigation of the~~
15 ~~applicant's qualifications~~].

16 SECTION 13. Section 2302.106(a), Occupations Code, is
17 amended to read as follows:

18 (a) The department shall issue a license to an applicant who
19 meets the license qualifications adopted under this chapter and
20 pays the required fee [~~fees~~].

21 SECTION 14. Sections 2302.107(b), (c), and (d), Occupations
22 Code, are amended to read as follows:

23 (b) A person is entitled to a salvage vehicle agent license
24 on application to the department, payment of the required fee, and
25 authorization from a salvage vehicle dealer to operate under the
26 salvage vehicle dealer's license.

27 (c) A salvage vehicle dealer may authorize not more than

1 five persons to operate as salvage vehicle agents under the salvage
2 vehicle dealer's license.

3 (d) A salvage vehicle agent may acquire, sell, or otherwise
4 deal in [7] nonrepairable or salvage motor vehicles as directed by
5 the authorizing salvage vehicle dealer.

6 SECTION 15. Section 2302.108, Occupations Code, is amended
7 by adding Subsection (e) to read as follows:

8 (e) The board may take disciplinary action against a salvage
9 vehicle dealer for an act or omission of a salvage vehicle agent
10 that was authorized by the salvage vehicle dealer or a person acting
11 as a representative of the salvage vehicle dealer and that is
12 grounds for the denial, revocation, or suspension of a salvage
13 vehicle dealer's license.

14 SECTION 16. The heading to Subchapter D, Chapter 2302,
15 Occupations Code, is amended to read as follows:

16 SUBCHAPTER D. LICENSE TERM, EXPIRATION, AND RENEWAL

17 SECTION 17. Section 2302.151, Occupations Code, is amended
18 to read as follows:

19 Sec. 2302.151. LICENSE TERM AND EXPIRATION. (a) A license
20 issued under this chapter is valid for the period prescribed by the
21 board [~~expires on the first anniversary of the date of issuance~~].

22 (b) The department may issue a license for a term of less
23 than the period prescribed under Subsection (a) to coordinate
24 expiration dates of licenses held by a person.

25 (c) The board by rule may implement a system under which
26 licenses expire on various dates during the year. For a year in
27 which a license expiration date is changed, the fee for the license

1 shall be prorated so that the license holder pays only that portion
2 of the fee that is allocable to the number of months during which
3 the license is valid. On renewal of the license on the new
4 expiration date, the entire license renewal fee is payable.

5 (d) If the board prescribes the term of a license under this
6 chapter for a period other than one year, the board shall prorate
7 the applicable annual fee required under this chapter as necessary
8 to reflect the term of the license.

9 (e) A person whose license has expired may not engage in the
10 activities that require a license until the license has been
11 renewed under this subchapter.

12 SECTION 18. Section 2302.152, Occupations Code, is amended
13 to read as follows:

14 Sec. 2302.152. NOTICE OF EXPIRATION. Not later than the
15 31st day before the expiration date of a person's license, the
16 department shall send [~~written~~] notice of the impending expiration
17 to the person at the person's last known address according to
18 department records.

19 SECTION 19. Sections 2302.153(a) and (d), Occupations Code,
20 are amended to read as follows:

21 (a) A person who is otherwise eligible to renew a license
22 issued under this chapter may renew an unexpired license by
23 submitting a completed renewal application and paying the required
24 renewal fee to the department on or before the expiration date of
25 the license.

26 (d) A person whose license has been expired for more than 90
27 days [~~one year or longer~~] may not renew the license. The person may

1 obtain a new license by complying with the requirements and
2 procedures for obtaining an original license.

3 SECTION 20. Section 2302.201, Occupations Code, is amended
4 to read as follows:

5 Sec. 2302.201. DUTIES ON ACQUISITION OF NONREPAIRABLE OR
6 SALVAGE MOTOR VEHICLE. (a) Except as provided by Section 501.0935,
7 Transportation Code, a license holder [~~salvage vehicle dealer~~] who
8 acquires ownership of a nonrepairable or salvage motor vehicle from
9 an owner must receive from the owner the motor vehicle's title, [~~a~~]
10 properly assigned to the license holder [~~title~~].

