

**USED AUTOMOTIVE PARTS RECYCLERS**  
**Occupations Code**  
**Title 14. Regulation of Motor Vehicles and Transportation**  
**Subtitle A. Regulations Related to Motor Vehicles**  
**Chapter 2309**  
**Administered by the Texas Department of Licensing and Regulation**  
*(Effective September 1, 2009, except where noted)*

**Table of Contents**

<b>SUBCHAPTER A. GENERAL PROVISIONS.....</b>	<b>1</b>
SEC. 2309.001. SHORT TITLE.....	1
SEC. 2309.002. DEFINITIONS.....	1
SEC. 2309.003. APPLICABILITY OF CHAPTER TO METAL RECYCLERS.....	1
SEC. 2309.004. APPLICABILITY OF CHAPTER TO SALVAGE VEHICLE DEALERS.....	1
SEC. 2309.005. APPLICABILITY OF CHAPTER TO INSURANCE COMPANIES.....	1
<b>SUBCHAPTER B. ADVISORY BOARD.....</b>	<b>2</b>
SEC. 2309.051. USED AUTOMOTIVE PARTS RECYCLING ADVISORY BOARD.....	2
SEC. 2309.052. TERMS; VACANCIES.....	2
SEC. 2309.053. PRESIDING OFFICER.....	2
SEC. 2309.054. POWERS AND DUTIES OF ADVISORY BOARD.....	2
SEC. 2309.055. COMPENSATION; REIMBURSEMENT OF EXPENSES.....	2
SEC. 2309.056. MEETINGS.....	2
<b>SUBCHAPTER C. POWERS AND DUTIES OF COMMISSION AND DEPARTMENT.....</b>	<b>3</b>
SEC. 2309.101. GENERAL POWERS AND DUTIES.....	3
SEC. 2309.102. RULES.....	3
SEC. 2309.103. RULES REGARDING LICENSING AND STANDARDS OF CONDUCT.....	3
SEC. 2309.104. FEES.....	3
SEC. 2309.105. RULES RESTRICTING ADVERTISING OR COMPETITIVE BIDDING.....	3
SEC. 2309.106. PERIODIC AND RISK-BASED INSPECTIONS.....	4
SEC. 2309.107. PERSONNEL.....	4
<b>SUBCHAPTER D. LICENSE REQUIREMENTS.....</b>	<b>4</b>
SEC. 2309.151. USED AUTOMOTIVE PARTS RECYCLER LICENSE REQUIRED.....	4
SEC. 2309.152. GENERAL LICENSE APPLICATION REQUIREMENTS.....	4
SEC. 2309.153. LICENSE REQUIREMENTS.....	5
SEC. 2309.154. USED AUTOMOTIVE PARTS EMPLOYEE LICENSE REQUIRED.....	5
SEC. 2309.155. NONTRANSFERABILITY OF LICENSE.....	5
SEC. 2309.156. LICENSE RENEWAL.....	5
<b>SUBCHAPTER E. LOCAL REGULATION.....</b>	<b>5</b>
SEC. 2309.201. APPLICABILITY OF CERTAIN MUNICIPAL ORDINANCES, LICENSE, AND PERMITS.....	5
<b>SUBCHAPTER F. ENFORCEMENT.....</b>	<b>6</b>
SEC. 2309.251. ADMINISTRATIVE PENALTY.....	6
SEC. 2309.252. CEASE AND DESIST ORDER; INJUNCTION; CIVIL PENALTY.....	6
SEC. 2309.253. SANCTIONS.....	6
SEC. 2309.254. CRIMINAL PENALTY; LICENSING.....	6
<b>SUBCHAPTER G. CONDUCTING BUSINESS.....</b>	<b>6</b>
SEC. 2309.301. DUTIES ON ACQUISITION OF SALVAGE MOTOR VEHICLE.....	6
SEC. 2309.302. RECORDS OF PURCHASES.....	7
SEC. 2309.303. REGISTRATION OF NEW BUSINESS LOCATION.....	7

