

1-1 By: West S.B. No. 2240  
 1-2 (In the Senate - Filed March 8, 2019; March 21, 2019, read  
 1-3 first time and referred to Committee on Transportation;  
 1-4 April 23, 2019, reported adversely, with favorable Committee  
 1-5 Substitute by the following vote: Yeas 9, Nays 0; April 23, 2019,  
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 2240 By: West

1-19 A BILL TO BE ENTITLED  
 1-20 AN ACT

1-21 relating to an exception to the titling requirement for certain  
 1-22 vehicles; creating a criminal offense.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Subchapter E, Chapter 501, Transportation Code,  
 1-25 is amended by adding Section 501.098 to read as follows:

1-26 Sec. 501.098. EXCEPTION TO TITLE REQUIREMENT FOR CERTAIN  
 1-27 VEHICLES. (a) Notwithstanding any other law, a metal recycler or  
 1-28 used automotive parts recycler may purchase a motor vehicle without  
 1-29 obtaining a title to the vehicle if:

1-30 (1) the vehicle is at least 12 years old and is  
 1-31 purchased solely for parts, dismantling, or scrap and:

1-32 (A) the vehicle is not subject to a recorded  
 1-33 security interest or lien; or

1-34 (B) the vehicle is subject only to recorded  
 1-35 security interests or liens:

1-36 (i) for which a release of each recorded  
 1-37 security interest or lien on the vehicle is provided; or

1-38 (ii) that were recorded on the certificate  
 1-39 of title more than four years before the date of purchase under this  
 1-40 section;

1-41 (2) the recycler does not dismantle, crush, or shred  
 1-42 the vehicle before the close of business on the second business day  
 1-43 after the date of purchase; and

1-44 (3) except as provided by Subsection (k), the recycler  
 1-45 complies with Subsections (b) and (c).

1-46 (b) A metal recycler or used automotive parts recycler who  
 1-47 purchases a motor vehicle under this section shall obtain the  
 1-48 following information:

1-49 (1) the name, address, and National Motor Vehicle  
 1-50 Title Information System identification number of the recycler;

1-51 (2) the name, initials, or other identification of the  
 1-52 individual recording the information required by this subsection;

1-53 (3) the date of the transaction;

1-54 (4) a description of the vehicle, including the make  
 1-55 and model to the extent practicable;

1-56 (5) the vehicle identification number of the vehicle;

1-57 (6) the license plate number of any vehicle  
 1-58 transporting the vehicle being sold;

1-59 (7) the amount of consideration given for the vehicle;

1-60 (8) a written statement signed by the seller or an

2-1 agent acting on behalf of the seller:  
2-2 (A) certifying that the seller or agent has the  
2-3 lawful right to sell the vehicle;  
2-4 (B) certifying that the vehicle complies with any  
2-5 security interest or lien requirements under Subsection (a)(1); and  
2-6 (C) acknowledging that a person who falsifies  
2-7 information contained in the written statement is subject to  
2-8 criminal penalties and restitution for losses incurred as a result  
2-9 of the sale of the vehicle based on falsified information contained  
2-10 in the statement;  
2-11 (9) the name and address of the seller, and the  
2-12 seller's agent if applicable;  
2-13 (10) a photocopy or electronic scan of:  
2-14 (A) a valid driver's license of the seller or the  
2-15 seller's agent; or  
2-16 (B) any other photographic identification card  
2-17 of the seller or the seller's agent issued by any state or federal  
2-18 agency; and  
2-19 (11) proof demonstrating that the recycler has  
2-20 reported the vehicle to the department as provided by Subsection  
2-21 (c).  
2-22 (c) A metal recycler or used automotive parts recycler who  
2-23 purchases a motor vehicle under this section shall submit to the  
2-24 department, in the manner prescribed by the department, and the  
2-25 National Motor Vehicle Title Information System information  
2-26 necessary to satisfy any applicable requirement for reporting  
2-27 information to the National Motor Vehicle Title Information System  
2-28 in accordance with rules adopted under 28 C.F.R. Section 25.56 not  
2-29 later than 24 hours, not counting weekends or official state  
2-30 holidays, after the close of business on the day the vehicle was  
2-31 received. The department may report information received under  
2-32 this subsection to the National Motor Vehicle Title Information  
2-33 System on behalf of the recycler. A recycler is not required to  
2-34 report information to the National Motor Vehicle Title Information  
2-35 System if the department reports the information on behalf of the  
2-36 recycler under this subsection.  
2-37 (d) Not later than 48 hours after receiving information from  
2-38 a recycler under Subsection (c) about a motor vehicle, the  
2-39 department shall notify the recycler whether the vehicle has been  
2-40 reported stolen.  
2-41 (e) If the department notifies a recycler under Subsection  
2-42 (d) that a motor vehicle has been reported stolen, the recycler  
2-43 shall notify the appropriate local law enforcement agency of the  
2-44 current location of the vehicle and provide to the agency  
2-45 identifying information of the person who sold the vehicle.  
2-46 (f) On receipt of information under Subsection (c)  
2-47 regarding a motor vehicle purchased under this section, the  
2-48 department shall:  
2-49 (1) add a notation to the motor vehicle record of the  
2-50 vehicle indicating that the vehicle has been dismantled, scrapped,  
2-51 or destroyed; and  
2-52 (2) cancel the title of the vehicle.  
2-53 (g) A person who purchases a motor vehicle under this  
2-54 section that is later determined by the department or another  
2-55 governmental entity to have been reported stolen is not criminally  
2-56 or civilly liable unless the person had knowledge that the vehicle  
2-57 was a stolen vehicle or failed to comply with the requirements of  
2-58 Subsection (b) or (c).  
2-59 (h) A court shall order a person who sells a motor vehicle  
2-60 under this section to make restitution, including attorney's fees,  
2-61 to the owner or lienholder of the vehicle, or to a metal recycler or  
2-62 used automotive parts recycler, for any damage or loss caused by an  
2-63 offense committed by the seller related to the vehicle.  
2-64 (i) The records required to be maintained under this section  
2-65 must be open to inspection by a representative of the department or  
2-66 a law enforcement officer during reasonable business hours.  
2-67 (j) A contract with a United States Department of Justice  
2-68 approved third-party data consolidator, pursuant to 28 C.F.R. Part  
2-69 25, may be used to satisfy:

3-1 (1) the responsibilities of the department under this  
3-2 section; and

3-3 (2) the reporting responsibilities of a recycler under  
3-4 Subsection (c).

3-5 (k) A metal recycler may purchase from a used automotive  
3-6 parts recycler a vehicle under this section without complying with  
3-7 Subsections (b) and (c) if:

3-8 (1) the vehicle has been flattened, crushed, baled, or  
3-9 logged such that the vehicle is less than 50 percent of its original  
3-10 volume;

3-11 (2) the vehicle is purchased for purposes of scrap  
3-12 metal only; and

3-13 (3) the seller or an agent acting on behalf of the  
3-14 seller of the vehicle certifies to the purchaser that all vehicles  
3-15 included in the sale were reported to the department or the National  
3-16 Motor Vehicle Title Information System.

3-17 (l) This section preempts all requirements that are  
3-18 inconsistent with specific provisions of this section relating to  
3-19 the purchase and dismantling, crushing, or shredding of a motor  
3-20 vehicle without obtaining the title to the vehicle.

3-21 SECTION 2. Section 501.109, Transportation Code, is amended  
3-22 by adding Subsections (c-1) and (i) and amending Subsections (d)  
3-23 and (e) to read as follows:

3-24 (c-1) A person commits an offense if the person knowingly:

3-25 (1) fails to obtain or falsifies information required  
3-26 under Section 501.098(c);

3-27 (2) falsifies the information required under Section  
3-28 501.098(b);

3-29 (3) falsifies the statement required under Section  
3-30 501.098(b)(8);

3-31 (4) sells a vehicle under Section 501.098 that is the  
3-32 subject of a security interest or lien other than a security  
3-33 interest or lien described by Section 501.098(a)(1)(B); or  
3-34 (5) otherwise violates Section 501.098.

3-35 (d) Except as provided by Subsection (e), an offense under  
3-36 Subsection (a), (b), ~~(c)~~, or (c-1) is a Class C misdemeanor.

3-37 (e) If it is shown on the trial of an offense under  
3-38 Subsection (a), (b), ~~(c)~~, or (c-1) that the defendant has been  
3-39 previously convicted of:

3-40 (1) one offense under Subsection (a), (b), ~~(c)~~,  
3-41 or (c-1), the offense is a Class B misdemeanor; or

3-42 (2) two or more offenses under Subsection (a), (b),  
3-43 ~~(c)~~, or (c-1), the offense is a state jail felony.

3-44 (i) Money generated from penalties collected for offenses  
3-45 under Subsection (c-1) may be used only for enforcement,  
3-46 investigation, prosecution, and training activities related to  
3-47 motor vehicle related offenses.

3-48 SECTION 3. This Act takes effect September 1, 2019.

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