11 (b) The license holder [~~dealer~~] shall comply with
12 Subchapter E, Chapter 501, Transportation Code, and board rules.

13 SECTION 21. Section 2302.202, Occupations Code, is amended
14 to read as follows:

15 Sec. 2302.202. RECORDS OF PURCHASES. A license holder
16 [~~salvage vehicle dealer~~] shall maintain a record of each
17 nonrepairable or salvage motor vehicle purchased or sold by the
18 license holder [~~dealer~~].

19 SECTION 22. Section 2302.203, Occupations Code, is amended
20 to read as follows:

21 Sec. 2302.203. REGISTRATION OF NEW BUSINESS LOCATION.
22 Before moving a place of business or opening an additional place of
23 business, a license holder [~~salvage vehicle dealer~~] must apply to
24 the department to amend the license to reflect [~~register~~] the new
25 location [~~with the department~~]. A license holder may not engage in
26 a licensed activity from a new location until the license is amended
27 by the department to reflect the new location.

1 SECTION 23. Section 2302.204, Occupations Code, is amended
2 to read as follows:

3 Sec. 2302.204. CASUAL SALES. This chapter does not apply to
4 a person who purchases not more [~~fewer~~] than five nonrepairable
5 motor vehicles or salvage motor vehicles during a calendar year
6 from a license holder or [~~salvage vehicle dealer,~~] an insurance
7 company [~~or salvage pool operator~~] in a casual sale at auction,
8 except that:

9 (1) the board shall adopt rules as necessary to
10 regulate casual sales by license holders or [~~salvage vehicle~~
11 ~~dealers,~~] insurance companies [~~, or salvage pool operators~~] and to
12 enforce this section; and

13 (2) a license holder or [~~salvage vehicle dealer,~~]
14 insurance company [~~, or salvage pool operator~~] who sells a motor
15 vehicle in a casual sale shall comply with those rules and
16 Subchapter E, Chapter 501, Transportation Code.

17 SECTION 24. The heading to Subchapter F, Chapter 2302,
18 Occupations Code, is amended to read as follows:

19 SUBCHAPTER F. ADDITIONAL DUTIES OF LICENSE HOLDER [~~SALVAGE VEHICLE~~
20 ~~DEALER~~] IN CONNECTION WITH MOTOR VEHICLE COMPONENT PARTS

21 SECTION 25. Section 2302.252, Occupations Code, is amended
22 to read as follows:

23 Sec. 2302.252. REMOVAL OF LICENSE PLATES; INVENTORY. (a)
24 Immediately on receipt of a motor vehicle, nonrepairable motor
25 vehicle, or salvage motor vehicle, a license holder [~~salvage~~
26 ~~vehicle dealer~~] shall remove any [~~unexpired~~] license plates [~~from~~
27 ~~the vehicle~~] and place the license plates in a secure, locked place.

1 (b) A license holder [~~salvage vehicle dealer~~] shall
2 maintain on a form provided by the department an inventory of
3 [~~unexpired~~] license plates removed under Subsection (a). The
4 inventory must include:

5 (1) each license plate number;

6 (2) the make of the motor vehicle, nonrepairable motor
7 vehicle, or salvage motor vehicle from which the license plate was
8 removed;

9 (3) the motor number of the motor [~~that~~] vehicle,
10 nonrepairable motor vehicle, or salvage motor vehicle; and

11 (4) the vehicle identification number of the motor
12 [~~that~~] vehicle, nonrepairable motor vehicle, or salvage motor
13 vehicle.

