

BILL ANALYSIS

Senate Research Center

S.B. 860
By: Johnson; Paxton
Business & Commerce
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

When a vehicle is damaged and towed to a vehicle storage facility, an insurance company contracts a vehicle reselling company to pick up the damaged vehicle and sell it on the insurance company's behalf. Current law classifies this type of business-to-business shipping or delivery as a "prearranged shipping transaction" and exempts tow trucks from permit requirements under the Texas Department of Licensing and Regulation. This type of transaction is currently not defined, leading to inconsistent procedures, delays, and refusals to release vehicles by the vehicle storage facility.

Avoiding delays during the process of shipping damaged vehicles becomes especially important during natural disasters, such as hurricanes, hailstorms, tornados, and other severe weather events. When thousands of vehicles are being stored at expanded vehicle storage facilities, the refusal to release vehicles ultimately results in larger backlogs, accrual of additional days of storage fees, and longer waiting periods before an insured Texan can arrange for a replacement vehicle.

S.B. 860 seeks to address this issue by clarifying the definition of "prearranged shipping transaction" to prevent costly delays and to enable more cost-efficient transport and processing of damaged vehicle claims and sales. The bill amends the Occupations Code to expand the definition of "prearranged shipping transaction" to include transport arranged or authorized by one business for the shipping or delivery of a damaged vehicle to another business.

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

S.B. 860 amends current law relating to the exclusion of certain car haulers from the definition of tow truck for purposes of certain laws regulating motor vehicle towing.

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 Section 2308.002(11), Occupations Code, to redefine "tow truck" in Chapter 2308 (Vehicle and Booting) to exclude a car hauler that is used solely to transport, other than in a consent or nonconsent tow, motor vehicles as cargo in the course of a prearranged shipping transaction or a commercial transaction for transport of a damaged vehicle arranged or authorized by an insurance company and delivered to a salvage pool operator as defined by Section 2302.001 (Definitions). Makes nonsubstantive changes.

SECTION 2. Effective date: September 1, 2021.