

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

	Yea	Nay	Absent	PNV
1-7				
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 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;

2-1 (4) a description of the vehicle, including the make
2-2 and model to the extent practicable;
2-3 (5) the vehicle identification number of the vehicle;
2-4 (6) the license plate number of any vehicle
2-5 transporting the vehicle being sold;
2-6 (7) the amount of consideration given for the vehicle;
2-7 (8) a written statement signed by the seller or an
2-8 agent acting on behalf of the seller:
2-9 (A) certifying that the seller or agent has the
2-10 lawful right to sell the vehicle; and
2-11 (B) acknowledging that a person who falsifies
2-12 information contained in the written statement is subject to
2-13 criminal penalties and restitution for losses incurred as a result
2-14 of the sale of the vehicle based on falsified information contained
2-15 in the statement;
2-16 (9) the name and address of the seller, and the
2-17 seller's agent if applicable;
2-18 (10) a photocopy or electronic scan of:
2-19 (A) a valid driver's license of the seller or the
2-20 seller's agent; or
2-21 (B) any other photographic identification card
2-22 of the seller or the seller's agent issued by any state or federal
2-23 agency; and
2-24 (11) proof demonstrating that the recycler has
2-25 reported the vehicle to the department as provided by Subsection
2-26 (c).
2-27 (c) A used automotive parts recycler who purchases a motor
2-28 vehicle under this section shall submit to the department, in the
2-29 manner prescribed by the department, and to the National Motor
2-30 Vehicle Title Information System information necessary to satisfy
2-31 any applicable requirement for reporting information to the
2-32 National Motor Vehicle Title Information System in accordance with
2-33 rules adopted under 28 C.F.R. Section 25.56. The information must
2-34 be submitted not later than 24 hours, not counting weekends or
2-35 official state holidays, after the close of business on the day the
2-36 vehicle is received. The department may report information
2-37 received under this subsection to the National Motor Vehicle Title
2-38 Information System on the recycler's behalf. A used automotive
2-39 parts recycler is not required to report information to the
2-40 National Motor Vehicle Title Information System if the department
2-41 reports the information on behalf of the recycler under this
2-42 subsection.
2-43 (d) Not later than 48 hours after receiving motor vehicle
2-44 information from a used automotive parts recycler under Subsection
2-45 (c), the department shall notify the recycler whether the vehicle
2-46 has been reported stolen.
2-47 (e) If the department notifies a used automotive parts
2-48 recycler under Subsection (d) that a motor vehicle has been
2-49 reported stolen, the recycler shall notify the appropriate local
2-50 law enforcement agency of the vehicle's current location and
2-51 provide to the agency identifying information of the person who
2-52 sold the vehicle to the recycler.
2-53 (f) On receipt of motor vehicle information under
2-54 Subsection (c), the department shall:
2-55 (1) add a notation to the motor vehicle record of the
2-56 vehicle indicating that the vehicle has been dismantled, scrapped,
2-57 or destroyed; and
2-58 (2) cancel the title of the vehicle.
2-59 (g) Not later than 48 hours after a used automotive parts
2-60 recycler purchases a motor vehicle under this section, the recycler
2-61 shall, in the manner prescribed by the department, verify whether
2-62 the vehicle is subject to any recorded security interest or lien.
2-63 If the recycler determines that the vehicle is subject to a recorded
2-64 security interest or lien, other than a security interest or lien
2-65 described by Subsection (a)(4)(A)(ii), the recycler shall provide
2-66 notice, in accordance with Subsection (h), to the county
2-67 assessor-collector of the county in which the recycler is located
2-68 of the recycler's purchase of the vehicle.
2-69 (h) Notice provided to the county assessor-collector under

3-1 Subsection (g) must include:

3-2 (1) the information described by Subsections
 3-3 (b)(1)-(5);

3-4 (2) the contact information of the lienholder
 3-5 identified by the used automotive parts recycler under Subsection
 3-6 (g);

3-7 (3) the date on which the notice is provided to the
 3-8 county assessor-collector;

3-9 (4) a written statement signed by the recycler or the
 3-10 recycler's agent that the vehicle will not be dismantled or
 3-11 scrapped on or before the 21st day after the date described by
 3-12 Subdivision (3); and

3-13 (5) a \$25 administrative fee.