14 SECTION 26. Section 2302.254, Occupations Code, is amended
15 to read as follows:

16 Sec. 2302.254. RECORD OF PURCHASE; INVENTORY OF PARTS. (a)
17 A license holder [~~salvage vehicle dealer~~] shall keep an accurate
18 and legible inventory of each used component part purchased by or
19 delivered to the license holder [~~dealer~~]. The inventory must
20 contain a record of each part that includes:

21 (1) the date of purchase or delivery;

22 (2) the name and [~~age,~~] address [~~, sex, and driver's~~
23 ~~license number~~] of the seller and a legible photocopy of the
24 seller's current photo identification containing a unique
25 identification number and expiration date [~~driver's license~~];

26 (3) the license plate number of the motor vehicle in
27 which the part was delivered;

1 (4) a complete description of the part, including the
2 type of material and, if applicable, the make, model, color, and
3 size of the part; and

4 (5) the vehicle identification number of the motor
5 vehicle, nonrepairable motor vehicle, or salvage motor vehicle from
6 which the part was removed.

7 (a-1) The identification document required by Subsection
8 (a) must be a:

9 (1) driver's license or identification card issued by
10 this state, or another state of the United States;

11 (2) United States or foreign passport;

12 (3) United States military identification card;

13 (4) North Atlantic Treaty Organization identification
14 document or identification document issued under a status of forces
15 agreement; or

16 (5) United States Department of Homeland Security,
17 United States Citizenship and Immigration Services, or United
18 States Department of State identification document.

19 (b) Instead of the information required by Subsection (a), a
20 license holder [~~salvage vehicle dealer~~] may record:

21 (1) the name of the person who sold the part or the
22 motor vehicle, nonrepairable motor vehicle, or salvage motor
23 vehicle from which the part was obtained; and

24 (2) the Texas certificate of inventory number or the
25 federal taxpayer identification number of that person.

26 (c) The department shall prescribe the form of the record
27 required under Subsection (a) and shall make the form available to

1 license holders [~~salvage vehicle dealers~~].

2 (d) This section does not apply to [+

3 [~~(1)~~] an interior component part or special accessory
4 part that is from a motor vehicle, nonrepairable motor vehicle, or
5 salvage motor vehicle more than 10 years of age [~~+~~ or

6 [~~(2)~~ a part delivered to a salvage vehicle dealer by a
7 ~~commercial freight line or commercial carrier~~].

8 SECTION 27. Sections 2302.255(a), (b), (c), and (e),
9 Occupations Code, are amended to read as follows:

10 (a) A license holder [~~salvage vehicle dealer~~] shall:

11 (1) assign a unique inventory number to each
12 transaction in which the license holder [~~dealer~~] purchases or takes
13 delivery of a component part;

14 (2) attach the unique inventory number to each
15 component part the license holder [~~dealer~~] obtains in the
16 transaction; and

17 (3) retain each component part in its original
18 condition on the business premises of the license holder [~~dealer~~]
19 for at least three calendar days, excluding Sundays, after the date
20 the license holder [~~dealer~~] obtains the part.

21 (b) An inventory number attached to a component part under
22 Subsection (a) may not be removed while the part remains in the
23 inventory of the license holder [~~salvage vehicle dealer~~].

24 (c) A license holder [~~salvage vehicle dealer~~] shall record a
25 component part on an affidavit bill of sale if:

26 (1) the component part does not have a vehicle
27 identification number or the vehicle identification number has been

1 removed; or

2 (2) the vehicle identification number of the vehicle
3 from which the component part was removed is not available.

4 (e) This section does not apply to the purchase by a license
5 holder [~~salvage vehicle dealer~~] of a nonoperational engine,
6 transmission, or rear axle assembly from another license holder
7 [~~salvage vehicle dealer~~] or an automotive-related business.

8 SECTION 28. Section 2302.256, Occupations Code, is amended
9 to read as follows:

10 Sec. 2302.256. MAINTENANCE OF RECORDS. A license holder
11 [~~salvage vehicle dealer~~] shall keep a record required under this
12 subchapter on a form prescribed by the department. The license
13 holder [~~dealer~~] shall maintain two copies of each record required
14 under this subchapter until the first anniversary of the date the
15 license holder [~~dealer~~] sells or disposes of the item for which the
16 record is maintained.

17 SECTION 29. Section 2302.257(a), Occupations Code, is
18 amended to read as follows:

19 (a) On demand, a license holder [~~salvage vehicle dealer~~]
20 shall surrender to the department:

21 (1) [~~for cancellation~~] a certificate of title or
22 authority;

23 (2) a[] sales receipt or transfer document;

24 (3) a[] license plate;

25 (4) an[] inventory list; or

26 (5) any record or document the license holder [~~that~~
27 ~~the dealer~~] is required to possess or maintain.

