

- SUBJECT:** Regulating certain motor vehicle auctions
- COMMITTEE:** Licensing and Administrative Procedures — committee substitute recommended
- VOTE:** 6 ayes — Smith, Gutierrez, Geren, Goldman, Kuempel, D. Miller
- 0 nays
- 3 absent — Guillen, Miles, S. Thompson
- WITNESSES:** For — John Swofford, Texas Wholesale Automobile Auction Association; (*Registered, but did not testify:* Colin Parrish and Ray Sullivan, Copart; Mark Vane, Gardere Wynne Sewell)
- Against — None
- On — William Kuntz, Texas Department of Licensing and Regulation
- BACKGROUND:** A person wishing to conduct a wholesale motor vehicle auction must have a wholesale motor vehicle auction general distinguishing number (GDN) for each location from which the person conducts business. The number is issued by the Texas Department of Motor Vehicles.
- DIGEST:** CSHB 1066 would exclude certain motor vehicle auctions from the requirement that they be conducted by auctioneers licensed under Occupations Code, ch. 1802. The bill would exempt the sale of motor vehicles at auctions conducted by a person:
- who was licensed for the sale or lease of motor vehicles;
  - who was licensed as a salvage vehicle dealer ;
  - who held a wholesale motor vehicle auction general distinguishing number (GDN); or
  - who held an independent motor vehicle GDN issued by the Texas Department of Motor Vehicles.

Under current law, there is a general prohibition against a licensed auctioneer acting as an auctioneer for certain entities, with a few exceptions. The bill would remove the exception for vehicle auctions conducted for entities that held a dealer GDN.

CSHB 1066 would authorize a licensed auctioneer to conduct an auction to sell motor vehicles, as defined by Transportation Code, secs. 501.002 or 502.001, if the auctioneer conducted the auction for a person holding:

- a dealer GDN or wholesale motor vehicle auction GDN; or
- a salvage vehicle dealer license.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2015.

**SUPPORTERS  
SAY:**

CSHB 1066 would end the dual regulation of wholesale motor vehicle auctions. Currently, wholesale motor vehicle auctions are regulated by two agencies. The Texas Department of Motor Vehicles issues and governs the wholesale motor vehicle auction general distinguishing number (GDN) required to conduct those auctions, and the Texas Department of Licensing and Regulation governs licensed auctioneers and certain auctions. This dual regulation is a waste of resources and creates the potential for conflicting regulations.

“Motor vehicles,” as defined by Transportation Code, does not have an overly expansive meaning, and the bill would limit only the circumstances under which an auctioneer could auction motor vehicles. Auctioneers would be able to conduct motor vehicle auctions for entities that held certain licenses to sell or auction motor vehicles.

**OPPONENTS  
SAY:**

CSHB 1066 would preclude licensed auctioneers from conducting auctions of motor vehicles unless they conducted the auction for an entity that held certain licenses to sell or auction motor vehicles. This could limit an auctioneer's business because the definition of “motor vehicles” in the

Transportation Code is expansive and it is not clear what types of vehicles it might include.

The bill also would prevent individuals from employing auctioneers to conduct an auction of a motor vehicle. In an estate sale, auctioneers generally auction all items included on the property, such as cars or boats on trailers. The bill could remove the auctioneer's ability to auction those items, forcing the owner to find alternative solutions to sell their motor vehicles.