

## **BILL ANALYSIS**

Senate Research Center  
86R4623 BEE-D

S.B. 897  
By: Hancock  
Business & Commerce  
4/22/2019  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Under Texas law, if a licensed independent auto dealer wants to purchase more than five salvage cars per year, the dealer must get a separate salvage dealer license. A salvage car is a car with a value lower than the overall repair and replacement costs. Sometimes these salvage vehicles are rebuilt and sold, but it must be noted on the vehicle title that it has been rebuilt. Other times, salvage cars are sold for parts, or are scrapped and recycled for metal.

S.B. 897 would reduce licensing requirements for already licensed car dealers who also buy and sell salvage vehicles. This legislation would streamline salvage dealers licenses by allowing licensed independent auto dealers to act as salvage dealers without having to get an additional salvage dealers license. Since independent dealers are still licensed, and must meet numerous standards to remain licensed, the consumer is still protected. By allowing more licensed dealers to operate as a salvage dealers, Texas would also be increasing the number of potential licensed buyers for salvage vehicles, which could help in the aftermath of events like Hurricane Harvey, where 500,000 to one million vehicles were damaged or destroyed due to flooding and other storm related activity (Texas Department of Motor Vehicles Staff Report with Commission Decisions, Jan. 2019, pg. 22).

According to the most recent data used in the Texas Department of Motor Vehicles Staff Report with Commission Decisions (Jan. 2019, pg 41), in FY 2017 there were 7,983 active salvage dealer licenses and 19,680 active independent auto dealer licenses. Both salvage dealers and independent auto dealers undergo background checks. Per the Texas Department of Motor Vehicles, salvage dealer licenses are issued for a term of one year and can be renewed for subsequent one-year terms, and cost \$95. Independent dealer licenses are generally issued for terms of two years and can be renewed for subsequent two-year terms. The initial license cost is \$700 and renewals cost \$400.

#### Bill Analysis

S.B. 897 amends Section 2301.101 of the Occupations Code to allow an independent auto dealer to operate as a salvage dealer or rebuilder, and to store or display a motor vehicle as an agent or escrow agent of an insurance company.

As proposed, S.B. 897 amends current law relating to the regulation of salvage vehicle dealers.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 2302.101, Occupations Code, as follows:

Sec. 2302.101. LICENSE REQUIRED FOR SALVAGE VEHICLE DEALER. Prohibits a person, unless a person holds a salvage vehicle dealer license issued under this chapter (Salvage Vehicle Dealers), or an independent motor vehicle dealer's general distinguishing number issued under Chapter 503 (Dealer's and Manufacturer's Vehicle

License Plates), Transportation Code, from acting as a salvage vehicle dealer or rebuilder, or storing or displaying a motor vehicle as an agent or escrow agent of an insurance company.

SECTION 2. Effective date: September 1, 2019.