

BILL ANALYSIS

H.B. 4368
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Transportation
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Texas Department of Motor Vehicles (TxDMV) is tasked with maintaining the integrity of the vehicle titling process and preventing fraud. The bill author has informed the committee that gaps in current law limit the authority and efficiency of TxDMV but that such efficiencies could be achieved by, among other things, requiring additional categories of motor vehicles, trailers, or semitrailers under the Certificate of Title Act to have vehicle identification number inspections and by allowing the use of auction sales receipts when salvage dealers report vehicles for destruction. H.B. 4368 seeks to enact these and other measures to close the gaps in current law.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Department of Motor Vehicles in SECTIONS 1 and 3 of this bill.

ANALYSIS

H.B. 4368 amends the Transportation Code to authorize the Texas Department of Motor Vehicles (TxDMV) by rule to establish additional categories of motor vehicles, trailers, or semitrailers required under the Certificate of Title Act to have vehicle identification number inspections. The bill requires such a rule to verify, as applicable, the identity of the following:

- a motor vehicle or trailer or semitrailer;
- a frame, body, or motor of a motor vehicle; or
- an item of equipment not required to be titled but that may be registered or that may be issued licensed plates.

H.B. 4368 changes, as follows, the conditions under which, as an alternative to a hearing process with a county assessor-collector, a person may obtain a title after the title has been refused, canceled, suspended, or revoked by TxDMV by filing a bond with TxDMV if the vehicle is in possession of the applicant:

- replaces the alternative for a person to obtain a title by providing a release of all liens with bond with an alternative for a person to obtain a title by providing a release of all liens less than 10 years old; and
- adds as an alternative for a person to obtain a title that the applicant provide sufficient evidence, in the form and manner prescribed by TxDMV rule, that the lienholder of any lien less than 10 years old has gone out of business and the security interest on the vehicle was not transferred to or otherwise acquired by another person.

The bill requires TxDMV, on receipt of such a bond filing made under a revised alternative, to notify any recorded owner or lienholder of the vehicle of the bond filing. The bill establishes that if a person who files a bond does not hold a general distinguishing number, TxDMV, as follows:

- may only issue title on or after the 30th day after the date on which the person submits an application for title; and
- may not issue title if any recorded owner or lienholder with an interest in the vehicle objects to the issuance of the title.

The bill establishes that failure by such a recorded owner or lienholder to object to the issuance of title does not waive the right of an interested person to bring an action to recover on the bond. These provisions apply only to a bond for a motor vehicle title that is filed on or after the bill's effective date.

H.B. 4368 defines "auction sales receipt," for purposes of the act's provisions relating to nonrepairable and salvage motor vehicles, as a document certifying the sale of a motor vehicle at auction by a law enforcement agency or public sale for a lien foreclosure.

H.B. 4368 authorizes an insurance company that acquires, through payment of a claim, ownership or possession of a motor vehicle covered by a manufacturer's certificate of origin 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, the following:

- a salvage vehicle title for a salvage motor vehicle;
- a nonrepairable vehicle title for a nonrepairable motor vehicle; or
- a title for a motor vehicle other than a salvage motor vehicle or a nonrepairable motor vehicle.

The bill authorizes an insurance company that acquires, through payment of a claim, ownership or possession of a motor vehicle covered by a manufacturer's certificate of origin for which the company is unable to obtain proper assignment of the manufacturer's certificate to obtain from TxDMV not earlier than the 30th day after the date of payment of the claim:

- a salvage vehicle title for a salvage motor vehicle;
- a nonrepairable vehicle title for a nonrepairable motor vehicle; or
- a title for a motor vehicle other than a salvage motor vehicle or a nonrepairable motor vehicle.

The bill authorizes an insurance company that acquires, through payment of a claim, ownership or possession of a motor vehicle covered by an out-of-state title to obtain from TxDMV a title if:

- the motor vehicle was damaged, stolen, or recovered in Texas;
- the motor vehicle owner from whom the company acquired ownership resides in Texas; or
- otherwise allowed by TxDMV rule.

H.B. 4368 authorizes the owner of a motor vehicle for which a comparable out-of-state ownership document for a salvage motor vehicle has been issued to apply for a title after the motor vehicle has been repaired, rebuilt, or reconstructed and, in addition to any other requirement of law, only if the application:

- describes each major component part used to repair, rebuild, or reconstruct the motor vehicle;
- states the name of each person from whom the parts used in repairing, rebuilding, or reconstructing the vehicle were obtained; and
- shows the identification number required by federal law to be affixed to or inscribed on the part.

The bill revises the conditions under which the owner of a motor vehicle for which a nonrepairable vehicle title was issued prior to September 1, 2003, or for which a salvage vehicle title or salvage record of title has been issued may apply for a title after the motor vehicle has

been repaired, rebuilt, or reconstructed and, in addition to any other requirement of law, as follows:

- for the condition that the application describes each major component part used to repair the motor vehicle, includes that the application describes each major component part used to rebuild or reconstruct the motor vehicle; and
- changes the condition that the application states the name of each person from whom the parts used in assembling the vehicle were obtained to provide that the application states the name of each person from whom the parts used in repairing, rebuilding, or reconstructing the vehicle were obtained.

The bill revises the prohibition against TxDMV issuing a title based on, among other things, a nonrepairable vehicle title or comparable out-of-state ownership document or a certificate of authority, as follows:

- specifies that the nonrepairable vehicle title is issued on or after September 1, 2003, and includes a comparable out-of-state ownership record, or evidence of a notation described by statutory provisions relating to an out-of-state salvage or rebuilt salvage vehicle on an out-of-state ownership document or record in the National Motor Vehicle Title Information System; and
- specifies that the certificate of authority is issued under statutory provisions relating to abandoned motor vehicles.

H.B. 4368 includes an auction sales receipt among the documents a salvage vehicle dealer must submit with a report stating that a nonrepairable motor vehicle or salvage motor vehicle the dealer has acquired will be dismantled, scrapped, or destroyed to TxDMV.

EFFECTIVE DATE

September 1, 2025.