

1-1 By: Bell of Kaufman, et al. (Senate Sponsor - West) H.B. No. 5436
1-2 (In the Senate - Received from the House May 14, 2025;
1-3 May 16, 2025, read first time and referred to Committee on
1-4 Transportation; May 21, 2025, reported favorably by the following
1-5 vote: Yeas 8, Nays 0; May 21, 2025, sent to printer.)

1-6 COMMITTEE VOTE

1-7	Yea	Nay	Absent	PNV
1-8	Nichols	X		
1-9	West	X		
1-10	Bettencourt	X		
1-11	Hagenbuch	X		
1-12	Hinojosa of Hidalgo	X		
1-13	Johnson	X		
1-14	King	X		
1-15	Miles	X		
1-16	Perry		X	

1-17 A BILL TO BE ENTITLED
1-18 AN ACT

1-19 relating to an exception to the titling requirement for certain
1-20 motor vehicles; creating a criminal offense; providing for a fee.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. Subchapter E, Chapter 501, Transportation Code,
1-23 is amended by adding Section 501.098 to read as follows:

1-24 Sec. 501.098. EXCEPTION TO TITLE REQUIREMENT FOR CERTAIN
1-25 VEHICLES. (a) Notwithstanding any other law, a used automotive
1-26 parts recycler may purchase a motor vehicle without obtaining a
1-27 title to the vehicle if:

1-28 (1) the vehicle is at least 13 years old and is
1-29 purchased solely for parts, dismantling, or scrap;

1-30 (2) the vehicle has not been registered for at least
1-31 seven years;

1-32 (3) the recycler complies with Subsections (b), (c),
1-33 and (g); and

1-34 (4) either:

1-35 (A) the recycler does not dismantle, crush, or
1-36 shred the vehicle before the close of business on the third business
1-37 day after the date the recycler submitted to the department the
1-38 information required under Subsection (c), if the vehicle is:

1-39 (i) not subject to a recorded security
1-40 interest or lien; or

1-41 (ii) subject only to recorded security
1-42 interests or liens:

1-43 (a) for which a release of each
1-44 recorded security interest or lien on the vehicle is provided; or

1-45 (b) that were recorded on the
1-46 certificate of title more than six years before the date of purchase
1-47 under this section; or

1-48 (B) the recycler does not dismantle, crush, or
1-49 shred the vehicle before the date stated in the written statement
1-50 required by Subsection (h)(4), if the recycler determined under
1-51 Subsection (g) that the vehicle is subject to a recorded security
1-52 interest or lien, other than a security interest or lien described
1-53 by Paragraph (A)(ii).

1-54 (b) A used automotive parts recycler who purchases a motor
1-55 vehicle under this section shall compile the following information
1-56 in the manner prescribed by the department:

1-57 (1) the name, address, and National Motor Vehicle
1-58 Title Information System identification number of the recycler;

1-59 (2) the name, initials, or other identification of the
1-60 individual recording the information required by this subsection;

1-61 (3) the date of the transaction;

(4) a description of the vehicle, including the make and model to the extent practicable;

(5) the vehicle identification number of the vehicle;

(6) the license plate number of any vehicle transporting the vehicle being sold;

(7) the amount of consideration given for the vehicle;

(8) a written statement signed by the seller or an agent acting on behalf of the seller;

(A) certifying that the seller or agent has the lawful right to sell the vehicle; and

(B) acknowledging that a person who falsifies information contained in the written statement is subject to criminal penalties and restitution for losses incurred as a result of the sale of the vehicle based on falsified information contained in the statement;

(9) the name and address of the seller, and the seller's agent if applicable;

(10) a photocopy or electronic scan of:

(A) a valid driver's license of the seller or the seller's agent; or

(B) any other photographic identification card of the seller or the seller's agent issued by any state or federal agency; and

(11) proof demonstrating that the recycler has reported the vehicle to the department as provided by Subsection (c).

(c) A used automotive parts recycler who purchases a motor vehicle under this section shall submit to the department, in the manner prescribed by the department, 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. The information must 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. The department may report information received under this subsection to the National Motor Vehicle Title Information System on the recycler's behalf. A used automotive parts recycler is not required to report information to the National Motor Vehicle Title Information System if the department reports the information on behalf of the recycler under this subsection.

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

(e) If the department notifies a used automotive parts recycler under Subsection (d) that a motor vehicle has been reported stolen, the recycler shall 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) On receipt of motor vehicle information under Subsection (c), the department shall:

(1) add a notation to the motor vehicle record of the vehicle indicating that the vehicle has been dismantled, scrapped, or destroyed; and

(2) cancel the title of the vehicle.

(g) Not later than 48 hours after a used automotive parts recycler purchases a motor vehicle under this section, the recycler shall, in the manner prescribed by the department, verify whether the vehicle is subject to any recorded security interest or lien. 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), the recycler shall 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) Notice provided to the county assessor-collector under

Subsection (g) must include:

(1) the information described by Subsections (b)(1)-(5);

(2) the contact information of the lienholder identified by the used automotive parts recycler under Subsection (g);

(3) the date on which the notice is provided to the county assessor-collector;

(4) a written statement signed by the recycler or the recycler's agent that the vehicle will not be dismantled or scrapped on or before the 21st day after the date described by Subdivision (3); and

(5) a \$25 administrative fee.

(i) Not later than the fifth day after the date a used automotive parts recycler provides notice to a county assessor-collector under Subsection (g), the county assessor-collector shall 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 must include the contact information of the recycler provided under Subsection (h)(1) and a copy of the written statement provided under Subsection (h)(4).

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

(k) A person who purchases a motor vehicle under this section that is later determined by the department 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) A court shall 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) Records required to be maintained under this section must be open to inspection by a representative of the department or a law enforcement officer during reasonable business hours.

(n) A contract with a United States Department of Justice approved third-party data consolidator, pursuant to 28 C.F.R. Part 25, may be used to satisfy:

(1) the responsibilities of the department under this section; and

(2) the reporting responsibilities of a used automotive parts recycler under Subsection (c).

(o) 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. Section 501.109, Transportation Code, is amended by adding Subsections (c-1) and (i) and amending Subsections (d) and (e) to read as follows:

(c-1) A person commits an offense if the person knowingly:

(1) fails to obtain or falsifies information required under Section 501.098(c);

(2) falsifies the information required under Section 501.098(b) or (h);

(3) falsifies the statement required under Section 501.098(b)(8) or (h)(4);

(4) sells a vehicle under Section 501.098 that is the subject of a security interest or lien other than a security interest or lien described by Section 501.098(a)(4)(A)(ii); or

(5) otherwise violates Section 501.098.

(d) Except as provided by Subsection (e), an offense under Subsection (a), (b), ~~(c)~~ (c), or (c-1) is a Class C misdemeanor.

(e) If it is shown on the trial of an offense under Subsection (a), (b), ~~or~~ (c), or (c-1) that the defendant has been previously convicted of:

(1) one offense under Subsection (a), (b), ~~or~~ (c), or (c-1), the offense is a Class B misdemeanor; or

(2) two or more offenses under Subsection (a), (b), ~~or~~ (c), or (c-1), the offense is a state jail felony.

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

SECTION 3. This Act takes effect September 1, 2025.

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