

BILL ANALYSIS

Senate Research Center

H.B. 3072
By: Averitt (Brown)
State Affairs
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Engrossed

DIGEST

Under current law, the only situation in which the seller of a motor vehicle is allowed to pay off the outstanding debt against a vehicle owned by the buyer is when the vehicle being paid off is to be used as a trade-in on the vehicle being purchased. When the vehicle a buyer intends to use as a trade-in vehicle has been rendered a total loss, the law does not allow the seller to pay off the amount owed against the total-loss vehicle and incorporate that amount into the retail installment agreement in the sale. This is because a total-loss vehicle cannot be used as a trade-in. H.B. 3072 removes the phrase "used as a trade-in" and replaces the phrase with "owned by the buyer." This allows a seller to pay off the outstanding debt against a vehicle owned by the buyer whether or not the vehicle is technically to be used as a trade-in.

PURPOSE

As proposed, H.B. 3072 sets forth provisions regarding certain payments by a retail seller in a retail installment transaction involving a motor vehicle.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 348.404, Finance Code, as follows:

Sec. 348.404. New heading: SELLER'S ACTION FOR INCENTIVE PROGRAM OR TO PAY FOR BUYER'S MOTOR VEHICLE. Authorizes a retail seller, in connection with a retail instrument transaction, to advance money to retire an amount owed by the buyer that has been declared a total loss by the buyer's insurer. Authorizes a retail seller to pay in cash to the retail buyer any portion of the net cash value of a motor vehicle owned by the buyer and used as a trade-in in a transaction involving the sale of another motor vehicle. Defines "net cash value."

SECTION 2. Amends Section 152.002(b), Tax Code, to redefine "total consideration."

SECTION 3. Emergency clause.
Effective date: upon passage.