

## **BILL ANALYSIS**

Senate Research Center  
87R27489 MP-F

C.S.H.B. 3531  
By: Martinez (Seliger)  
Transportation  
5/19/2021  
Committee Report (Substituted)

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

Concerns have been raised regarding confusing requirements found within the Certificate of Title Act relating to certain vehicle titles. It has been suggested that certain titling and registration requirements need updating to allow titling processes to operate more efficiently.

Furthermore, it has been noted that emblems and designs for some military specialty license plates issued for disabled veterans are not eligible for inclusion on the disabled veteran license plate. H.B. 3531 seeks to address these issues by revising provisions relating to motor vehicle titles, registration, and certain license plates.

(Original Author's/ Sponsor's Statement of Intent)

C.S.H.B. 3531 amends current law relating to motor vehicle titles, registration, and license plates.

### **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 the heading to Subchapter B, Chapter 501, Transportation Code, to read as follows:

#### **SUBCHAPTER B. TITLE REQUIREMENTS**

SECTION 2. Amends Section 501.0234(b), Transportation Code, to provide that Section 501.0234 (Duty of Vehicle Dealer on Sale of Certain Vehicles) does not apply to certain motor vehicles, including a motor vehicle for which the title has been surrendered in exchange for a salvage vehicle title issued under Chapter 501 (Certificate of Title Act) or a nonrepairable vehicle title issued under Chapter 501 or a certificate of authority issued under Subchapter D (Demolition of Motor Vehicles), Chapter 683 (Abandoned Motor Vehicles), rather than a salvage vehicle title or salvage record of title issued under Chapter 501 or a nonrepairable vehicle title or nonrepairable vehicle record of title issued under Chapter 501 or Subchapter D, Chapter 683.

SECTION 3. Amends Section 501.0276, Transportation Code, as follows:

Sec. 501.0276. New heading: DENIAL OF TITLE RECEIPT OR TITLE FOR FAILURE TO PROVIDE PROOF OF EMISSIONS TESTING. Prohibits a county assessor-collector from issuing a title receipt and prohibits the Texas Department of Motor Vehicles (TxDMV) from issuing a title, rather than a certificate of title, for a vehicle subject to Section 548.3011 (Emissions Test on Resale) unless proof that the vehicle has passed a vehicle emissions test as required by that section, in a manner authorized by that section, is presented to the county assessor-collector with the application for a title.

SECTION 4. Amends Section 501.0301(b), Transportation Code, to make a conforming change.

SECTION 5. Amends the heading to Section 501.038, Transportation Code, to read as follows:

Sec. 501.038. TITLE FOR CUSTOM VEHICLE OR STREET ROD.

SECTION 6. Amends Section 501.038(b), Transportation Code, to make conforming changes.

SECTION 7. Amends the heading to Subchapter C, Chapter 501, Transportation Code, to read as follows:

SUBCHAPTER C. REFUSAL TO ISSUE, REVOCATION, SUSPENSION, OR  
ALTERATION OF TITLE

SECTION 8. Amends Section 501.051, Transportation Code, by adding Subsection (d), as follows:

(d) Requires TxDMV to place a hold on processing a title application for a motor vehicle if TxDMV receives a request for a hold accompanied by evidence of a legal action regarding ownership of or a lien interest in the motor vehicle. Requires that the hold continue until a final, nonappealable judgment is entered in the action or the party requesting the hold requests that the hold be removed.

SECTION 9. Amends Section 501.052, Transportation Code, by amending Subsection (e) and adding Subsection (f), as follows:

(e) Authorizes an applicant aggrieved by the determination under Subsection (d) (relating to the provision that a determination of the assessor-collector is binding on the applicant and TxDMV as to whether TxDMV correctly took certain actions against the title) to appeal only to the county or district court of the county of the applicant's residence. Requires an applicant to file an appeal not later than the fifth day after receipt of the assessor-collector's determination, rather than after the date of the assessor-collector's determination.

(f) Prohibits a person from applying for a hearing under Section 501.052 (Hearing on Refusal to Issue or Revocation or Suspension of Title; Appeal) if the TxDMV's decision under Section 501.051 (Grounds For Refusal to Issue or For Revocation or Suspension of Title) is related to a title for a salvage motor vehicle or a nonrepairable motor vehicle, as defined by Section 501.091 (Definitions).

