

SUBJECT: Changing regulation of nonrepairable and salvage vehicles

COMMITTEE: Transportation — favorable, without amendment

VOTE: 8 ayes — Alexander, Siebert, Y. Davis, Edwards, Hamric, Hawley, Hill, Uher
0 nays
1 absent — Noriega

SENATE VOTE: On final passage, May 19 — voice vote

WITNESSES: None

BACKGROUND: Transportation Code, sec. 501.911(a) defines nonrepairable vehicles as late-model vehicles that have suffered damage equivalent to 95 percent or more of the actual value of the undamaged vehicle. Salvage vehicles are defined as vehicles that have suffered damage equivalent to 75 percent or more of the value of the predamaged vehicle.

DIGEST: SB 1598 would prohibit the sale or transfer of title of salvage motor vehicles by vehicle owners or insurance companies to buyers at a casual sale at auction. The bill would allow licensed salvage-vehicle dealers to sell a late-model salvage vehicle to an individual.

The bill would prohibit the title holder of a nonrepairable motor vehicle from rebuilding the vehicle. A certificate of title for such a vehicle would have to state that the vehicle could not be registered or issued a regular certificate of title in Texas. The certificate also would have to state that the vehicle could be used only for parts or scrap metal and could not be rebuilt.

The resident of another state that does not allow Texas citizens to buy nonrepairable or salvage motor vehicles without a license would have to hold an out-of-state buyer's license to buy such vehicles. An out-of-state buyer would have to apply to the Texas Department of Transportation for a license. The application would have to include a copy of a valid driver's license and automotive business license and a nonrefundable application fee of \$200.

The application also would have to include a statement as to whether the purchaser intended to buy vehicles on behalf of a salvage-vehicle dealer in another state or jurisdiction. If the buyer did intend to buy for such a dealer, the buyer would have to be a resident of the state or jurisdiction where the dealer was located and would have to hold a valid driver's license of that state or jurisdiction.

The bill would require salvage-vehicle agents to enter into a legally binding contract to buy salvage vehicles for a licensed salvage-vehicle dealer. The definition of a salvage-vehicle agent would not apply to a salvage-vehicle dealer, employees or partners of dealers, or owners or officers of business entities holding a salvage-vehicle dealer license. The definition also would not apply to a person who only transported such vehicles for a licensed dealer.

The bill would repeal Transportation Code, sec. 501.0911(a)(3), which defines a casual sale at auction of a nonrepairable or salvage vehicle. It also would repeal sec. 501.0927, which regulates an application for certificate of title by a rebuilder of a nonrepairable vehicle.

This bill would take effect September 1, 1999.

**SUPPORTERS
SAY:**

Texas is the only state that does not prohibit the rebuilding and reuse of nonrepairable or salvage motor vehicles. The rebuilding and sale of salvage vehicles makes it harder for public officials to track the owners of such vehicles for tax collection and law enforcement purposes. The bill would improve efforts to ensure that nonrepairable or salvage vehicles are kept off the roads.

The state should require licenses for salvage-vehicle buyers from states that do not allow Texas residents to buy vehicles without a license. The licensing requirements would allow Texas law enforcement officials to track the sale of salvage vehicles to buyers from different states and countries to ensure that the vehicles would be regulated properly in other jurisdictions.

**OPPONENTS
SAY:**

There is no reason to prohibit the rebuilding and reuse of nonrepairable or salvage motor vehicles as long as such vehicles comply with state safety standards and are used in a lawful manner. SB 1598 would deprive salvage-

vehicle dealers and automobile resellers of the economic opportunity to rebuild and sell such vehicles.

The bill would prohibit the operation of rebuilt vehicles now in use. These vehicles should be exempted from the bill's prohibition. The state should not penalize vehicle operators retroactively for using vehicles that were rebuilt under existing law.