

By: Paul

H.B. No. 4368

A BILL TO BE ENTITLED

AN ACT

relating to title requirements, identification number inspections,  
and evidence of ownership for certain vehicles.

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

SECTION 1. Section 501.032, Transportation Code, is amended  
by amending Subsection (a) and adding Subsection (a-1) to read as  
follows:

(a) A ~~[In addition to any requirement established by  
department rule, a]~~ motor vehicle, trailer, or semitrailer must  
have an identification number inspection under Section 501.0321 if:

(1) the department does not have a motor vehicle  
record for the motor vehicle, trailer, or semitrailer in the  
department's registration and title system, and the owner of the  
motor vehicle, trailer, or semitrailer is filing a bond with the  
department under Section 501.053;

(2) the motor vehicle, trailer, or semitrailer was  
last titled or registered outside of the United States and imported  
into the United States; or

(3) the owner or person claiming ownership requires an  
assigned or reassigned identification number under Section  
501.033.

(a-1) The department by rule may establish additional  
categories of motor vehicles, trailers, or semitrailers not  
specified in Subsection (a) that are required to have vehicle

1 identification number inspections under Section 501.0321.

2 SECTION 2. Section 501.0321(a), Transportation Code, is  
3 amended to read as follows:

4 (a) An inspection required under Section 501.032 or a rule  
5 adopted under that section must verify, as applicable, the identity  
6 of:

- 7 (1) a motor vehicle;  
8 (2) a trailer or semitrailer;  
9 (3) a frame, body, or motor of a motor vehicle; or  
10 (4) an item of equipment not required to be titled but  
11 that may be registered under Chapter 502 or issued licensed plates  
12 under Chapter 504.

13 SECTION 3. Section 501.053, Transportation Code, is amended  
14 by amending Subsections (a) and (c) and adding Subsections (b-1)  
15 and (b-2) to read as follows:

16 (a) As an alternative to the procedure provided by Section  
17 501.052, the person may obtain a title by filing a bond with the  
18 department if the vehicle is in the possession of the applicant and:

- 19 (1) there is no security interest on the vehicle;  
20 (2) any lien on the vehicle is at least 10 years old;  
21 ~~[or]~~

22 (3) the person provides a release of all liens less  
23 than 10 years old; or

24 (4) the lienholder of any lien less than 10 years old  
25 has gone out of business, the security interest on the vehicle was  
26 not transferred to or otherwise acquired by another person, and the  
27 applicant provides sufficient evidence of those facts in the form

1 and manner prescribed by department rule [~~with bond~~].

2 (b-1) On receipt of a bond filing under this section, the  
3 department shall notify any recorded owner or lienholder of the  
4 vehicle of the bond filing.

5 (b-2) If a person who files a bond under this section does  
6 not hold a general distinguishing number issued under Subchapter B,  
7 Chapter 503, the department:

8 (1) may only issue title on or after the 30th day after  
9 the date on which the person submits an application for title under  
10 Section 501.023; and

11 (2) may not issue title if any recorded owner or  
12 lienholder with an interest in the vehicle objects to the issuance  
13 of the title.

14 (c) An interested person has a right of action to recover on  
15 the bond for a breach of the bond's condition. The aggregate  
16 liability of the surety to all persons may not exceed the amount of  
17 the bond. Failure to object to the issuance of title under  
18 Subsection (b-2)(2) does not waive the right of an interested  
19 person to bring an action to recover on the bond filed under this  
20 section.

21 SECTION 4. Section 501.091, Transportation Code, is amended  
22 by adding Subdivision (1-a) to read as follows:

23 (1-a) "Auction sales receipt" means a document  
24 certifying the sale of a motor vehicle at auction by a law  
25 enforcement agency or public sale for a lien foreclosure.

26 SECTION 5. The heading to Section 501.0925, Transportation  
27 Code, is amended to read as follows:

1           Sec. 501.0925. INSURANCE COMPANY NOT REQUIRED TO SURRENDER  
2 EVIDENCE OF OWNERSHIP [~~CERTIFICATES OF TITLE~~] IN CERTAIN  
3 SITUATIONS.

4           SECTION 6. Sections 501.0925(a), (b), (c), (d), and (f),  
5 Transportation Code, are amended to read as follows:

6           (a) An insurance company that acquires, through payment of a  
7 claim, ownership or possession of a motor vehicle covered by a  
8 [~~certificate of~~] title or a manufacturer's certificate of origin  
9 that the company is unable to obtain may obtain from the department  
10 not earlier than the 30th day after the date of payment of the  
11 claim:

12                   (1) a salvage vehicle title for a salvage motor  
13 vehicle;

14                   (2) a nonrepairable vehicle title for a nonrepairable  
15 motor vehicle; or

16                   (3) a [~~regular certificate of~~] title for a motor  
17 vehicle other than a salvage motor vehicle or a nonrepairable motor  
18 vehicle.