SECTION 10. Amends Section 501.053, Transportation Code, by adding Subsection (f), to prohibit a person from obtaining a title under Section 501.053 (Filing of Bond as Alternative to Hearing) for a salvage motor vehicle or a nonrepairable motor vehicle, as defined by Section 501.091.

SECTION 11. Amends Section 501.074(a), Transportation Code, to make a conforming change.

SECTION 12. Amends Section 501.091, Transportation Code, by adding Subdivision (1-a) and amending Subdivisions (10) and (16) to define "auction sales receipt" and to redefine "nonrepairable vehicle title" and "salvage vehicle title" for purposes of Subtitle E (Nonrepairable and Salvage Motor Vehicles).

SECTION 13. Amends the heading to Section 501.09111, Transportation Code, to read as follows:

Sec. 501.09111. RIGHTS AND LIMITATIONS OF NONREPAIRABLE VEHICLE  
TITLE OR SALVAGE VEHICLE TITLE.

SECTION 14. Amends Section 501.09111(b), Transportation Code, as follows:

(b) Provides that a person who holds a nonrepairable vehicle title, rather than a nonrepairable certificate of title, issued prior to September 1, 2003, is entitled to the same

rights listed in Subsection (a) (relating to the certain authorizations and prohibitions of a person who owns a nonrepairable motor vehicle) and is authorized to repair, rebuild, or reconstruct the motor vehicle.

SECTION 15. Amends Sections 501.09112(b), (d), (e), and (f), Transportation Code, as follows:

(b) Requires that a nonrepairable vehicle title clearly indicate that the motor vehicle, among certain provisions, is prohibited from being issued a title, rather than is prohibited from being issued a regular title.

(d) Requires that a salvage vehicle title, rather than a salvage vehicle title or a salvage record of title, for a vehicle that is a salvage motor vehicle because of damage caused exclusively by flood bear a notation that TxDMV considers appropriate.

(e) Requires that an electronic application for a nonrepairable vehicle title or salvage vehicle title, rather than an electronic application for a nonrepairable vehicle title, nonrepairable record of title, salvage vehicle title, or salvage record of title, clearly advise the applicant of the same provisions required on a printed title.

(f) Makes conforming change to these subsections,

SECTION 16. Amends the heading to Section 501.0925, Transportation Code, to read as follows:

Sec. 501.0925. INSURANCE COMPANY NOT REQUIRED TO SURRENDER EVIDENCE OF OWNERSHIP IN CERTAIN SITUATIONS.

SECTION 17. Amends Sections 501.0925(a), (b), (c), (d), and (f), Transportation Code, as follows:

(a) Authorizes an insurance company that acquires, through payment of a claim, ownership or possession of a motor vehicle covered by a title or a manufacturer's certificate of origin, rather than by a certificate of title, that the company is unable to obtain to obtain from TxDMV not earlier than the 30th day after the date of payment of the claim:

(1) and (2) makes no changes to these subdivisions; or

(3) a title, rather than a regular certificate of title, for a motor vehicle other than a salvage motor vehicle or a nonrepairable motor vehicle.

(b) Requires that an application for a title under Subsection (a) be on a form prescribed by TxDMV, rather than submitted to TxDMV on a form prescribed by TxDMV, and include certain information, including a statement that the insurance company has provided at least two written notices attempting to obtain the evidence of ownership, rather than the certificate of title, for the motor vehicle.

(c) Authorizes an insurance company that acquires, through payment of a claim, ownership or possession of a motor vehicle covered by a title or a manufacturer's certificate of origin, rather than by certificate of title, for which the company is unable to obtain proper assignment of the title or manufacturer's certificate of origin, rather than certificate, to obtain from TxDMV not earlier than the 30th day after the date of payment of the claim, certain titles, including a title, rather than a regular certificate of title, for a motor vehicle other than a salvage motor vehicle or a nonrepairable motor vehicle.

(d) Makes conforming changes to this subsection.

(f) Authorizes an insurance company that acquires, through payment of a claim, ownership or possession of a motor vehicle, salvage motor vehicle, or nonrepairable motor vehicle covered by an out-of-state title or out-of-state ownership document to obtain from TxDMV a title, salvage vehicle title, or nonrepairable vehicle title, as appropriate, rather than through payment of a claim, ownership or possession of a salvage

motor vehicle, or nonrepairable motor vehicle covered by an out-of-state ownership document to obtain from TxDMV a salvage vehicle title or nonrepairable vehicle title, if certain circumstances occurred.

