

## **BILL ANALYSIS**

Senate Research Center  
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H.B. 5436  
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Transportation  
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Engrossed

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

Used automotive parts recyclers (UAPRs) are the only entities in Texas authorized to dismantle salvage and non-repairable motor vehicles and then sell the parts. These recyclers are licensed and regulated by the Texas Department of Licensing and Regulation and the Texas Department of Motor Vehicles regarding vehicle titling.

Under current law, licensed and regulated UAPRs may only purchase titled vehicles, regardless of their age or condition. However, a robust illegal marketplace exists for non-title bearing vehicles, some that are operated by unlicensed and unregulated operators without reporting purchases to the state or federal government.

When these illegal operators purchase non-title bearing vehicles, they "disappear." Still, the titles remain active and vehicle identification numbers (VINs) remain valid and may be used to conceal the identity of a stolen vehicle ("VIN cloning"). These vehicles often end up at illegal chop shops or being used in committing crimes.

H.B. 5436 allows untitled vehicles to be sold only to licensed and regulated used automotive parts recyclers for parts or scrap. The bill provides that if the vehicle has an existing title, it will be deactivated and the VIN canceled following the purchase by a licensed parts recycler. Also, the bill amends Section 501.109 to classify violations of certain requirements under proposed Section 501.098 as misdemeanors and/or state jail felony offenses.

H.B. 5436 amends current law relating to an exception to the titling requirement for certain motor vehicles, creates a criminal offense, and provides for a fee.

### **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 Subchapter E, Chapter 501, Transportation Code, by adding Section 501.098, as follows:

Sec. 501.098. EXCEPTION TO TITLE REQUIREMENT FOR CERTAIN VEHICLES.

(a) Authorizes a used automotive parts recycler, notwithstanding any other law, to purchase a motor vehicle without obtaining a title to the vehicle if certain criteria are met.

(b) Requires a used automotive parts recycler who purchases a motor vehicle under this section to compile certain information in the manner prescribed by the Texas Department of Motor Vehicles (TxDOT).

(c) Requires a used automotive parts recycler who purchases a motor vehicle under this section to submit to TxDOT, in the manner prescribed by TxDOT, and to the National Motor Vehicle Title Information System information necessary to satisfy any applicable requirement for reporting information to the National Motor Vehicle Title Information System in accordance with rules adopted under 28

C.F.R. Section 25.56. Requires that the information be submitted not later than 24 hours, not counting weekends or official state holidays, after the close of business on the day the vehicle is received. Authorizes TxDOT to report information received under this subsection to the National Motor Vehicle Title Information System on the recycler's behalf. Provides that a used automotive parts recycler is not required to report information to the National Motor Vehicle Title Information System if TxDOT reports the information on behalf of the recycler under this subsection.

(d) Requires TxDOT, not later than 48 hours after receiving motor vehicle information from a used automotive parts recycler under Subsection (c), to notify the recycler whether the vehicle has been reported stolen.

(e) Requires a used automotive parts recycler, if TxDOT notifies the recycler under Subsection (d) that a motor vehicle has been reported stolen, to notify the appropriate local law enforcement agency of the vehicle's current location and provide to the agency identifying information of the person who sold the vehicle to the recycler.

(f) Requires TxDOT, on receipt of motor vehicle information under Subsection (c), to add a notation to the motor vehicle record of the vehicle indicating that the vehicle has been dismantled, scrapped, or destroyed and cancel the title of the vehicle.

(g) Requires a used automotive parts recycler, not later than 48 hours after the recycler purchases a motor vehicle under this section, in the manner prescribed by TxDOT, to verify whether the vehicle is subject to any recorded security interest or lien. Requires the recycler, if the recycler determines that the vehicle is subject to a recorded security interest or lien, other than a security interest or lien described by Subsection (a)(4)(A)(ii) (relating to a vehicle subject only to certain recorded security interests or liens), to provide notice, in accordance with Subsection (h), to the county assessor-collector of the county in which the recycler is located of the recycler's purchase of the vehicle.

(h) Requires that notice provided to the county assessor-collector under Subsection (g) include certain information and a \$25 administrative fee.

(i) Requires the county assessor-collector, not later than the fifth day after the date a used automotive parts recycler provides notice to a county assessor-collector under Subsection (g), to notify the lienholder and the last registered owner of the vehicle, if the recycler did not purchase the vehicle from the last registered owner, of the recycler's purchase of the motor vehicle, which is required to include the contact information of the recycler provided under Subsection (h)(1) (relating to certain information compiled by a used automotive parts recycler who purchases a motor vehicle under this section) and a copy of the written statement provided under Subsection (h)(4) (relating to a written statement signed by the recycler or the recycler's agent that the vehicle will not be dismantled or scrapped on or before a certain date).

(j) Authorizes a lienholder or a last registered owner under Subsection (i), not later than the 14th day after the date a county assessor-collector provides notice to the lienholder or last registered owner, to retrieve the vehicle from the recycler at no cost.

(k) Provides that a person who purchases a motor vehicle under this section that is later determined by TxDOT or another governmental entity to have been reported stolen is not criminally or civilly liable unless the person had knowledge that the vehicle was a stolen vehicle or failed to comply with the requirements of Subsection (b) or (c).

(l) Requires a court to order a person who sells a motor vehicle under this section to pay restitution, including attorney's fees, to the owner or lienholder of the vehicle or to a used automotive parts recycler in an amount equal to the amount of any damage or loss caused by an offense committed by the seller related to the vehicle.

(m) Requires that records required to be maintained under this section be open to inspection by a representative of TxDOT or a law enforcement officer during reasonable business hours.

(n) Authorizes a contract with a United States Department of Justice approved third-party data consolidator, pursuant to 28 C.F.R. Part 25, to be used to satisfy the responsibilities of TxDOT under this section and the reporting responsibilities of a used automotive parts recycler under Subsection (c).

(o) Provides that this section preempts all requirements that are inconsistent with specific provisions of this section relating to the purchase and dismantling, crushing, or shredding of a motor vehicle without obtaining the title to the vehicle.

SECTION 2. Amends Section 501.109, Transportation Code, by adding Subsections (c-1) and (i) and amending Subsections (d) and (e):

(c-1) Provides that a person commits an offense if the person knowingly commits certain violations of Section 501.098.

(d) Creates an exception under Subsection (c-1).

(e) Makes conforming changes to this subsection.

(i) Provides that money generated from penalties collected for offenses under Subsection (c-1) is authorized to be used only for enforcement, investigation, prosecution, and training activities related to motor vehicle related offenses.

SECTION 3. Effective date: September 1, 2025.