

SUBJECT: Discharging motor vehicle liens

COMMITTEE: Transportation — committee substitute recommended

VOTE: 6 ayes — Alexander, Siebert, Finnell, Hartnell, Hill, Pickett
0 nays
3 absent — Edwards, Hawley, Uher

WITNESSES: For — Tom Blanton, Texas Auto Dealers Association; Barbara Brinkmeyer and Carol Calvert, Tax Assessor-Collector Association of Texas; Larry Cernosek, Texas Towing & Storage Association; Eric Sanberg, Texas Savings & Commercial Bank
Against — None

DIGEST: CSHB 1137 would require that a party holding a lien on a motor vehicle discharge the lien within 21 days of final payment. CSHB 1137 would exempt from legal liability persons who sold or offered for sale vehicles for which they did not possess title because the title had been improperly retained by the lienholder following payment in full.

In cases in which a motor vehicle dealer was unable to obtain the necessary ownership documents to obtain permanent metal license plates because a lienholder had failed to properly discharge a fully paid debt, the dealer could issue additional temporary buyer's tags to a person after the expiration of the first temporary tag. The additional tag would be valid for 21 days.

The bill would take immediate effect upon final approval by a two-thirds record vote of the membership of each house.

SUPPORTERS SAY: CSHB 1137 would help promote the timely and orderly transfer of motor vehicle titles. Current law provides no guidelines as to how quickly a lienholder must discharge a lien after receiving payment. This omission has created unnecessary delays in some cases, creating problems for consumers, automobile dealers, and local tax collection offices. CSHB 1137 would address this problem by establishing clear, reasonable time frames for

discharging liens. Three weeks in a reasonable amount of time to complete the paperwork for such transactions.

OPPONENTS SAY: No apparent opposition.

NOTES: The substitute added the 21-day time limit, provided the legal exemption, and authorized issuance of additional temporary tags.