3-14 (i) Not later than the fifth day after the date a used
 3-15 automotive parts recycler provides notice to a county
 3-16 assessor-collector under Subsection (g), the county
 3-17 assessor-collector shall notify the lienholder and the last
 3-18 registered owner of the vehicle, if the recycler did not purchase
 3-19 the vehicle from the last registered owner, of the recycler's
 3-20 purchase of the motor vehicle, which must include the contact
 3-21 information of the recycler provided under Subsection (h)(1) and a
 3-22 copy of the written statement provided under Subsection (h)(4).

3-23 (j) Not later than the 14th day after the date a county
 3-24 assessor-collector provides notice to a lienholder or a last
 3-25 registered owner under Subsection (i), the lienholder or last
 3-26 registered owner may retrieve the vehicle from the recycler at no
 3-27 cost.

3-28 (k) A person who purchases a motor vehicle under this
 3-29 section that is later determined by the department or another
 3-30 governmental entity to have been reported stolen is not criminally
 3-31 or civilly liable unless the person had knowledge that the vehicle
 3-32 was a stolen vehicle or failed to comply with the requirements of
 3-33 Subsection (b) or (c).

3-34 (l) A court shall order a person who sells a motor vehicle
 3-35 under this section to pay restitution, including attorney's fees,
 3-36 to the owner or lienholder of the vehicle or to a used automotive
 3-37 parts recycler in an amount equal to the amount of any damage or
 3-38 loss caused by an offense committed by the seller related to the
 3-39 vehicle.

3-40 (m) Records required to be maintained under this section
 3-41 must be open to inspection by a representative of the department or
 3-42 a law enforcement officer during reasonable business hours.

3-43 (n) A contract with a United States Department of Justice
 3-44 approved third-party data consolidator, pursuant to 28 C.F.R. Part
 3-45 25, may be used to satisfy:

3-46 (1) the responsibilities of the department under this
 3-47 section; and

3-48 (2) the reporting responsibilities of a used
 3-49 automotive parts recycler under Subsection (c).

3-50 (o) This section preempts all requirements that are
 3-51 inconsistent with specific provisions of this section relating to
 3-52 the purchase and dismantling, crushing, or shredding of a motor
 3-53 vehicle without obtaining the title to the vehicle.

3-54 SECTION 2. Section 501.109, Transportation Code, is amended
 3-55 by adding Subsections (c-1) and (i) and amending Subsections (d)
 3-56 and (e) to read as follows:

3-57 (c-1) A person commits an offense if the person knowingly:

3-58 (1) fails to obtain or falsifies information required
 3-59 under Section 501.098(c);

3-60 (2) falsifies the information required under Section
 3-61 501.098(b) or (h);

3-62 (3) falsifies the statement required under Section
 3-63 501.098(b)(8) or (h)(4);

3-64 (4) sells a vehicle under Section 501.098 that is the
 3-65 subject of a security interest or lien other than a security
 3-66 interest or lien described by Section 501.098(a)(4)(A)(ii); or

3-67 (5) otherwise violates Section 501.098.

3-68 (d) Except as provided by Subsection (e), an offense under
 3-69 Subsection (a), (b), ~~(c)~~ (c), or (c-1) is a Class C misdemeanor.

4-1 (e) If it is shown on the trial of an offense under
4-2 Subsection (a), (b), ~~(c)~~, or (c-1) that the defendant has been
4-3 previously convicted of:

4-4 (1) one offense under Subsection (a), (b), ~~(c)~~,
4-5 or (c-1), the offense is a Class B misdemeanor; or

4-6 (2) two or more offenses under Subsection (a), (b),
4-7 ~~(c)~~, or (c-1), the offense is a state jail felony.

4-8 (i) Money generated from penalties collected for offenses
4-9 under Subsection (c-1) may be used only for enforcement,
4-10 investigation, prosecution, and training activities related to
4-11 motor vehicle related offenses.

4-12 SECTION 3. This Act takes effect September 1, 2025.

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