

SUBJECT: Allowing used vehicle sales to be rescinded or canceled

COMMITTEE: Transportation — committee substitute recommended

VOTE: 11 ayes — Canales, Raney, Ashby, Davis, Gamez, Caroline Harris,
Landgraf, Lozano, Lujan, Ordaz, Romero

0 nays

2 absent — Patterson, Perez

WITNESSES: For — Jay Propes, Carvana (*Registered, but did not testify*: Earl Cooke,
Texas Independent Automobile Dealers)

Against — (*Registered, but did not testify*: Richard Bohnert)

On — (*Registered, but did not testify*: Shay Luedeke, Tax Assessor-
Collectors Association of Texas; Clint Thompson, TxDMV)

BACKGROUND: Some have suggested that there should be a process for rescinding or
cancelling a used vehicle similar to the process for new vehicles.

DIGEST: CSHB 1933 would allow the retail sale of a used vehicle by a dealer to be
rescinded or cancelled if the recission or cancellation was acknowledged
in a written agreement signed by the dealer and the buyer within 30 days
after the assignment of ownership from the dealer to the buyer.

If a sale was rescinded or canceled before the dealer submitted an
application on the buyer's behalf for the vehicle's title and registration or
remitted any money to a county or the state in connection with the sale,
the dealer would not be required to send any application or money to a
county or the state in connection with the sale. If the sale was rescinded or
cancelled after the dealer submitted such an application or remitted any
money to a county or the state, the dealer could request a refund from the
county assessor-collector. In either case, the dealer would be required to
return or refund any money paid to the dealer in connection with the sale

to the person who paid the money.

By the 15th day after all required parties signed the rescission or cancellation agreement, the dealer could submit certain information to the county assessor-collector to whom the application was submitted or money was remitted. By the seventh day after the county assessor-collector received all necessary items, the county assessor-collector would have to, as applicable, refund all money that the dealer remitted to the county assessor-collector in connection with the rescinded or canceled sale and issue a title to the dealer. A county assessor could deduct the amount of taxes and penalties attributable to the rescinded or canceled sale from the amount required to be sent to the comptroller and that the county assessor-collector was required to refund.

A dealer would be required to retain a rescission or cancellation agreement with the sale records for the vehicle. The dealer would keep a copy of the rescission or cancellation agreement at the dealer's principal office for at least four years. The rescission or cancellation of a used vehicle sale would not affect the status of the vehicle as having been subject to a previous retail sale.

The bill would take effect January 1, 2024.

NOTES:

According to the Legislative Budget Board, the bill's fiscal implications to state revenues and cash flow associated with vehicle sales cannot be determined because the number of motor vehicle sales that may be rescinded or canceled is unknown.