

House Bill 2112
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

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

(4-a) "Flood vehicle":

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

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

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

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

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

(i) electrical safety components; or

(ii) a major component part.

(15) "Salvage motor vehicle" means a motor vehicle that:

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

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

(C) is a flood vehicle.

SECTION 2. Sections 501.097(c) and (c-1), Transportation

SENATE VERSION (CS)

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

(4-a) "Flood vehicle":

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

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

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

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

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

(i) electrical safety components; or

(ii) a major component part.

SECTION 2. Same as House version.

CONFERENCE

House Bill 2112
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

Code, are amended to read as follows:

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

(1) may not:

(A) be repaired, rebuilt, or reconstructed;

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

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

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

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

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

Sec. 501.1002. OWNER-RETAINED VEHICLES. (a) 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, the insurance company shall:

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

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

(B) has not acquired ownership of the motor vehicle; 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) the report required under Subdivision (1); ~~and~~

(B) the requirements for operation or transfer of ownership of

SECTION 3. Same as House version.

House Bill 2112
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

the motor vehicle under Subsection (b); and
(C) the insurance company's determination that the motor vehicle is a salvage motor vehicle or a nonrepairable motor vehicle.

(b) The owner of a salvage motor vehicle or nonrepairable motor vehicle may not transfer ownership of the motor vehicle by sale or otherwise unless the department 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) Notwithstanding any other provision of this subchapter, on receipt of a report required under Subsection (a) for a vehicle described by that subsection, the department shall 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) The department shall collect the fee authorized under this subchapter for the issuance of a title or record of title under Subsection (c). The department shall waive the fee if the report required under Subsection (a)(1) is submitted through the department's titling system.

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

Sec. 501.1004. FLOOD VEHICLES. (a) A salvage vehicle title, salvage record of title, nonrepairable vehicle title, or

SENATE VERSION (CS)

CONFERENCE

SECTION 4. Same as House version.

House Bill 2112
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

nonrepairable record of title issued by the department for a flood vehicle or any title or record of title subsequently issued by the department for a flood vehicle must bear a notation that the department considers appropriate for a flood vehicle.

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

(1) submit, on a form prescribed by the department, a report to the department 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, 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, 59, or 70, Property Code, or Chapter 2303, Occupations Code, apply to the department for the appropriate title in accordance with Section 501.097 before offering the vehicle for public sale.

SECTION 5. The following provisions are repealed:

- (1) Section 2302.254(c), Occupations Code; and
- (2) Section 501.09112, Transportation Code.

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

SENATE VERSION (CS)

SECTION 5. Same as House version.

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CONFERENCE