88R9295 JAM-D

By:  Thompson of Brazoria H.B. No. 3577

A BILL TO BE ENTITLED

AN ACT

relating to the issuance of title to a salvage pool operator for certain motor vehicles.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1.  Section 501.0935, Transportation Code, is amended by amending Subsections (a), (b), (b-1), (g), and (j) and adding Subsections (b-2), (c-1), (c-2), (f-1), and (j-1) to read as follows:

(a)  In this section:

(1)  "Nonprofit organization" means an organization exempt from federal income taxation under Section 501(c)(3), Internal Revenue Code of 1986, as amended.

(2)  "Salvage [~~, "salvage~~] pool operator" has the meaning assigned by Section 2302.001, Occupations Code.

(b)  This section applies only to a salvage pool operator who:

(1)  [~~,~~] on request of an insurance company, takes possession of a motor vehicle that is the subject of an insurance claim and the insurance company subsequently:

(A) [~~(1)~~]  denies coverage with respect to the motor vehicle; or

(B) [~~(2)~~]  does not otherwise take ownership of the motor vehicle; or

(2)  on request of a nonprofit organization, takes possession of a motor vehicle that was donated to the nonprofit and the nonprofit:

(A)  does not possess title to the vehicle; and

(B)  does not otherwise take ownership of the motor vehicle.

(b-1)  An insurance company described by Subsection (b)(1) [~~(b)~~] shall notify the salvage pool operator of the denial of the claim regarding the motor vehicle or other disposition of the motor vehicle. The insurance company must include in the notice the name and address of the owner of the motor vehicle and the lienholder, if any.

(b-2)  A nonprofit organization described by Subsection (b)(2) shall notify the salvage pool operator of the disposition of the motor vehicle and must include in the notice the name and address of:

(1)  the person who donated the motor vehicle;

(2)  the previous owner of the motor vehicle; and

(3)  any lienholder, if known.

(c-1)  Before the 15th day after receiving notice under Subsection (b-2), a salvage pool operator shall notify the owner of the motor vehicle and any lienholder that:

(1)  the owner or lienholder must remove the motor vehicle from the salvage pool operator's possession at the location specified in the notice to the owner and any lienholder not later than the 60th day after the date the notice is mailed; and

(2)  if the motor vehicle is not removed within the time specified in the notice, the salvage pool operator will sell the motor vehicle and retain the proceeds of the sale.

(c-2)  A salvage pool operator shall provide subsequent notice described by Subsection (c-1) to the owner of the motor vehicle and any lienholder not later than the 30th and 45th day after receiving notice under Subsection (b-2) if the motor vehicle was not removed after the preceding notice.

(f-1)  If a motor vehicle is not removed from a salvage pool operator's possession before the 61st day after the date notice is mailed to the motor vehicle's owner and any lienholder under Subsection (c-1), the salvage pool operator may obtain from the department:

(1)  a salvage vehicle title for a salvage motor vehicle; or

(2)  a nonrepairable vehicle title for a nonrepairable motor vehicle.

(g)  An application for a title under Subsection (f) or (f-1), as applicable, must:

(1)  be submitted to the department on a form prescribed by the department; and

(2)  include evidence that the notice was mailed as required by Subsections [~~Subsection~~] (c), (c-1), and (c-2), as applicable, to the motor vehicle owner and any lienholder.

(j)  On receipt of a title under this section for a motor vehicle described by Subsection (b)(1), the salvage pool operator shall:

(1)  sell the motor vehicle and retain from the proceeds of the sale the costs incurred by the salvage pool operator as permitted by Subsection (d) along with the cost of titling and selling the motor vehicle; and

(2)  [~~. The salvage pool operator shall~~] pay any excess proceeds from the sale to the previous owner of the motor vehicle and the lienholder, if any, by mailing the [~~. The~~] excess proceeds [~~must be mailed~~] to the lienholder.

(j-1)  On receipt of a title under this section for a motor vehicle described by Subsection (b)(2), the salvage pool operator may sell the motor vehicle and retain the proceeds of the sale.

SECTION 2.  This Act takes effect September 1, 2023.