

By: Thompson of Brazoria

H.B. No. 2112

A BILL TO BE ENTITLED

1 AN ACT

2 relating to salvage motor vehicles, including flood vehicles, and
3 nonrepairable motor vehicles.

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

5 SECTION 1. Section 501.091, Transportation Code, is amended
6 by adding Subdivision (4-a) and amending Subdivision (15) to read
7 as follows:

8 (4-a) "Flood vehicle":

9 (A) means a motor vehicle that was submerged in a
10 level of water higher than a doorsill of the vehicle or had water
11 enter the passenger, trunk, or engine compartment and:

12 (i) water came into contact with electrical
13 components of the vehicle; or

14 (ii) because of the water, the vehicle
15 requires repair to, or replacement of, any mechanical component to
16 operate; and

17 (B) does not include a motor vehicle designed for
18 and capable of water submersion for recreational or other purposes
19 unless the submersion results in:

20 (i) damage to electrical safety components;

21 (ii) damage to a major component part; or

22 (iii) the payment of a claim by an insurance
23 company as a result of damage.

24 (15) "Salvage motor vehicle" means a motor vehicle

1 that:

2 (A) has damage to or is missing a major component
3 part to the extent that the cost of repairs, including parts and
4 labor other than the cost of materials and labor for repainting the
5 motor vehicle and excluding sales tax on the total cost of repairs,
6 exceeds the actual cash value of the motor vehicle immediately
7 before the damage; ~~or~~

8 (B) comes into this state under an out-of-state
9 salvage motor vehicle title or similar out-of-state ownership
10 document; or

11 (C) is a flood vehicle.

12 SECTION 2. Sections 501.097(c) and (c-1), Transportation
13 Code, are amended to read as follows:

14 (c) A ~~printed~~ nonrepairable vehicle title must state on
15 its face that the motor vehicle:

16 (1) may not:

17 (A) be repaired, rebuilt, or reconstructed;

18 (B) be issued a title or registered in this
19 state;

20 (C) be operated on a public highway, in addition
21 to any other requirement of law; and

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

24 (c-1) The department's titling system must include a remark
25 that clearly identifies the vehicle as a salvage motor vehicle or
26 nonrepairable motor vehicle.

27 SECTION 3. Section 501.1002, Transportation Code, is

1 amended to read as follows:

2 Sec. 501.1002. OWNER-RETAINED VEHICLES. (a) If an
3 insurance company pays a claim on a nonrepairable motor vehicle or
4 salvage motor vehicle and the insurance company does not acquire
5 ownership of the motor vehicle, the insurance company shall:

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

9 (A) has paid a claim on the motor vehicle; ~~and~~

10 (B) has not acquired ownership of the motor
11 vehicle; and

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

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

16 (A) the report required under Subdivision (1);
17 ~~and~~

18 (B) the requirements for operation or transfer of
19 ownership of the motor vehicle under Subsection (b); and

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

23 (b) The owner of a salvage motor vehicle or nonrepairable
24 motor vehicle may not transfer ownership of the motor vehicle by
25 sale or otherwise unless the department has issued a salvage
26 vehicle title, salvage record of title, nonrepairable vehicle
27 title, or nonrepairable record of title for the motor vehicle or a

1 comparable ownership document has been issued by another state or
2 jurisdiction for the motor vehicle in the name of the owner.

3 (c) Notwithstanding any other provision of this subchapter,
4 on receipt of a report required under Subsection (a) for a vehicle
5 described by that subsection, the department shall issue for the
6 vehicle in the name of the owner, as applicable:

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

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

11 (d) The department shall collect the fee authorized under
12 this subchapter for the issuance of a title or record of title under
13 Subsection (c). The department shall waive the fee if the report
14 required under Subsection (a)(1) is submitted through the
15 department's titling system.

16 SECTION 4. Subchapter E, Chapter 501, Transportation Code,
17 is amended by adding Section 501.1004 to read as follows:

18 Sec. 501.1004. FLOOD VEHICLES. (a) A salvage vehicle
19 title, salvage record of title, nonrepairable vehicle title, or
20 nonrepairable record of title issued by the department for a flood
21 vehicle or any title or record of title subsequently issued by the
22 department for a flood vehicle must bear a notation that the
23 department considers appropriate for a flood vehicle.

24 (b) An entity that takes possession of a flood vehicle
25 issued ownership documents without the notation required under
26 Subsection (a) shall:

27 (1) submit, on a form prescribed by the department, a

1 report to the department before the 31st day after the date the
2 entity takes possession of the flood vehicle, unless the entity:

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

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

8 (2) if the entity is a lienholder in possession of the
9 vehicle under Chapter 54, 59, or 70, Property Code, or Chapter 2303,
10 Occupations Code, apply to the department for the appropriate title
11 in accordance with Section 501.097 before offering the vehicle for
12 public sale.

13 SECTION 5. The following provisions are repealed:

14 (1) Section 2302.254(c), Occupations Code; and

15 (2) Section 501.09112, Transportation Code.

16 SECTION 6. This Act takes effect September 1, 2019.