SECTION 18. Amends Sections 501.097(a) and (c-1), Transportation Code, as follows:

(a) Requires that an application for a nonrepairable vehicle title or salvage vehicle title, rather than a nonrepairable vehicle title, nonrepairable record of title, salvage vehicle title, or salvage record of title, be made in a certain manner and include certain information.

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

SECTION 19. Amends the heading to Section 501.100, Transportation Code, to read as follows:

Sec. 501.100. APPLICATION FOR TITLE FOR SALVAGE VEHICLE.

SECTION 20. Amends Sections 501.100(a) and (f), Transportation Code, as follows:

(a) Authorizes the owner of a motor vehicle for which a nonrepairable vehicle title issued prior to September 1, 2003, for which a salvage vehicle title has been issued, or for which a comparable out-of-state ownership document for a salvage motor vehicle has been issued to apply for a title under Section 501.023 (Application for Title) after the motor vehicle has been repaired, rebuilt, or reconstructed and, in addition to any other requirement of law, only if the application:

(1) describes each major component part used to repair, rebuild, or reconstruct the motor vehicle, rather than used to repair the motor vehicle;

(2) states the name of each person from whom the parts used in repairing, rebuilding, or reconstructing the vehicle were obtained, rather than from whom the parts used in assembling the vehicle were obtained; and

(3) makes no changes to this subdivision.

(f) Prohibits TxDMV from issuing a title, rather than a regular title, for a motor vehicle based on a:

(1) nonrepairable vehicle title issued on or after September 1, 2003, or comparable out-of-state ownership document or record, or evidence of a notation described by Section 501.09113(a)(2) on an out-of-state ownership document or record in the National Motor Vehicle Title Information System, rather than a nonrepairable vehicle title or comparable out-of-state ownership document;

(2) makes no changes to this subdivision; or

(3) certificate of authority issued under Chapter 683 (Abandoned Motor Vehicles), rather than certificate of authority.

SECTION 21. Amends Sections 501.1001(b), (c), and (d), Transportation Code, as follows:

(b) Requires the insurance company, for a salvage motor vehicle, to apply for a salvage vehicle title, rather than for a salvage vehicle title or salvage record of title. Requires the insurance company, for a nonrepairable motor vehicle, to apply for a nonrepairable vehicle title, rather than for a nonrepairable vehicle title or nonrepairable record of title.

(c) and (d) Makes conforming changes to these subsections.

SECTION 22. Amends Section 501.1002(b), Transportation Code, to make conforming changes.

SECTION 23. Amends Section 501.1003, Transportation Code, as follows:

Sec. 501.1003. New heading: SALVAGE VEHICLE DEALER RESPONSIBILITIES.

(a) Requires a salvage vehicle dealer to submit with the report a properly assigned manufacturer's certificate of origin, title, nonrepairable vehicle title, salvage vehicle title, auction sales receipt, or comparable out-of-state ownership document for the motor vehicle, rather than a properly assigned manufacturer's certificate of origin, title, nonrepairable vehicle title, salvage vehicle title, or comparable out-of-state ownership document for the motor vehicle.

(b) Requires TxDMV, after receiving the report and title, manufacturer's certificate of origin, auction sales receipt, or document, rather than the report and title or document, to issue the salvage vehicle dealer a receipt for the manufacturer's certificate of origin, title, nonrepairable vehicle title, salvage vehicle title, auction sales receipt, or comparable out-of-state ownership document. Makes conforming changes.

(c) Makes a conforming change to this subsection.

SECTION 24. Amends Section 501.107(b), Transportation Code, to make a conforming change.

SECTION 25. Amends Section 501.109(c), Transportation Code, to make conforming changes.

SECTION 26. Amends Section 501.110(b), Transportation Code, to make conforming changes.

SECTION 27. Amends Section 501.152(a), Transportation Code, to provide that, except as provided by Section 501.152 (Sale or Offer Without Title Receipt or Title), a person commits an offense if the person, among other actions, does not possess or have electronic access to the title receipt or title for the vehicle. Makes a conforming change.

