

## **BILL ANALYSIS**

C.S.H.B. 2112  
By: Thompson, Ed  
Licensing & Administrative Procedures  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The Texas Department of Motor Vehicles (TxDMV) has reported that the process for issuing a salvage vehicle title to owners who have chosen to retain the vehicle after filing an insurance claim has become problematic. TxDMV notes that problems can arise if an owner does not apply for a salvage vehicle title properly and the vehicle is kept but later sold. There are further concerns regarding the correct classification of a vehicle as a flood vehicle and the ramifications the classification has on the proper information being branded on the title of the vehicle. C.S.H.B. 2112 seeks to address these issues by providing for the automatic issuance of a salvage vehicle title and by further defining what constitutes a flood vehicle.

### **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 this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 2112 amends the Transportation Code to include a flood vehicle, as defined by the bill, among the vehicles considered to be a salvage motor vehicle for purposes of the Certificate of Title Act. The bill requires a salvage vehicle title, salvage record of title, nonrepairable vehicle title, or nonrepairable record of title issued by the Texas Department of Motor Vehicles (TxDMV) for a flood vehicle or any title or record of title subsequently issued by TxDMV for a flood vehicle to bear a notation that TxDMV considers appropriate for a flood vehicle. The bill requires an entity that takes possession of a flood vehicle issued ownership documents without such a notation to:

- submit, on a form prescribed by TxDMV, a report to TxDMV before the 31st day after the date the entity takes possession of the flood vehicle, with certain exceptions for an insurance company or salvage pool operator; and
- apply to TxDMV for the appropriate title before offering the vehicle for public sale, if the entity is a lienholder in possession of the vehicle under an agricultural landlord, self-storage facility, or possessory lien or a lien under the Vehicle Storage Facility Act.

C.S.H.B. 2112 includes among the required contents of the report required to be submitted to TxDMV by an insurance company that pays a claim on a nonrepairable or salvage motor vehicle and does not acquire ownership of the vehicle a determination that the motor vehicle is a salvage or nonrepairable motor vehicle. The bill requires such an insurance company to provide notice to the owner of the motor vehicle of that determination and requires TxDMV, on receipt of the

required report, to issue for the vehicle in the name of the owner an applicable title. The bill requires TxDMV to collect the fee for the issuance of such a title or record of title and to waive the fee if the required report is submitted through TxDMV's titling system.

C.S.H.B. 2112 repeals an Occupations Code requirement for TxDMV to prescribe the form of the record of each used component part purchased by or delivered to a salvage vehicle dealer and to make the form available to those dealers.

C.S.H.B. 2112 repeals:

- Section 2302.254(c), Occupations Code
- Section 501.09112, Transportation Code, relating to the appearance of a nonrepairable vehicle title or salvage vehicle title.

### **EFFECTIVE DATE**

September 1, 2019.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 2112 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute revises the definition of "flood vehicle" to provide for the inclusion of certain vehicles for which an insurance company paid a claim as a result of water damage.