

- SUBJECT:** Regulating vehicle identification numbers and title requirements
- COMMITTEE:** Transportation — favorable, without amendment
- VOTE:** 10 ayes — Morrison, Martinez, Burkett, Y. Davis, Goldman, Israel, Phillips, Pickett, E. Thompson, Wray
- 0 nays
- 3 absent — Minjarez, Simmons, S. Thompson
- SENATE VOTE:** On final passage, April 27 — 27-4 (Campbell, Huffines, Perry, V. Taylor)
- WITNESSES:** *On House companion bill, HB 2462:*
For — (*Registered, but did not testify:* Steve Bresnen, Insurance Auto Auctions; Mark Borskey, Texas Recreational Vehicle Association)
- Against — None
- On — (*Registered, but did not testify:* Jeremiah Kuntz, Texas Department of Motor Vehicles)
- BACKGROUND:** Transportation Code, ch. 501 is the Certificate of Title Act. It governs requirements for vehicle titles, vehicle identification numbers, transfers of title, nonrepairable and salvage motor vehicles, security interests, and penalties and enforcement. Sec. 501.155 makes it a third-degree felony (two to 10 years in prison and an optional fine of up to \$10,000) if a person knowingly provides false or incorrect information or without legal authority signs the name of another person on any document, including a title, required by the Texas Department of Motor Vehicles or necessary to transfer ownership of a motor vehicle.
- Some observers have called for the state to adjust its processes for vehicle titling to bring it into conformity with federal law and prevent title fraud.
- DIGEST:** SB 2076 would reorganize and amend vehicle identification number

(VIN) inspection requirements, VIN inspection processes, and title requirements. The bill also would bring language regarding odometer disclosures in line with federal regulation terminology.

Title. The bill would establish that a lawfully obtained certified copy of a title would supersede and invalidate any previously issued title, effective January 1, 2019. A motor vehicle that was last titled out of state would be allowed to satisfy the inspection requirement by obtaining an identification number inspection in accordance with Texas Department of Motor Vehicles (TxDMV) rule.

Assignment and reassignment of a VIN. The bill would require TxDMV to assign an identification number to a vehicle when the VIN had been removed, altered, or never assigned upon inspection and application for a VIN. The application would have to include valid evidence of ownership in the name of, or properly assigned to, the applicant as required by TxDMV.

TxDmv would reassign an original manufacturer's VIN only if the person who conducted the identification number inspection determined that the permanent VIN affixed by the manufacturer had been removed, altered, or obliterated. The bill would designate TxDMV as the only entity allowed to issue an identification number, and a number assigned by another entity could not be recognized by TxDMV.

Inspection requirements. The bill would repeal certain requirements for assigning a VIN to a travel trailer, a trailer or semitrailer, a frame, or certain types of equipment. Instead, it would require a motor vehicle, trailer, or semitrailer to have an identification number inspection if:

- TxDMV did not have a record for the vehicle and the owner was filing a bond with TxDMV;
- the motor vehicle, trailer, or semitrailer was last titled or registered outside the United States and imported to the United States unless the owner was active duty military; or
- the owner or person claiming ownership required an identification

number.

The bill would specify who would be able to perform an inspection to include persons who fulfill certain training and authorization requirements, as listed in the bill.

A municipality, county, or TxDMV could provide the identification number inspection. Depending on who performed the inspection, the \$40 inspection fee imposed would be required to be deposited in the general fund of the county or municipality or deposited to the TxDMV fund. If the inspection was required by TxDMV, the department could not impose a fee.

Odometers. The bill would change statutory language and certain regulations to conform with federal law regarding odometer disclosure statements and would require TxDMV to provide a secure power of attorney form and a secure reassignment form for licensed motor vehicle dealers.

Salvage vehicles. The bill would expand the definition of nonrepairable motor vehicle to include vehicles reported to TxDMV by salvage vehicle dealers, vehicles for which an owner had surrendered evidence of ownership in order to scrap, dismantle or destroy the vehicle, or vehicles sold for export. The owner of a salvage or nonrepairable vehicle would be prohibited from transferring ownership unless TxDMV had issued a nonrepairable or salvage title or a nonrepairable or salvage record of title for the vehicle, or a comparable ownership document had been issued by another state in the name of the owner.

The bill would require TxDMV, upon receipt of a proper application from the owner, to issue a title with appropriate notations to describe the motor vehicle's condition when the vehicle was brought into the state with out-of-state ownership documents or was in the National Motor Vehicle Title Information System. The bill would add notations that could be used to describe the vehicle.

Penalties. The bill would create a third-degree felony (two to 10 years in prison and an optional fine of up to \$10,000) if a person knowingly provided false information or signed someone else's name without authority on:

- an application for a title or a certified copy of an original title for a nonrepairable or salvage vehicle;
- an assignment of title for a nonrepairable or salvage vehicle;
- a discharge of a lien on a title for a nonrepairable or salvage vehicle; or
- any other document required to transfer ownership of a nonrepairable or salvage vehicle.

Other changes. The bill would allow TxDMV to issue a title to a person other than the first lienholder if the owner provided proof of satisfaction of the lien, effective January 1, 2019.

The bill would change provisions addressing situations in which the owner of a motor vehicle was unable to apply for a title in the county assessor-collector's office of the owner's residence because the office was closed or may have been closed for a protracted period of time. Under the bill, the owner could apply for a title at the county assessor-collector's office of any county willing to accept the application, instead of a county that bordered the county in which the owner resided.

The owner of a farm trailer or semitrailer of 34,000 pounds or less that was used to transport farm products would be allowed but not required to apply for title for the vehicle. If a vehicle was issued a title, any subsequent sale of the vehicle would also be required to have a title.

The bill would define a house trailer as a vehicle that was less than 45 feet, instead of the current 40 feet, and a travel trailer as a vehicle that was less than 8 1/2 feet in width or 45 feet in length.

The bill would take effect September 1, 2017.

NOTES:

A companion bill, HB 2462 by Pickett, was reported favorably by the House Committee on Transportation and placed on the General State Calendar for May 10.