1 SECTION 30. Sections 2302.351(b) and (c), Occupations Code,
2 are amended to read as follows:

3 (b) If a license holder [~~salvage vehicle dealer~~], an
4 employee of the license holder [~~dealer~~] acting in the course of
5 employment, or a salvage vehicle agent operating under the salvage
6 vehicle dealer's license is convicted of more than one offense
7 under Section 2302.353(a), the district or county attorney for a
8 county in which the license holder's [~~dealer's~~] salvage business is
9 located may bring an action in that county to enjoin the license
10 holder's [~~dealer's~~] business operations for a period of at least one
11 year.

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

15 (1) enjoin the license holder [~~dealer~~] from
16 maintaining or participating in the business of a salvage vehicle
17 dealer, salvage pool operator, or salvage vehicle rebuilder for a
18 definite period of at least one year or indefinitely, as determined
19 by the court; and

20 (2) order that the license holder's [~~dealer's~~] place
21 of business be closed for the same period.

22 SECTION 31. Section 2302.354, Occupations Code, is amended
23 by adding Subsection (e) to read as follows:

24 (e) Notwithstanding any other law, an administrative
25 penalty recovered under this chapter shall be deposited in the
26 state treasury to the credit of the Texas Department of Motor
27 Vehicles.

1 SECTION 32. Section 2309.002, Occupations Code, is amended
2 by amending Subdivision (1) and adding Subdivision (8) to read as
3 follows:

4 (1) "Insurance company," [~~"metal recycler," "motor~~
5 ~~vehicle,"~~] "nonrepairable motor vehicle," "nonrepairable vehicle
6 title," "salvage motor vehicle," and "salvage vehicle title[~~," and~~
7 ~~"salvage vehicle dealer~~]" have the meanings assigned by Section
8 501.091, Transportation Code.

9 (8) "Metal recycler," "motor vehicle," and "salvage
10 vehicle dealer" have the meanings assigned by Section 2302.001.

11 SECTION 33. Section 2309.004, Occupations Code, is amended
12 to read as follows:

13 Sec. 2309.004. APPLICABILITY OF CHAPTER TO PERSONS LICENSED
14 UNDER CHAPTER 2302 [~~SALVAGE VEHICLE DEALERS~~]. (a) Except as
15 provided by Subsection (b), this chapter does not apply to a
16 transaction in which a salvage vehicle dealer, salvage pool
17 operator, or salvage vehicle rebuilder is a party.

18 (b) This chapter applies to a salvage vehicle dealer,
19 salvage pool operator, or salvage vehicle rebuilder who deals in
20 used automotive parts as more than an incidental part of that
21 person's [~~the salvage vehicle dealer's~~] primary business.

22 SECTION 34. The heading to Section 391.127, Transportation
23 Code, is amended to read as follows:

24 Sec. 391.127. PERSONS LICENSED UNDER CHAPTER 2302,
25 OCCUPATIONS CODE [~~SALVAGE VEHICLE DEALER LICENSE~~].

26 SECTION 35. Sections 501.091(2), (7), (11), (14), and (17),
27 Transportation Code, are amended to read as follows:

1 (2) "Casual sale" means the sale by a license holder
2 under Chapter 2302, Occupations Code, [salvage vehicle dealer] or
3 an insurance company of five or fewer nonrepairable motor vehicles
4 or salvage motor vehicles to the same person during a calendar year,
5 but does not include:

6 (A) a sale at auction to a license holder under
7 Chapter 2302, Occupations Code [salvage vehicle dealer];

8 (B) a sale to an insurance company, out-of-state
9 buyer, or governmental entity; or

10 (C) the sale of an export-only motor vehicle to a
11 person who is not a resident of the United States.

