

- SUBJECT:** Eliminating issuance of non-negotiable duplicate vehicle titles
- COMMITTEE:** Transportation — committee substitute recommended
- VOTE:** 6 ayes — Alexander, Hawley, Y. Davis, Hamric, Noriega, Swinford
0 nays
3 absent — Edwards, Hill, Pickett
- WITNESSES:** For — None
Against — None
On — Ann Berasley, Comptroller of Public Accounts; *Registered, but did not testify:* Darrel Hunt, Texas Department of Transportation
- BACKGROUND:** When an individual finances the purchase of a vehicle, the Texas Department of Transportation (TxDOT) automatically sends the original title to the lender or first lienholder, which typically is a financial institution. The owner receives a non-negotiable duplicate title. Negotiable original titles are required to transfer ownership of a vehicle or borrow money against its value.

Chapter 501 of the Transportation Code sets forth guidelines for TxDOT to issue certificates of title and vehicle registrations. Each year, TxDOT issues approximately five million original certificates of title for motor vehicles, 2.6 million non-negotiable duplicate originals, and 105,000 titles for registration purposes only (RPOs) to owners of vehicles titled out-of-state. County assessor-collectors issue receipts for the titles upon application and retain \$5 of the \$13 state fee. Each year, TxDOT also issues about 5,500 certified copies of duplicate originals (CCDOs) of titles and RPOs. These replacements for lost originals cost \$2 by mail or \$5.45 in person.
- DIGEST:** CSHB 642 would amend Transportation Code, chapter 501 to eliminate the requirement that TxDOT issue duplicate certificates of title for motor vehicles. Vehicle registration receipts would be considered proof of title, and

a new owner could operate the newly purchased vehicle using a receipt, rather than the title itself, to show ownership until obtaining registration. Title application receipts would be considered permanent proof of ownership.

CSHB 642 also would permit Texas drivers to use similar documentation to register or renew registration of vehicles that are titled out-of-state. The bill would delete references to duplicate titles and other provisions dealing with issuance of duplicate titles and lost or destroyed originals or duplicates.

TxDOT would have to adopt rules necessary to abolish duplicate original certificates of title. The bill would take effect September 1, 2001.

SUPPORTERS
SAY:

CSHB 642 would end the unnecessary practice of issuing duplicate original motor vehicle titles. This is an obsolete, outdated courtesy that many states no longer provide. Duplicate titles originally were required before Texas state government was automated and owners had to renew their vehicle registrations in person. The changes that the bill would make originated from a recommendation in the e-Texas report published by the Comptroller's Office in December 2000.

Ceasing the issue of non-negotiable vehicle titles would eliminate unnecessary duplication and save taxpayers money. After an initial one-time cost of \$41,000 in fiscal 2002 for system modifications, TxDOT estimates it would save \$882,000 a year in costs of printing 2.6 million duplicate titles. The net revenue lost from no longer issuing CCDOs would be minuscule.

CSHB 642 would reduce paperwork for the agency and record-keeping for motorists. Owners could use either of two existing documents they already receive to prove ownership: the vehicle registration receipt or the title application receipt. Duplicate receipts still would be available for nominal fees. Registration receipts actually contain more information than duplicate titles and are recognized by authorities in Mexico, as are title application receipts.

The bill would not change any other practices related to vehicle sales and titling. It also could help eliminate confusion of some individuals who do not understand why they receive titles to vehicles they are in the process of buying.

- OPPONENTS SAY: Motorists preferring non-negotiable titles no longer would be able to obtain them from TxDOT, even for a fee.
- OTHER OPPONENTS SAY: There would be no extended phase-in period to allow motorists adapt to such an abrupt change in a long-standing practice regarding vehicle titles. TxDOT would have only a few months to publicize the change in policy, and this could create confusion.
- NOTES: The committee substitute made technical conforming changes and included documentary evidence of out-of-state titles as acceptable for vehicle registration and renewal in Texas.
- SB 713 by Shapiro, as amended by the Senate State Affairs Committee, which reported the bill favorably on March 26, would have the same effect as CSHB 642. The House and Senate bills only slightly differ in formatting.