

## **BILL ANALYSIS**

Senate Research Center  
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C.S.H.B. 2112  
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Transportation  
5/15/2019  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The Texas Department of Motor Vehicles (TxDMV) has reported that the process for issuing a salvage vehicle title to owners who have chosen to retain the vehicle after filing an insurance claim has become problematic. TxDMV notes that problems can arise if an owner does not apply for a salvage vehicle title properly and the vehicle is kept but later sold. There are further concerns regarding the correct classification of a vehicle as a flood vehicle and the ramifications the classification has on the proper information being branded on the title of the vehicle. H.B. 2112 seeks to address these issues by providing for the automatic issuance of a salvage vehicle title and by further defining what constitutes a flood vehicle.

H.B. 2112 amends current law relating to salvage motor vehicles, including flood vehicles, and nonrepairable motor vehicles.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 501.091, Transportation Code, by adding Subdivision (4-a) to define "flood vehicle."

SECTION 2. Amends Sections 501.097(c) and (c-1), Transportation Code, as follows:

(c) Requires a nonrepairable vehicle title, rather than a printed nonrepairable vehicle title, to state on its face certain information regarding the motor vehicle.

(c-1) Requires the Texas Department of Motor Vehicles' (TxDMV) titling system to include a remark that clearly identifies the vehicle as a salvage motor vehicle or nonrepairable motor vehicle, rather than a salvage or nonrepairable motor vehicle.

SECTION 3. Amends Section 501.1002, Transportation Code, as follows:

Sec. 501.1002. OWNER-RETAINED VEHICLES. (a) Requires the insurance company, if an insurance company pays a claim on a nonrepairable motor vehicle or salvage motor vehicle and the insurance company does not acquire ownership of the motor vehicle, to:

(1) submit to TxDMV, before the 31st day after the date of the payment of the claim, on the form prescribed by TxDMV, a report stating that the insurance company:

(A) makes a nonsubstantive change to this paragraph;

(B) makes no changes to this paragraph; and

(C) has determined that the motor vehicle is a salvage motor vehicle or a nonrepairable motor vehicle; and

(2) provide notice to the owner of the motor vehicle of:

(A)-(B) makes nonsubstantive changes to these paragraphs; and

(C) the insurance company's determination that the motor vehicle is a salvage motor vehicle or a nonrepairable motor vehicle.

(b) Prohibits the owner of a salvage motor vehicle or nonrepairable motor vehicle, rather than salvage or nonrepairable motor vehicle, from transferring ownership of the motor vehicle by sale or otherwise unless TxDMV has issued a salvage vehicle title, salvage record of title, nonrepairable vehicle title, or nonrepairable record of title for the motor vehicle or a comparable ownership document has been issued by another state or jurisdiction for the motor vehicle in the name of the owner.

(c) Requires TxDMV, notwithstanding any other provision of this subchapter (Electronic Tilting System), on receipt of a report required under Subsection (a) for a vehicle described by that subsection, to issue for the vehicle in the name of the owner, as applicable:

(1) a salvage vehicle title or a salvage record of title for a salvage motor vehicle; or

(2) a nonrepairable vehicle title or a nonrepairable record of title for a nonrepairable motor vehicle.

(d) Requires TxDMV to collect the fee authorized under this subchapter for the issuance of a title or record of title under Subsection (c). Requires TxDMV to waive the fee if the report required under Subsection (a)(1) is submitted through TxDMV's titling system.

SECTION 4. Amends Subchapter E, Chapter 501, Transportation Code, by adding Section 501.1004, as follows:

Sec. 501.1004. FLOOD VEHICLES. (a) Requires a salvage vehicle title, salvage record of title, nonrepairable vehicle title, or nonrepairable record of title issued by TxDMV for a flood vehicle or any title or record of title subsequently issued by TxDMV for a flood vehicle to bear a notation that TxDMV considers appropriate for a flood vehicle.

(b) Requires an entity that takes possession of a flood vehicle issued ownership documents without the notation required under Subsection (a) to:

(1) submit, on a form prescribed by TxDMV, a report to TxDMV before the 31st day after the date the entity takes possession of the flood vehicle, unless the entity:

(A) is an insurance company or salvage pool operator as defined by Section 2302.001 (Definitions), Occupations Code; and

(B) obtains an ownership document for the vehicle that bears the notation required by Subsection (a) before the entity transfers the vehicle; and

(2) if the entity is a lienholder in possession of the vehicle under Chapter 54 (Landlord's Liens), 59 (Self-Service Storage Facility Items), or 70 (Miscellaneous Liens), Property Code, or Chapter 2303 (Vehicle Storage Facilities), Occupations Code, apply to TxDMV for the appropriate title in accordance with Section 501.097 (Application For Nonrepairable Vehicle Title or Salvage Vehicle Title) before offering the vehicle for public sale.

SECTION 5. Repealer: Section 2302.254(c) (relating to requiring TxDMV to prescribe the form of a certain required record of used component parts inventory and to make the form available to salvage vehicle dealers), Occupations Code.

Repealer: Section 501.09112 (Appearance of Nonrepairable Vehicle Title or Salvage Vehicle Title), Transportation Code.

SECTION 6. Effective date: September 1, 2019.