<b>SUBCHAPTER H. ADDITIONAL DUTIES OF USED AUTOMOTIVE PARTS RECYCLER IN CONNECTION WITH MOTOR VEHICLE COMPONENT PARTS.....</b>	<b>7</b>
SEC. 2309.351. DEFINITIONS. ....	7
SEC. 2309.352. REMOVAL OF LICENSE PLATES.....	7
SEC. 2309.353. DISMANTLEMENT OR DISPOSITION OF MOTOR VEHICLE. ....	8
SEC. 2309.354. RECORD OF PURCHASE; INVENTORY OF PARTS. ....	8
SEC. 2309.355. RETENTION OF COMPONENT PARTS. ....	8
SEC. 2309.356. MAINTENANCE OF RECORDS. ....	8
SEC. 2309.357. SURRENDER OF CERTAIN DOCUMENTS FOR LICENSE PLATES. ....	9
SEC. 2309.358. INSPECTION OF RECORDS. ....	9
<b>SUBCHAPTER I. MOTOR VEHICLE SALVAGE YARDS IN CERTAIN COUNTIES .....</b>	<b>9</b>
SEC. 2309.401. APPLICABILITY OF SUBCHAPTER. ....	9
SEC. 2309.402. LIMITS ON OPERATION OF HEAVY MACHINERY. ....	9

## SUBCHAPTER A. GENERAL PROVISIONS

### Sec. 2309.001. Short Title.

This chapter may be cited as the Texas Used Automotive Parts Recycling Act.

### Sec. 2309.002. Definitions.

In this chapter:

- (1) "Insurance company," "metal recycler," "motor vehicle," "nonrepairable motor vehicle," "nonrepairable vehicle title," "salvage motor vehicle," "salvage vehicle title," and "salvage vehicle dealer" have the meanings assigned by Section 501.091, Transportation Code.
- (2) "Commission" means the Texas Commission of Licensing and Regulation.
- (3) "Department" means the Texas Department of Licensing and Regulation.
- (4) "Executive director" means the executive director of the department.
- (5) "Used automotive part" has the meaning assigned to "used part" by Section 501.091, Transportation Code.
- (6) "Used automotive parts recycler" means a person licensed under this chapter to operate a used automotive parts recycling business.
- (7) "Used automotive parts recycling" means the dismantling and reuse or resale of used automotive parts and the safe disposal of salvage motor vehicles or nonrepairable motor vehicles, including the resale of those vehicles.

### Sec. 2309.003. Applicability of Chapter to Metal Recyclers.

- (a) Except as provided by Subsection (b), this chapter does not apply to a transaction to which a metal recycler is a party.
- (b) This chapter applies to a transaction in which a motor vehicle:
  - (1) is sold, transferred, released, or delivered to a metal recycler as a source of used automotive parts; and
  - (2) is used as a source of used automotive parts.

### Sec. 2309.004. Applicability of Chapter to Salvage Vehicle Dealers.

- (a) Except as provided by Subsection (b), this chapter does not apply to a transaction in which a salvage vehicle dealer is a party.
- (b) This chapter applies to a salvage vehicle dealer who deals in used automotive parts as more than an incidental part of the salvage vehicle dealer's primary business.

### Sec. 2309.005. Applicability of Chapter to Insurance Companies.

This chapter does not apply to an insurance company.

## **SUBCHAPTER B. ADVISORY BOARD**

### **Sec. 2309.051. Used Automotive Parts Recycling Advisory Board.**

- (a) The advisory board consists of five members representing the used automotive parts industry in this state appointed by the presiding officer of the commission with the approval of the commission.
- (b) The advisory board shall include members who represent used automotive parts businesses owned by domestic entities, as defined by Section 1.002, Business Organizations Code.
- (c) The advisory board shall include one member who represents a used automotive parts business owned by a foreign entity, as defined by Section 1.002, Business Organizations Code.
- (d) The advisory board may not include more than one member from any one used automotive parts business entity.
- (e) Appointments to the advisory board shall be made without regard to the race, color, disability, sex, religion, age, or national origin of the appointee.

