

BILL ANALYSIS

Senate Research Center
77R2426 DWS-D

H.B. 1535
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State Affairs
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Engrossed

DIGEST AND PURPOSE

Currently, when a vehicle is purchased through a loan, the Texas Department of Transportation (TxDOT) issues an original paper title to the lienholder and a nonnegotiable copy of the title to the purchaser of the vehicle. The lienholder is required to store the original title until the loan is paid in full. When a loan is paid in full, TxDOT must issue one original paper title to the vehicle owner. An electronic system for lienholders would remove the administrative burden placed on a lienholder in the processing, filing, and storage of paper titles. As proposed, H.B. 1535 allows TxDOT to issue electronic titles to lienholders.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Department of Transportation in SECTION 1 (Section 501.117, Transportation Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter Chapter 501F, Transportation Code, by adding Section 501.117, as follows:

Sec. 501.117. ELECTRONIC LIEN SYSTEM. (a) Requires the Texas Department of Transportation (department) by rule to develop a system under which a security interest in a motor vehicle may be perfected, assigned, discharged, and canceled electronically instead of by record maintained on a certificate of title. Provides that participation by a lienholder in the system is voluntary.

(b) Requires the department to publish and distribute procedures for using the system to county assessor-collectors and to financial institutions and other potential motor vehicle lienholders.

(c) Provides that the provisions of this chapter relating to perfecting, assigning, discharging, and canceling a security interest in a motor vehicle by record maintained on a certificate of title do not apply to the extent the security interest is governed by rules adopted under this section.

SECTION 2. Effective date: September 1, 2001.