12 (7) "Metal recycler" has the meaning assigned by
13 Section 2302.001, Occupations Code [means a person who:

14 ~~[(A) is engaged in the business of obtaining,~~
15 ~~converting, or selling ferrous or nonferrous metal for conversion~~
16 ~~into raw material products consisting of prepared grades and having~~
17 ~~an existing or potential economic value,~~

18 ~~[(B) has a facility to convert ferrous or~~
19 ~~nonferrous metal into raw material products by method other than~~
20 ~~the exclusive use of hand tools, including the processing, sorting,~~
21 ~~cutting, classifying, cleaning, baling, wrapping, shredding,~~
22 ~~shearing, or changing the physical form or chemical content of the~~
23 ~~metal, and~~

24 ~~[(C) sells or purchases the ferrous or nonferrous~~
25 ~~metal solely for use as raw material in the production of new~~
26 ~~products].~~

27 (11) "Out-of-state buyer" means a person licensed in

1 an automotive business by another state or jurisdiction if the
2 department has listed the holders of such a license as permitted
3 purchasers of salvage motor vehicles or nonrepairable motor
4 vehicles based on substantially similar licensing requirements and
5 on whether a person [~~salvage vehicle dealers~~] licensed under
6 Chapter 2302, Occupations Code, is [~~in Texas are~~] permitted to
7 purchase salvage motor vehicles or nonrepairable motor vehicles in
8 the other state or jurisdiction.

9 (14) "Rebuilder" has the meaning assigned to "salvage
10 vehicle rebuilder" by Section 2302.001, Occupations Code [~~means a~~
11 ~~person who acquires and repairs, rebuilds, or reconstructs for~~
12 ~~operation on a public highway, more than five salvage motor~~
13 ~~vehicles in a calendar year~~].

14 (17) "Salvage vehicle dealer" has the meaning assigned
15 by Section 2302.001, Occupations Code [~~means a person engaged in~~
16 ~~this state in the business of acquiring, selling, repairing,~~
17 ~~rebuilding, reconstructing, or otherwise dealing in nonrepairable~~
18 ~~motor vehicles, salvage motor vehicles, or, if incidental to a~~
19 ~~salvage motor vehicle dealer's primary business, used automotive~~
20 ~~parts regardless of whether the person holds a license issued by the~~
21 ~~department to engage in that business. The term does not include an~~
22 ~~unlicensed person who:~~

23 [~~(A) casually repairs, rebuilds, or reconstructs~~
24 ~~not more than five nonrepairable motor vehicles or salvage motor~~
25 ~~vehicles in the same calendar year,~~

26 [~~(B) buys not more than five nonrepairable motor~~
27 ~~vehicles or salvage motor vehicles in the same calendar year, or~~

1 [~~(C) is a licensed used automotive parts recycler~~
2 ~~if the sale of repaired, rebuilt, or reconstructed nonrepairable~~
3 ~~motor vehicles or salvage motor vehicles is more than an incidental~~
4 ~~part of the used automotive parts recycler's business].~~

5 SECTION 36. Sections 501.095(a) and (b), Transportation
6 Code, are amended to read as follows:

7 (a) If the department has not issued a nonrepairable vehicle
8 title, nonrepairable record of title, salvage vehicle title, or
9 salvage record of title for the motor vehicle and a comparable
10 out-of-state ownership document for the motor vehicle has not been
11 issued by another state or jurisdiction, a business or governmental
12 entity described by Subdivisions (1)-(3) may sell, transfer, or
13 release a nonrepairable motor vehicle or salvage motor vehicle only
14 to a person who is:

15 (1) a license holder under Chapter 2302, Occupations
16 Code [~~licensed salvage vehicle dealer~~], a used automotive parts
17 recycler under Chapter 2309, Occupations Code, or a metal recycler
18 under Chapter 2302, Occupations Code;

19 (2) an insurance company that has paid a claim on the
20 nonrepairable or salvage motor vehicle; or

21 (3) a governmental entity.