### **Sec. 2309.052. Terms; Vacancies.**

- (a) Advisory board members serve terms of six years, with the terms of one or two members expiring on February 1 of each odd-numbered year.
- (b) A member may not serve more than two full consecutive terms.
- (c) If a vacancy occurs during a term, the presiding officer of the commission shall appoint a replacement who meets the qualifications of the vacated position to serve for the remainder of the term.

### **Sec. 2309.053. Presiding Officer.**

The presiding officer of the commission shall appoint one of the advisory board members to serve as presiding officer of the advisory board for a term of one year. The presiding officer of the advisory board may vote on any matter before the advisory board.

### **Sec. 2309.054. Powers and Duties of Advisory Board.**

The advisory board shall provide advice and recommendations to the department on technical matters relevant to the administration and enforcement of this chapter, including licensing standards.

### **Sec. 2309.055. Compensation; Reimbursement of Expenses.**

Advisory board members may not receive compensation but are entitled to reimbursement for actual and necessary expenses incurred in performing the functions of the advisory board, subject to the General Appropriations Act.

### **Sec. 2309.056. Meetings.**

The advisory board shall meet twice annually and may meet at other times at the call of the presiding officer of the commission or the executive director.

## **SUBCHAPTER C. POWERS AND DUTIES OF COMMISSION AND DEPARTMENT**

### **Sec. 2309.101. General Powers and Duties.**

The executive director or commission, as appropriate, may take action as necessary to administer and enforce this chapter.

### **Sec. 2309.102. Rules.**

- (a) The commission shall adopt rules for licensing used automotive parts recyclers and used automotive parts employees.
- (b) The commission by rule shall adopt standards of conduct for license holders under this chapter.

### **Sec. 2309.103. Rules Regarding Licensing and Standards of Conduct.**

- (a) The commission shall adopt rules for licensing applicants, including rules for denial of an application if the applicant, a partner, principal, officer, or general manager of the applicant, or another license or permit holder with a connection to the applicant, has:
  - (1) before the application date, been convicted of, pleaded guilty or nolo contendere to, or been placed on deferred adjudication for:
    - (A) a felony; or
    - (B) a misdemeanor punishable by confinement in jail or by a fine exceeding \$500;
  - (2) violated an order of the commission or executive director, including an order for sanctions or administrative penalties; or
  - (3) knowingly submitted false information on the application.
- (b) The commission by rule shall adopt standards of conduct for license holders under this chapter.

### **Sec. 2309.104. Fees.**

The commission shall establish and collect reasonable and necessary fees in amounts sufficient to cover the costs of administering this chapter.

### **Sec. 2309.105. Rules Restricting Advertising or Competitive Bidding.**

- (a) The commission may not adopt a rule restricting advertising or competitive bidding by a person who holds a license issued under this chapter except to prohibit false, misleading, or deceptive practices by the person.
- (b) The commission may not include in its rules to prohibit false, misleading, or deceptive practices a rule that:
  - (1) restricts the use of any advertising medium;
  - (2) restricts the person's personal appearance or use of the person's voice in an advertisement;
  - (3) relates to the size or duration of an advertisement by the person; or
  - (4) restricts the use of a trade name in advertising by the person.

**Sec. 2309.106. Periodic and Risk-Based Inspections.**

- (a) The department shall inspect each used automotive parts recycling facility at least once every two years.
- (b) The department may enter and inspect at any time during business hours:
  - (1) the place of business of any person regulated under this chapter; or
  - (2) any place in which the department has reasonable cause to believe that a license holder is in violation of this chapter or in violation of a rule or order of the commission or executive director.
- (c) The department shall conduct additional inspections based on a schedule of risk-based inspections using the following criteria:
  - (1) the inspection history;
  - (2) any history of complaints involving a used automotive parts recycler; and
  - (3) any other factor determined by the commission by rule.
- (d) A used automotive parts recycler shall pay a fee for each risk-based inspection performed under this section. The commission by rule shall set the amount of the fee.
- (e) In conducting an inspection under this section, the department may inspect a facility, a used automotive part, a business record, or any other place or thing reasonably required to enforce this chapter or a rule or order adopted under this chapter.