SECTION 28. Amends Section 502.094, Transportation Code, by adding Subsection (i), as follows:

(i) Requires that a permit issued under Section 502.094 (72- or 144-Hour Permits) be carried in the vehicle, or, if the vehicle is a trailer or semitrailer, in the motor vehicle pulling the trailer or semitrailer, at all times during the period in which the permit is valid, including when the vehicle is being operated.

SECTION 29. Amends Section 502.095(f), Transportation Code, as follows:

(f) Requires that the permit contain all pertinent information required by Section 502.095 (One-Trip or 30-Day Trips) and to be attached to the vehicle in the license plate display area located at the rear of the vehicle, so that the entire permit is visible and legible at all times, including when the vehicle is being operated. Requires that the permit, if the vehicle does not have a license plate display area at the rear of the vehicle, be attached to the vehicle to allow ready inspection. Requires that the registration receipt be carried, in a manner prescribed by TxDMV, in the vehicle at all times during the period in which it is valid. Deletes existing text requiring that the temporary tag contain all pertinent information required by this section and be displayed in the rear window of the vehicle so that the tag is clearly visible and legible when viewed from the rear of the vehicle. Deletes existing text requiring that the temporary tag, if the vehicle does not have a rear window, be attached on or carried in the vehicle to allow ready inspection.

SECTION 30. Amends Sections 502.454(a), (b), and (f), Transportation Code, as follows:

(a) Provides that the owner of a commercial motor vehicle, trailer, or semitrailer is authorized to apply for registration under Section 502.451 (Exempt Vehicles) and is exempt from the payment of the registration fee that would otherwise be required by Chapter 502 (Registration of Vehicles) if the vehicle is owned by a nonprofit disaster relief organization and used by the organization exclusively for emergencies, training,

equipment maintenance, transportation of disaster relief supplies, or other activities related to disaster relief. Makes nonsubstantive changes.

(b) and (f) Makes conforming changes to these subsections.

SECTION 31. Amends Section 502.474, Transportation Code, to make a conforming change.

SECTION 32. Amends Section 504.202(e-1), Transportation Code, as follows:

(e-1) Provides that other than license plates issued under Subsection (h) (relating to the authority of a certain person to elect to receive certain license plates issued under certain conditions), license plates issued under Section 504.202 (Veterans with Disabilities) are authorized to include, on request, one emblem or design from another license plate to which the person is entitled under Subchapter D. Deletes existing text relating to the certain emblems authorized to be included on license plates under certain sections.

SECTION 33. Amends Section 504.3015(a), Transportation Code, to require a person applying for a set of license plates under Subchapter J (Registrations Exempt from Fees) to pay the registration fee required under Chapter 502 and the applicable special plate fee required under Section 504.3015 (Fees for Military Specialty License Plates), except that one set of license plates is required to be issued without the payment of the registration fee under certain sections, including Section 504.316. Makes a nonsubstantive change.

SECTION 34. Reenacts Section 504.403, Transportation Code, as amended by Chapter 1296 (H.B. 2357), Acts of the 82nd Legislature, Regular Session, 2011, and repealed by Chapter 1290 (H.B. 2017), Acts of the 82nd Legislature, Regular Session, 2011, and amends it, as follows:

Sec. 504.403. STATE AND FEDERAL JUDGES. (a) Creates an exception under Subsection (b) to the requirement that a specialty license plate for a current or visiting state or federal judge include the words "State Judge" or "U.S. Judge" and makes a nonsubstantive change.

(b) Authorizes a person entitled to license plates under this section to elect to receive license plates that do not include the words "State Judge" or "U.S. Judge."

(c) Creates this subsection from existing text and makes nonsubstantive changes.

SECTION 35. Amends Section 504.943(b), Transportation Code, provide that a person commits an offense if the person operates on a public highway during a registration period certain vehicles, including a truck tractor that does not display a license plate that has been assigned by TxDMV for the period and that complies with TxDMV rules regarding the placement of license plates.

SECTION 36. Repealer: Section 504.654 (Eagle Scout License Plates), Transportation Code.

Repealer: Section 504.660 (Sexual Assault Awareness License Plates), Transportation Code.

Repealer: Section 504.664 (Foundation School Program License Plates), Transportation Code.

SECTION 37. Provides that to the extent of any conflict, this Act prevails over another Act of the 87th Legislature, Regular Session, 2021, relating to nonsubstantive additions to and corrections in enacted codes.

SECTION 38. Effective date: September 1, 2021.