22 (b) A person, other than a salvage vehicle dealer, salvage
23 pool operator, salvage vehicle rebuilders, [~~a~~] used automotive parts
24 recycler, or [~~an~~] insurance company licensed to do business in this
25 state, who acquired ownership of a nonrepairable or salvage motor
26 vehicle that has not been issued a nonrepairable vehicle title,
27 nonrepairable record of title, salvage vehicle title, salvage

1 record of title, or a comparable ownership document issued by
2 another state or jurisdiction shall, before selling the motor
3 vehicle, surrender the properly assigned title for the motor
4 vehicle to the department and apply to the department for the
5 appropriate ownership document.

6 SECTION 37. Sections 501.099(b), (c), (d), (e), and (g),
7 Transportation Code, are amended to read as follows:

8 (b) A person may purchase a nonrepairable motor vehicle or a
9 salvage motor vehicle only if:

10 (1) the person purchases the motor vehicle from a
11 license holder under Chapter 2302, Occupations Code, [~~licensed~~
12 ~~salvage vehicle dealer]~~ or a governmental entity;

13 (2) the motor vehicle has been issued a nonrepairable
14 vehicle title or a salvage vehicle title; and

15 (3) the purchaser certifies to the seller on a form
16 provided by the department that the purchaser will:

17 (A) remove the motor vehicle from the United
18 States; and

19 (B) not return the motor vehicle to any state of
20 the United States as a motor vehicle titled or registered under its
21 manufacturer's vehicle identification number.

22 (c) A license holder under Chapter 2302, Occupations Code,
23 ~~[salvage vehicle dealer]~~ or a governmental entity that sells a
24 nonrepairable motor vehicle or a salvage motor vehicle to a person
25 who is not a resident of the United States shall, before the sale of
26 the motor vehicle, obtain a copy, photocopy, or other accurate
27 reproduction of a valid identification card, identification

1 certificate, or an equivalent document issued to the purchaser by
2 the appropriate authority of the jurisdiction in which the
3 purchaser resides that bears a photograph of the purchaser and is
4 capable of being verified using identification standards adopted by
5 the United States or the international community.

6 (d) The department by rule shall establish a list of
7 identification documents that are valid under Subsection (c) and
8 provide a copy of the list to each license holder under Chapter
9 2302, Occupations Code, [~~of a salvage vehicle dealer license~~] and
10 to each appropriate governmental entity.

11 (e) A license holder under Chapter 2302, Occupations Code,
12 [~~salvage vehicle dealer~~] or a governmental entity that sells a
13 nonrepairable motor vehicle or a salvage motor vehicle to a person
14 who is not a resident of the United States shall:

15 (1) stamp on the face of the title so as not to obscure
16 any name, date, or mileage statement on the title the words "FOR
17 EXPORT ONLY" in capital letters that are black; and

18 (2) stamp in each unused reassignment space on the
19 back of the title the words "FOR EXPORT ONLY" and print the number
20 of the license holder's [~~dealer's salvage vehicle~~] license or the
21 name of the governmental entity, as applicable.

22 (g) A license holder under Chapter 2302, Occupations Code,
23 [~~salvage vehicle dealer~~] or governmental entity who sells a
24 nonrepairable motor vehicle or a salvage motor vehicle under this
25 section to a person who is not a resident of the United States shall
26 keep on the business premises of the license holder [~~dealer~~] or
27 entity until the third anniversary of the date of the sale:

1 (1) a copy of each document related to the sale of the
2 vehicle; and

3 (2) a list of all vehicles sold under this section that
4 contains:

5 (A) the date of the sale;

6 (B) the name of the purchaser;

7 (C) a photocopy [~~the name~~] of [~~the country that~~
8 ~~issued~~] the identification document provided by the purchaser [~~, as~~
9 ~~shown on the document~~]; and

10 (D) the vehicle identification number.