**Sec. 2309.107. Personnel.**

The department may employ personnel necessary to administer and enforce this chapter.

**SUBCHAPTER D. LICENSE REQUIREMENTS**

**Sec. 2309.151. Used Automotive Parts Recycler License Required.**

- (a) Unless the person holds a used automotive parts recycler license issued under this chapter, a person may not own or operate a used automotive parts recycling business or sell used automotive parts.
- (b) A used automotive parts recycler license:
  - (1) is valid only with respect to the person who applied for the license; and
  - (2) authorizes the license holder to operate a used automotive parts recycling business only at the one facility listed on the license.

*NOTE: ACTS 2009, 81<sup>st</sup> LEG., SB 1095, Section 15(b) reads:*

- (b) *Sections 2309.151 and 2309.154, Occupations Code, as added by this Act, and Subchapter F, Chapter 2309, Occupations Code, as added by this Act, take effect September 1, 2010.*

**Sec. 2309.152. General License Application Requirements.**

An applicant for a used automotive parts recycler license under this chapter must submit to the department:

- (1) a completed application on a form prescribed by the executive director;

- (2) the required fees; and
- (3) any other information required by commission rule.

**Sec. 2309.153. License Requirements.**

An applicant for a used automotive parts recycler license under this chapter must provide in a manner prescribed by the executive director:

- (1) a federal tax identification number;
- (2) proof of general liability insurance in an amount not less than \$250,000; and
- (3) proof of a storm water permit if the applicant is required by the Texas Commission on Environmental Quality to obtain a permit.

**Sec. 2309.154. Used Automotive Parts Employee License Required.**

- (a) A person employed by a used automotive parts recycler may not in the scope of the person's employment acquire a vehicle or used automotive parts and may not sell used automotive parts unless the person holds a used automotive parts employee license issued under this chapter.
- (b) The commission by rule shall adopt requirements for the application for and issuance of a used automotive parts employee license under this chapter.

*NOTE: ACTS 2009, 81<sup>st</sup> LEG., SB 1095, Section 15(b) reads:*

- (b) *Sections 2309.151 and 2309.154, Occupations Code, as added by this Act, and Subchapter F, Chapter 2309, Occupations Code, as added by this Act, take effect September 1, 2010.*

**Sec. 2309.155. Nontransferability of License.**

A license issued by the executive director is valid throughout this state and is not transferable.

**Sec. 2309.156. License Renewal.**

- (a) A license issued under this chapter is valid for one year. The department may adopt a system under which licenses expire at different times during the year.
- (b) The department shall notify the license holder at least 30 days before the date a license expires. The notice must be in writing and sent to the license holder's last known address according to the records of the department.
- (c) The commission by rule shall adopt requirements to renew a license issued under this chapter.

**SUBCHAPTER E. LOCAL REGULATION**

**Sec. 2309.201. Applicability of Certain Municipal Ordinances, License, and Permits.**

- (a) The requirements of this chapter apply in addition to the requirements of any applicable municipal ordinance relating to the regulation of a person who deals in used automotive parts.
- (b) This chapter does not prohibit the enforcement of an applicable municipal license or permit requirement that is related to an activity regulated under this chapter.

## **SUBCHAPTER F. ENFORCEMENT**

*NOTE: ACTS 2009, 81<sup>st</sup> LEG., SB 1095, Section 15(b) reads:*

- (b) *Sections 2309.151 and 2309.154, Occupations Code, as added by this Act, and Subchapter F, Chapter 2309, Occupations Code, as added by this Act, take effect September 1, 2010.*

### **Sec. 2309.251. Administrative Penalty.**

- (a) The commission may impose an administrative penalty on a person under Subchapter F, Chapter 51, regardless of whether the person holds a license under this chapter, if the person violates:
- (1) this chapter or a rule adopted under this chapter; or
  - (2) a rule or order of the executive director or commission.
- (b) An administrative penalty may not be imposed unless the person charged with a violation is provided the opportunity for a hearing.

