

# SENATE AMENDMENTS

## 2<sup>nd</sup> Printing

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;

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

17 (iii) an insurance company paid a claim as a  
18 result of damage from the water; and

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

22 (i) electrical safety components; or

23 (ii) a major component part.

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.

ADOPTED

MAY 22 2019

*Leta H. Spaul*  
Secretary of the Senate

By: Zaffirini

Substitute the following for H.B. No. 2112:

By: J. J. Hwang

No. 2112

C.S. H.B. No. 2112

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9 level of water higher than a doorsill of the vehicle or had water  
10 enter the passenger, trunk, or engine compartment and:

11 (i) water came into contact with  
12 mechanical, electrical, or computerized components of the vehicle;

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

16 (iii) an insurance company paid a claim as a  
17 result of damage from the water; and

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

21 (i) electrical safety components; or

22 (ii) a major component part.

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

1 (c) A [~~printed~~] nonrepairable vehicle title must state on  
2 its face that the motor vehicle:

3 (1) may not:

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

5 (B) be issued a title or registered in this  
6 state;

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

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

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

14 SECTION 3. Section 501.1002, Transportation Code, is  
15 amended to read as follows:

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

20 (1) 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 insurance company:

23 (A) has paid a claim on the motor vehicle; [~~and~~]

24 (B) has not acquired ownership of the motor  
25 vehicle; and

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

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

3           (A) the report required under Subdivision (1);  
4 [~~and~~]

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

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

10          (b) The owner of a salvage motor vehicle or nonrepairable  
11 motor vehicle may not transfer ownership of the motor vehicle by  
12 sale or otherwise unless the department has issued a salvage  
13 vehicle title, salvage record of title, nonrepairable vehicle  
14 title, or nonrepairable record of title for the motor vehicle or a  
15 comparable ownership document has been issued by another state or  
16 jurisdiction for the motor vehicle in the name of the owner.

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

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

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

25          (d) The department shall collect the fee authorized under  
26 this subchapter for the issuance of a title or record of title under  
27 Subsection (c). The department shall waive the fee if the report



1 required under Subsection (a)(1) is submitted through the  
2 department's titling system.

3 SECTION 4. Subchapter E, Chapter 501, Transportation Code,  
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6 title, salvage record of title, nonrepairable vehicle title, or  
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8 vehicle or any title or record of title subsequently issued by the  
9 department for a flood vehicle must bear a notation that the  
10 department considers appropriate for a flood vehicle.

11 (b) An entity that takes possession of a flood vehicle  
12 issued ownership documents without the notation required under  
13 Subsection (a) shall:

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

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

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

22 (2) if the entity is a lienholder in possession of the  
23 vehicle under Chapter 54, 59, or 70, Property Code, or Chapter 2303,  
24 Occupations Code, apply to the department for the appropriate title  
25 in accordance with Section 501.097 before offering the vehicle for  
26 public sale.

27 SECTION 5. The following provisions are repealed:

1                   (1) Section 2302.254(c), Occupations Code; and  
2                   (2) Section 501.09112, Transportation Code.  
3           SECTION 6. This Act takes effect September 1, 2019.

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**May 23, 2019**

**TO:** Honorable Dennis Bonnen, Speaker of the House, House of Representatives

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB2112** by Thompson, Ed (Relating to salvage motor vehicles, including flood vehicles, and nonrepairable motor vehicles.), **As Passed 2nd House**

<b>No significant fiscal implication to the State is anticipated.</b>
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The bill would amend Chapter 501 of the Transportation Code, relating to titling of vehicles, to establish the definition of a "flood vehicle" and establish certain specifications for the issuance of a salvage vehicle title, salvage record of title, nonrepairable vehicle title, or record of title for a nonrepairable vehicle by the Department of Motor Vehicles (DMV).

Based on the analysis provided by DMV, it is assumed any costs or duties associated with implementing the bill could be absorbed within the agency's existing resources.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 608 Department of Motor Vehicles

**LBB Staff:** WP, SD, JGAn, CLo, TG

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**May 15, 2019**

**TO:** Honorable Robert Nichols, Chair, Senate Committee on Transportation

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB2112** by Thompson, Ed (relating to salvage motor vehicles, including flood vehicles, and nonrepairable motor vehicles.), **Committee Report 2nd House, Substituted**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
--

The bill would amend Chapter 501 of the Transportation Code, relating to titling of vehicles, to establish the definition of a "flood vehicle" and establish certain specifications for the issuance of a salvage vehicle title, salvage record of title, nonrepairable vehicle title, or record of title for a nonrepairable vehicle by the Department of Motor Vehicles (DMV).

Based on the analysis provided by DMV, it is assumed any costs or duties associated with implementing the bill could be absorbed within the agency's existing resources.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 608 Department of Motor Vehicles

**LBB Staff:** WP, JGAn, CLo, TG

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**May 13, 2019**

**TO:** Honorable Robert Nichols, Chair, Senate Committee on Transportation

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB2112** by Thompson, Ed (Relating to salvage motor vehicles, including flood vehicles, and nonrepairable motor vehicles.), **As Engrossed**

<b>No significant fiscal implication to the State is anticipated.</b>
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The bill would amend Chapter 501 of the Transportation Code, relating to titling of vehicles, to establish the definition of a "flood vehicle" and establish certain specifications for the issuance of a salvage vehicle title, salvage record of title, nonrepairable vehicle title, or record of title for a nonrepairable vehicle by the Department of Motor Vehicles (DMV).

Based on the analysis provided by DMV, it is assumed any costs or duties associated with implementing the bill could be absorbed within the agency's existing resources.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 608 Department of Motor Vehicles

**LBB Staff:** WP, JGA<sup>n</sup>, CLo, TG

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 18, 2019**

**TO:** Honorable Tracy O. King, Chair, House Committee on Licensing & Administrative Procedures

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB2112** by Thompson, Ed (Relating to salvage motor vehicles, including flood vehicles, and nonrepairable motor vehicles.), **Committee Report 1st House, Substituted**

**No significant fiscal implication to the State is anticipated.**

The bill would amend Chapter 501 of the Transportation Code, relating to titling of vehicles, to establish the definition of a "flood vehicle" and establish certain specifications for the issuance of a salvage vehicle title, salvage record of title, nonrepairable vehicle title, or record of title for a nonrepairable vehicle by the Department of Motor Vehicles (DMV).

Based on the analysis provided by DMV, it is assumed any costs or duties associated with implementing the bill could be absorbed within the agency's existing resources.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 608 Department of Motor Vehicles

**LBB Staff:** WP, CLo, TG

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 14, 2019**

**TO:** Honorable Tracy O. King, Chair, House Committee on Licensing & Administrative Procedures

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB2112** by Thompson, Ed (Relating to salvage motor vehicles, including flood vehicles, and nonrepairable motor vehicles.), **As Introduced**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
--

The bill would amend Chapter 501 of the Transportation Code, relating to titling of vehicles, to establish the definition of a "flood vehicle" and establish certain specifications for the issuance of a salvage vehicle title, salvage record of title, nonrepairable vehicle title, or record of title for a nonrepairable vehicle by the Department of Motor Vehicles (DMV).

Based on the analysis provided by DMV, it is assumed any costs or duties associated with implementing the bill could be absorbed within the agency's existing resources.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 608 Department of Motor Vehicles

**LBB Staff:** WP, CLo, TG