11 SECTION 38. Section 501.1003, Transportation Code, is
12 amended to read as follows:

13 Sec. 501.1003. [~~SALVAGE DEALER~~] RESPONSIBILITIES OF
14 CERTAIN LICENSE HOLDERS. (a) If a license holder under Chapter
15 2302, Occupations Code, [~~salvage vehicle dealer~~] acquires
16 ownership of a nonrepairable motor vehicle or salvage motor vehicle
17 for the purpose of dismantling, scrapping, or destroying the motor
18 vehicle, the license holder [~~dealer~~] shall, before the 31st day
19 after the date the license holder [~~dealer~~] acquires the motor
20 vehicle, submit to the department a report stating that the motor
21 vehicle will be dismantled, scrapped, or destroyed. The license
22 holder [~~dealer~~] shall:

23 (1) make the report in a manner prescribed by the
24 department; and

25 (2) submit with the report a properly assigned
26 manufacturer's certificate of origin, regular certificate of
27 title, nonrepairable vehicle title, salvage vehicle title, or

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

2 (b) After receiving the report and title or document, the
3 department shall issue the license holder under Chapter 2302,
4 Occupations Code, [~~salvage vehicle dealer~~] a receipt for the
5 manufacturer's certificate of origin, regular certificate of
6 title, nonrepairable vehicle title, salvage vehicle title, or
7 comparable out-of-state ownership document.

8 (c) The department shall adopt rules to notify the license
9 holder under Chapter 2302, Occupations Code, [~~salvage dealer~~] if
10 the vehicle was not issued a printed title, but has a record of
11 title in the department's titling system.

12 SECTION 39. Section 501.108, Transportation Code, is
13 amended to read as follows:

14 Sec. 501.108. RECORD RETENTION. (a) Each license holder
15 under Chapter 2302, Occupations Code [~~licensed salvage vehicle~~
16 ~~dealer~~], used automotive parts recycler, or insurance company that
17 sells a nonrepairable motor vehicle or a salvage motor vehicle at a
18 casual sale shall keep on the business premises of the license
19 holder, recycler, or [~~dealer or the~~] insurance company a list of all
20 casual sales made during the preceding 36-month period that
21 contains:

- 22 (1) the date of the sale;
- 23 (2) the name of the purchaser;
- 24 (3) a photocopy [~~the name~~] of [~~the jurisdiction that~~
25 ~~issued~~] the identification document provided by the purchaser [~~as~~
26 ~~shown on the document~~]; and
- 27 (4) the vehicle identification number.

1 (b) A license holder under Chapter 2302, Occupations Code,
2 [~~salvage vehicle dealer~~] or used automotive parts recycler shall
3 keep on the business premises of the license holder [~~dealer~~] or
4 recycler, until the third anniversary of the date the report on the
5 motor vehicle is submitted to the department, a record of the
6 vehicle, its ownership, and its condition as dismantled, scrapped,
7 or destroyed as required by Section 501.1003.

8 SECTION 40. The following sections of the Occupations Code
9 are repealed:

- 10 (1) Section 2302.103(b);
- 11 (2) Sections 2302.153(c) and (e);
- 12 (3) Section 2302.258; and
- 13 (4) Section 2302.302.

14 SECTION 41. Section 2302.104, Occupations Code, as amended
15 by this Act, applies only to an application for a license submitted
16 on or after the effective date of this Act. An application for a
17 license submitted before that date is governed by the law in effect
18 on the date the application was submitted, and the former law is
19 continued in effect for that purpose.

20 SECTION 42. Section 2302.108(e), Occupations Code, as added
21 by this Act, applies only to conduct by a salvage vehicle agent
22 authorized on or after January 1, 2016. Conduct authorized before
23 that date is governed by the law in effect on the date the conduct
24 was authorized, and the former law is continued in effect for that
25 purpose.

26 SECTION 43. Not later than November 1, 2015, the Texas
27 Department of Motor Vehicles shall adopt any rules necessary to

1 implement the changes in law made by this Act and shall begin
2 accepting applications for and issuing salvage pool operator and
3 salvage vehicle rebuilder licenses.

4 SECTION 44. (a) Except as otherwise provided by this
5 section, this Act takes effect January 1, 2016.

6 (b) Sections 41 and 43 of this Act take effect September 1,
7 2015.

8 (c) Sections [2302.102\(a\)](#), [2302.103\(a\)](#), [2302.104](#), and
9 [2302.105\(a\)](#) and the heading to Section [2302.105](#), Occupations Code,
10 as amended by this Act, take effect September 1, 2015.