### **Sec. 2309.252. Cease and Desist Order; Injunction; Civil Penalty.**

- (a) The executive director may issue a cease and desist order as necessary to enforce this chapter if the executive director determines that the action is necessary to prevent a violation of this chapter and to protect public health and safety.
- (b) The attorney general or executive director may institute an action for an injunction or a civil penalty under this chapter as provided by Section 51.352.

### **Sec. 2309.253. Sanctions.**

The department may impose sanctions as provided by Section 51.353.

### **Sec. 2309.254. Criminal Penalty; Licensing.**

- (a) A person commits an offense if the person:
- (1) violates the licensing requirements of this chapter;
  - (2) deals in used parts without a license required by this chapter; or
  - (3) employs an individual who does not hold the appropriate license required by this chapter.
- (b) An offense under this section is a Class C misdemeanor.

## **SUBCHAPTER G. CONDUCTING BUSINESS**

### **Sec. 2309.301. Duties on Acquisition of Salvage Motor Vehicle.**

- (a) A used automotive parts recycler who acquires ownership of a salvage motor vehicle shall obtain a properly assigned title from the previous owner of the vehicle.
- (b) A used automotive parts recycler who acquires ownership of a motor vehicle, nonrepairable motor vehicle, or salvage motor vehicle for the purpose of dismantling, scrapping, or destroying the motor vehicle, shall, before the 31st day after the date of acquiring the motor vehicle, submit to the Texas Department of Transportation a properly assigned manufacturer's certificate of origin, regular certificate of title,

nonrepairable vehicle title, salvage vehicle title, other ownership document, or comparable out-of-state ownership document for the motor vehicle.

- (c) After receiving the title or document, the Texas Department of Transportation shall issue the used automotive parts recycler a receipt for the manufacturer's certificate of origin, regular certificate of title, nonrepairable vehicle title, salvage vehicle title, other ownership document, or comparable out-of-state ownership document.
- (d) The recycler shall comply with Subchapter E, Chapter 501, Transportation Code.

**Sec. 2309.302. Records of Purchases.**

A used automotive parts recycler shall maintain a record of or sales receipt for each motor vehicle, salvage motor vehicle, nonrepairable motor vehicle, and used automotive part purchased.

**Sec. 2309.303. Registration of New Business Location.**

Before moving a place of business, a used automotive parts recycler must notify the department of the new location. The used automotive parts recycler shall provide a storm water permit for the location if a permit is required by the Texas Commission on Environmental Quality.

**SUBCHAPTER H. ADDITIONAL DUTIES OF USED AUTOMOTIVE PARTS RECYCLER IN CONNECTION WITH MOTOR VEHICLE COMPONENT PARTS**

**Sec. 2309.351. Definitions.**

In this subchapter:

- (1) "**Component part**" means a major component part as defined by Section 501.091, Transportation Code, or a minor component part.
- (2) "**Interior component part**" means a motor vehicle's seat or radio.
- (3) "**Minor component part**" means an interior component part, a special accessory part, or a motor vehicle part that displays or should display at least one of the following:
  - (A) a federal safety certificate;
  - (B) a motor number;
  - (C) a serial number or a derivative; or
  - (D) a manufacturer's permanent vehicle identification number or a derivative.
- (4) "**Special accessory part**" means a motor vehicle's tire, wheel, tailgate, or removable glass top.

**Sec. 2309.352. Removal of License Plates.**

Immediately on receipt of a motor vehicle, a used automotive parts recycler shall:

- (1) remove any unexpired license plates from the vehicle; and
- (2) place the license plates in a secure place until destroyed by the used automotive parts recycler.