19           (b) An application for a title under Subsection (a) must be  
20 submitted to the department on a form prescribed by the department  
21 and include:

22                   (1) a statement that the insurance company has  
23 provided at least two written notices attempting to obtain the  
24 evidence of ownership [~~certificate of title~~] for the motor vehicle;  
25 and

26                   (2) evidence acceptable to the department that the  
27 insurance company has made payment of a claim involving the motor

1 vehicle.

2 (c) An insurance company that acquires, through payment of a  
3 claim, ownership or possession of a motor vehicle covered by a  
4 ~~[certificate of]~~ title or a manufacturer's certificate of origin  
5 for which the company is unable to obtain proper assignment of the  
6 title or manufacturer's certificate of origin ~~[certificate]~~ may  
7 obtain from the department not earlier than the 30th day after the  
8 date of payment of the claim:

9 (1) a salvage vehicle title for a salvage motor  
10 vehicle;

11 (2) a nonrepairable vehicle title for a nonrepairable  
12 motor vehicle; or

13 (3) a ~~[regular certificate of]~~ title for a motor  
14 vehicle other than a salvage motor vehicle or a nonrepairable motor  
15 vehicle.

16 (d) An application for a title under Subsection (c) must be  
17 submitted to the department on a form prescribed by the department  
18 and include:

19 (1) a statement that the insurance company has  
20 provided at least two written notices attempting to obtain a proper  
21 assignment of the evidence of ownership ~~[certificate of title]~~; and

22 (2) the evidence of ownership ~~[certificate of title]~~.

23 (f) An insurance company that acquires, through payment of a  
24 claim, ownership or possession of a motor vehicle, salvage motor  
25 vehicle, or nonrepairable motor vehicle covered by an out-of-state  
26 title or out-of-state ownership document may obtain from the  
27 department a title, salvage vehicle title, or nonrepairable vehicle

1 title, as appropriate, if:

2 (1) the motor vehicle was damaged, stolen, or  
3 recovered in this state;

4 (2) the motor vehicle owner from whom the company  
5 acquired ownership resides in this state; or

6 (3) otherwise allowed by department rule.

7 SECTION 7. The heading to Section 501.100, Transportation  
8 Code, is amended to read as follows:

9 Sec. 501.100. APPLICATION FOR [~~REGULAR CERTIFICATE OF~~]  
10 TITLE FOR SALVAGE VEHICLE.

11 SECTION 8. Sections 501.100(a) and (f), Transportation  
12 Code, are amended to read as follows:

13 (a) The owner of a motor vehicle for which a nonrepairable  
14 vehicle title was issued prior to September 1, 2003, [~~or~~] for which  
15 a salvage vehicle title or salvage record of title has been issued,  
16 or for which a comparable out-of-state ownership document for a  
17 salvage motor vehicle has been issued, may apply for a title under  
18 Section 501.023 after the motor vehicle has been repaired, rebuilt,  
19 or reconstructed and, in addition to any other requirement of law,  
20 only if the application:

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

23 (2) states the name of each person from whom the parts  
24 used in repairing, rebuilding, or reconstructing [~~assembling~~] the  
25 vehicle were obtained; and

26 (3) shows the identification number required by  
27 federal law to be affixed to or inscribed on the part.

(f) The department may not issue 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;

(2) receipt issued under Section 501.1003(b); or

(3) certificate of authority issued under Chapter 683.

SECTION 9. Section 501.1003, Transportation Code, is amended to read as follows:

Sec. 501.1003. SALVAGE VEHICLE DEALER RESPONSIBILITIES.

(a) If a salvage vehicle dealer acquires ownership of a nonrepairable motor vehicle or salvage motor vehicle for the purpose of dismantling, scrapping, or destroying the motor vehicle, the dealer shall, before the 31st day after the date the dealer acquires the motor vehicle, submit to the department a report stating that the motor vehicle will be dismantled, scrapped, or destroyed. The dealer shall:

(1) make the report in a manner prescribed by the department; and

(2) submit with the report a properly assigned manufacturer's certificate of origin, ~~[regular certificate of]~~ title, nonrepairable vehicle title, salvage vehicle title, auction sales receipt, or comparable out-of-state ownership document for the motor vehicle.

(b) After receiving the report and title, manufacturer's

1 certificate of origin, auction sales receipt, or document, the  
2 department shall issue the salvage vehicle dealer a receipt for the  
3 manufacturer's certificate of origin, [~~regular certificate of~~]  
4 title, nonrepairable vehicle title, salvage vehicle title, auction  
5 sales receipt, or comparable out-of-state ownership document.

6 (c) The department shall adopt rules to notify the salvage  
7 vehicle dealer if the vehicle was not issued a printed title, but  
8 has a record of title in the department's titling system.

9 SECTION 10. Section [501.053](#), Transportation Code, as  
10 amended by this Act, applies only to a bond for a motor vehicle  
11 title that is filed on or after the effective date of this Act.

12 SECTION 11. This Act takes effect September 1, 2025.