

1-1 By: Thompson of Brazoria H.B. No. 2112
 1-2 (Senate Sponsor - Zaffirini)
 1-3 (In the Senate - Received from the House May 6, 2019;
 1-4 May 8, 2019, read first time and referred to Committee on
 1-5 Transportation; May 16, 2019, reported adversely, with favorable
 1-6 Committee Substitute by the following vote: Yeas 9, Nays 0;
 1-7 May 16, 2019, sent to printer.)

1-8 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-9				
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			
1-18	X			

1-19 COMMITTEE SUBSTITUTE FOR H.B. No. 2112 By: Hinojosa

1-20 A BILL TO BE ENTITLED
 1-21 AN ACT

1-22 relating to salvage motor vehicles, including flood vehicles, and
 1-23 nonrepairable motor vehicles.

1-24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-25 SECTION 1. Section 501.091, Transportation Code, is amended
 1-26 by adding Subdivision (4-a) to read as follows:

1-27 (4-a) "Flood vehicle":

1-28 (A) means a motor vehicle that was submerged in a
 1-29 level of water higher than a doorsill of the vehicle or had water
 1-30 enter the passenger, trunk, or engine compartment and:

1-31 (i) water came into contact with
 1-32 mechanical, electrical, or computerized components of the vehicle;

1-33 (ii) because of the water, the vehicle
 1-34 requires repair to, or replacement of, any mechanical, electrical,
 1-35 or computerized component to operate; and

1-36 (iii) an insurance company paid a claim as a
 1-37 result of damage from the water; and

1-38 (B) does not include a motor vehicle designed for
 1-39 and capable of water submersion for recreational or other purposes
 1-40 unless the submersion results in damage to:

1-41 (i) electrical safety components; or

1-42 (ii) a major component part.

1-43 SECTION 2. Sections 501.097(c) and (c-1), Transportation
 1-44 Code, are amended to read as follows:

1-45 (c) A ~~printed~~ nonrepairable vehicle title must state on
 1-46 its face that the motor vehicle:

1-47 (1) may not:

1-48 (A) be repaired, rebuilt, or reconstructed;

1-49 (B) be issued a title or registered in this
 1-50 state;

1-51 (C) be operated on a public highway, in addition
 1-52 to any other requirement of law; and

1-53 (2) may only be used as a source for used parts or
 1-54 scrap metal.

1-55 (c-1) The department's titling system must include a remark
 1-56 that clearly identifies the vehicle as a salvage motor vehicle or
 1-57 nonrepairable motor vehicle.

1-58 SECTION 3. Section 501.1002, Transportation Code, is
 1-59 amended to read as follows:

1-60 Sec. 501.1002. OWNER-RETAINED VEHICLES. (a) If an
 1-61 insurance company pays a claim on a nonrepairable motor vehicle or

2-1 salvage motor vehicle and the insurance company does not acquire
2-2 ownership of the motor vehicle, the insurance company shall:

2-3 (1) submit to the department, before the 31st day
2-4 after the date of the payment of the claim, on the form prescribed
2-5 by the department, a report stating that the insurance company:

2-6 (A) has paid a claim on the motor vehicle; ~~and~~
2-7 (B) has not acquired ownership of the motor
2-8 vehicle; and

2-9 (C) has determined that the motor vehicle is a
2-10 salvage motor vehicle or a nonrepairable motor vehicle; and

2-11 (2) provide notice to the owner of the motor vehicle
2-12 of:

2-13 (A) the report required under Subdivision (1);
2-14 ~~and~~

2-15 (B) the requirements for operation or transfer of
2-16 ownership of the motor vehicle under Subsection (b); and

2-17 (C) the insurance company's determination that
2-18 the motor vehicle is a salvage motor vehicle or a nonrepairable
2-19 motor vehicle.

2-20 (b) The owner of a salvage motor vehicle or nonrepairable
2-21 motor vehicle may not transfer ownership of the motor vehicle by
2-22 sale or otherwise unless the department has issued a salvage
2-23 vehicle title, salvage record of title, nonrepairable vehicle
2-24 title, or nonrepairable record of title for the motor vehicle or a
2-25 comparable ownership document has been issued by another state or
2-26 jurisdiction for the motor vehicle in the name of the owner.

2-27 (c) Notwithstanding any other provision of this subchapter,
2-28 on receipt of a report required under Subsection (a) for a vehicle
2-29 described by that subsection, the department shall issue for the
2-30 vehicle in the name of the owner, as applicable:

2-31 (1) a salvage vehicle title or a salvage record of
2-32 title for a salvage motor vehicle; or

2-33 (2) a nonrepairable vehicle title or a nonrepairable
2-34 record of title for a nonrepairable motor vehicle.

2-35 (d) The department shall collect the fee authorized under
2-36 this subchapter for the issuance of a title or record of title under
2-37 Subsection (c). The department shall waive the fee if the report
2-38 required under Subsection (a)(1) is submitted through the
2-39 department's titling system.

2-40 SECTION 4. Subchapter E, Chapter 501, Transportation Code,
2-41 is amended by adding Section 501.1004 to read as follows:

2-42 Sec. 501.1004. FLOOD VEHICLES. (a) A salvage vehicle
2-43 title, salvage record of title, nonrepairable vehicle title, or
2-44 nonrepairable record of title issued by the department for a flood
2-45 vehicle or any title or record of title subsequently issued by the
2-46 department for a flood vehicle must bear a notation that the
2-47 department considers appropriate for a flood vehicle.

2-48 (b) An entity that takes possession of a flood vehicle
2-49 issued ownership documents without the notation required under
2-50 Subsection (a) shall:

2-51 (1) submit, on a form prescribed by the department, a
2-52 report to the department before the 31st day after the date the
2-53 entity takes possession of the flood vehicle, unless the entity:

2-54 (A) is an insurance company or salvage pool
2-55 operator as defined by Section 2302.001, Occupations Code; and

2-56 (B) obtains an ownership document for the vehicle
2-57 that bears the notation required by Subsection (a) before the
2-58 entity transfers the vehicle; and

2-59 (2) if the entity is a lienholder in possession of the
2-60 vehicle under Chapter 54, 59, or 70, Property Code, or Chapter 2303,
2-61 Occupations Code, apply to the department for the appropriate title
2-62 in accordance with Section 501.097 before offering the vehicle for
2-63 public sale.

2-64 SECTION 5. The following provisions are repealed:

2-65 (1) Section 2302.254(c), Occupations Code; and

2-66 (2) Section 501.09112, Transportation Code.

2-67 SECTION 6. This Act takes effect September 1, 2019.