

BILL ANALYSIS

Senate Research Center
76R9092 DWS-F

C.S.S.B. 520
By: Cain
Economic Development
3/9/1999
Committee Report (Substituted)

DIGEST

Currently, under Texas law, upon the complete payment of a vehicle and the satisfaction of the lien, it is incumbent upon the owner to go to the county tax assessor's office to have the lien released by the state for a fee. This procedure is often not completed by the owner, causing future problems with the vehicle's title. This bill requires the owner of the vehicle to pay the release of lien fee up front to the lender, in order for the tax assessor-collector to process the title immediately upon satisfaction of the lien.

PURPOSE

As proposed, C.S.S.B. 520 sets forth requirements regarding the discharge of a lien on 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 501.115, Transportation Code, to require the lienholder, when a debt or claim secured by a lien has been satisfied, to execute and deliver certain documents and required fees to the assessor-collector of the county in which the owner resides, within a certain time period, except as provided by Subsection (c). Requires the Department of Transportation (department) to issue a new certificate of title on delivery of those documents. Deletes text authorizing the owner to present certain documents to the county assessor-collector with an application for a new certificate of title. Requires the lienholder to deliver to the designated dealer, by a certain time, a discharge of lien on a form prescribed by the department, if the final payment received by the lienholder is from a dealer designated by the owner to act on behalf of the owner in the transfer of title and registration of the vehicle. Prohibits the lienholder from charging a fee for complying with this subsection. Defines "dealer." Makes conforming changes.

SECTION 2. Amends Section 348.005, Finance Code, to include among the fees for registration, certificate of title, and license, the fees for the issuance of a new certificate of title on discharge of a lien as provided by Section 501.115, Transportation Code, if a lien is to be recorded on a certificate of title under Chapter 501, Transportation Code. Makes conforming changes.

SECTION 3. Amends Section 342.502, Finance Code, by adding Subsection (d), to authorize a lender to assess and collect from the borrower, on a loan subject to Subchapter E, an amount for a fee for issuance of a new certificate of title on discharge of a lien as as provided by Section 501.115, Transportation Code, if a lien is to be recorded on a certificate of title under Chapter 501, Transportation Code.

SECTION 4. Amends Section 3A.852, Article 5069, V.T.C.S., by adding Subsection (c), to authorize a lender to assess and collect from the borrower, on a loan subject to Subchapter E, an amount for a fee for issuance of a new certificate of title on discharge of a lien as as provided by Section 501.115, Transportation Code, if a lien is to be recorded on a certificate of title under Chapter 501, Transportation Code.

SECTION 5. Makes application of this Act prospective.

SECTION 6. (a) Effective date: September 1, 1999, except as provided by Subsections (b) and (c).

(b) - (c) Provides that SECTION 3 and SECTION 4 of this Act take effect only if the Act of the 76th Legislature, Regular Session, 1999, relating to nonsubstantive additions to and corrections in enacted codes takes effect.

SECTION 7. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Amends Section 501.115, Transportation Code, by changing the maximum time a lienholder has to execute and deliver certain documents, including a certificate of title, to the assessor-collector of the county in which the owner resides, except as provided by Subsection (c). Requires the lienholder to deliver to the designated dealer, by a certain time, a discharge of lien on a form prescribed by the department, if the final payment received by the lienholder is from a dealer designated by the owner to act on behalf of the owner in the transfer of title and registration of the vehicle. Prohibits the lienholder from charging a fee for complying with this subsection. Defines "dealer." Makes conforming changes.