**Sec. 2309.353. Dismantlement or Disposition of Motor Vehicle.**

A used automotive parts recycler may not dismantle or dispose of a motor vehicle unless the recycler first obtains:

- (1) a certificate of authority to dispose of the vehicle, a sales receipt, or a transfer document for the vehicle issued under Chapter 683, Transportation Code; or
- (2) a certificate of title showing that there are no liens on the vehicle or that all recorded liens have been released.

**Sec. 2309.354. Record of Purchase; Inventory of Parts.**

- (a) A used automotive parts recycler shall keep an accurate and legible record of each used component part purchased by or delivered to the recycler. The record must include:
  - (1) the date of purchase or delivery;
  - (2) the driver's license number of the seller and a legible photocopy of the seller's driver's license; and
  - (3) a description of the part and, if applicable, the make and model of the part.
- (b) As an alternative to the information required by Subsection (a), a used automotive parts recycler may record:
  - (1) the name of the person who sold the part or the motor vehicle from which the part was obtained; and
  - (2) the Texas certificate of inventory number or the federal taxpayer identification number of the person.
- (c) The department shall prescribe the form of the record required by Subsection (a) and shall make the form available to used automotive parts recyclers.
- (d) This section does not apply to:
  - (1) an interior component part or special accessory part from a motor vehicle more than 10 years old; or
  - (2) a part delivered to a used automotive parts recycler by a commercial freight line, commercial carrier, or licensed used automotive parts recycler.

**Sec. 2309.355. Retention of Component Parts.**

- (a) A used automotive parts recycler shall retain each component part in its original condition on the business premises of the recycler for at least three calendar days, excluding Sundays, after the date the recycler obtains the part.
- (b) This section does not apply to the purchase by a used automotive parts recycler of a nonoperational engine, transmission, or rear axle assembly from another used automotive parts recycler or an automotive-related business.

**Sec. 2309.356. Maintenance of Records.**

A used automotive parts recycler shall maintain copies of each record required under this subchapter until the first anniversary of the purchase date of the item for which the record is maintained.

**Sec. 2309.357. Surrender of Certain Documents for License Plates.**

- (a) A used automotive parts recycler shall surrender to the Texas Department of Transportation for cancellation a certificate of title or authority, sales receipt, or transfer document, as required by the department.
- (b) The Texas Department of Transportation shall provide a signed receipt for a surrendered certificate of title.

**Sec. 2309.358. Inspection of Records.**

- (a) A peace officer at any reasonable time may inspect a record required to be maintained under this subchapter, including an inventory record.
- (b) On demand by a peace officer, a used automotive parts recycler shall provide to the officer a copy of a record required to be maintained under this subchapter.
- (c) A peace officer may inspect the inventory on the premises of a used automotive parts recycler at any reasonable time to verify, check, or audit the records required to be maintained under this subchapter.
- (d) A used automotive parts recycler or an employee of the recycler shall allow and may not interfere with a peace officer's inspection of the recycler's inventory, premises, or required inventory records.

**SUBCHAPTER I. MOTOR VEHICLE SALVAGE YARDS IN CERTAIN COUNTIES**

**Sec. 2309.401. Applicability of Subchapter.**

This subchapter applies only to a used automotive parts facility located in a county with a population of 2.8 million or more.

**Sec. 2309.402. Limits on Operation of Heavy Machinery.**

- (a) A used automotive parts recycler may not operate heavy machinery in a used automotive parts recycling facility between the hours of 7 p.m. of one day and 7 a.m. of the following day.
- (b) This section does not apply to conduct necessary to a sale or purchase by the recycler.

*NOTE: ACTS 2009, 81<sup>st</sup> LEG., SB 1095, Section 15 reads:*

- (a) *Except as provided by Subsection (b) of this section, this Act takes effect September 1, 2009..*
- (b) *Sections 2309.151 and 2309.154, Occupations Code, as added by this Act, and Subchapter F, Chapter 2309, Occupations Code, as added by this Act, take effect September 1, 2010.*