

By: Paul

H. B. No. 4368

A BILL TO BE ENTITLED

1 AN ACT

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

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

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

19 (3) the owner or person claiming ownership requires an
20 assigned or reassigned identification number under Section
21 501 033

22 (a-1) The department by rule may establish additional
23 categories of motor vehicles, trailers, or semitrailers not
24 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 [ex]

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.

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1 (f) The department may not issue a [regular] title for a
2 motor vehicle based on a:

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

9 (3) certificate of authority issued under Chapter 683.

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

12 SEC. 501.1003. SALVAGE VEHICLE DEALER RESPONSIBILITIES.

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

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

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

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

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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.