

SUBJECT: Specifying vehicles classified as salvage vehicles due to flooding

COMMITTEE: Transportation — favorable, without amendment

VOTE: 12 ayes — Canales, Bernal, Y. Davis, Goldman, Hefner, Krause, Leman, Martinez, Ortega, Raney, Thierry, E. Thompson

0 nays

1 absent — Landgraf

WITNESSES: For — Larry Gaddes, Tax Assessor-Collector Association

Against — None

On — Jeremiah Kuntz, Texas Department of Motor Vehicles; (*Registered, but did not testify*: Steve Bresnen, Insurance Auto Auctions)

BACKGROUND: Transportation Code ch. 501, subch. E regulates nonrepairable and salvage motor vehicles, which are vehicles that have damage or are missing major components to the extent that the cost of repairs exceeds the vehicle's actual cash value.

Sec. 501.09112(d) requires a salvage vehicle title or a salvage record of title for a vehicle that is a salvage vehicle because of damage caused exclusively by flood to bear a notation that the Texas Department of Motor Vehicles considers appropriate. If the title reflects that notation, the owner may sell, transfer, or release the vehicle only as provided by subch. E.

Concerns have been raised that there are misconceptions that damage sustained by a vehicle classified as a salvage vehicle is limited to damage resulting from an accident. Some have suggested better incorporating vehicles that received flood damage into this classification.

DIGEST: HB 3051 would specify that a vehicle that was a salvage vehicle because

of damage caused exclusively by the vehicle being flooded would have to bear a notation on its salvage vehicle title or salvage record of title.

The bill would define "flooded" to mean submerged in water that:

- rose higher than a doorsill of the vehicle, entered the passenger, trunk, or engine compartment, and came into contact with the vehicle's electrical system; or
- caused an insurance company to pay a claim on and take possession of the vehicle.

The bill would take effect September 1, 2019.