

SUBJECT: Financial responsibility in motor vehicle transfers

COMMITTEE: Insurance — favorable, without amendment

VOTE: 8 ayes — Smithee, Van de Putte, Averitt, Bonnen, Burnam, Eiland, G. Lewis, Wise

0 nays

1 absent — Olivo

WITNESSES: For — Tom Blanton, Texas Automobile Dealers Association; Ken Riley, Texas Independent Automobile Dealers Association

Against — None

BACKGROUND : The Transportation Code requires owners of motor vehicles to submit evidence of financial responsibility when applying to register the vehicle.

DIGEST: HB 989 would amend the Transportation Code to allow a vehicle to be registered without evidence of financial responsibility when the registration was done in connection with transferring title to the vehicle.

HB 989 would take immediate effect if finally approved by a two-thirds record vote of the membership in each house.

SUPPORTERS SAY: HB 989 would remove from the seller of motor vehicles responsibility for providing evidence of insurance or financial responsibility when the buyer is registering the vehicle. The current law makes it difficult for sellers to perfect a lien on a vehicle and delays the payment of state sales tax. This bill would remedy those problems by allowing the title to be transferred in situations involving sales. The new owner of the vehicle still would be required to demonstrate financial responsibility in order to secure financing or when purchasing license tags or having the vehicle inspected.

Title transfers were never intended to function as an enforcement mechanism for ensuring motorists have proper evidence of financial responsibility.

OPPONENTS
SAY:

HB 989 would alleviate a burden to the seller but impose one on society by allowing vehicles to be operated on Texas roads without proper financial responsibility. Buyers paying cash would not have to meet insurance requirements imposed by financing entities. There may be a lag of several months before the transferred vehicle must be reinspected or new tags purchased.