

## **BILL ANALYSIS**

Senate Research Center  
77R9112 DWS-F

H.B. 642  
By: Flores (Shapiro)  
State Affairs  
4/11/2001  
Engrossed

### **DIGEST AND PURPOSE**

Currently, when a vehicle is purchased through a loan, the Department of Transportation (department) issues the original title to the lender or lien holder and a duplicate, non-negotiable title to the vehicle owner. Texas also issues "Registration Purpose Only" titles, another type of non-negotiable title, for vehicles registered in Texas but titled in another state. Other states do not issue non-negotiable titles to owners, instead allowing purchaser to use their registration card or other paperwork as proof of ownership. As proposed, H.B. 642 removes the requirement that the department issue non-negotiable titles and clarifies that other documents may be used to prove ownership. H.B. 642 also amends the Transportation Code to clarify that the department may issue registration purpose only documents and charge a fee.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Department of Transportation in SECTION 4 (Section 501.029, Transportation Code) and SECTION 8 of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 501.022(a), Transportation Code, to prohibit the owner of a motor vehicle registered in this state from operating or permitting the operation of the vehicle on a public highway until the owner obtains a certificate of title for the vehicle or until the owner obtains registration for the vehicle if a receipt evidencing title to the vehicle is issued under Section 501.029(b).

SECTION 2. Amends Section 501.024(d), Transportation Code, to delete text regarding an exception to the effectiveness of a title receipt after a certain period.

SECTION 3. Amends Section 501.027(b), Transportation Code, to require the Department of Transportation (department), if a lien is not disclosed on the application, to send the certificate, rather than mark the certificate "original" and send, by first class mail to the applicant at the address provided on the application. Deletes text regarding the marking of a certificate of title "original" or "duplicate original."

SECTION 4. Amends Section 501.029, Transportation Code, as follows:

Sec. 501.029. New heading: **USE OF REGISTRATION RECEIPT OR TITLE RECEIPT TO EVIDENCE TITLE.** Authorizes a person to use a registration receipt issued under Chapter 502 or a title receipt to evidence title to a motor vehicle and not to transfer an interest in or establish a lien on the vehicle. Authorizes the department to provide by rule for the issuance of a receipt that evidences title to a motor vehicle for registration purposes only. Provides that the fee for application for the receipt is the fee applicable to application for a certificate of title.

SECTION 5. Amends Section 501.132, Transportation Code, as follows:

Sec. 501.132. New heading: DUPLICATE TITLE RECEIPT. Makes a conforming change.

SECTION 6. Amends Sections 501.134(a) and (e), Transportation Code, to make conforming changes.

SECTION 7. Amends Section 502.152(a), Transportation Code, to prohibit the department from registering or renewing the registration of a motor vehicle for which a certificate of title is required under Chapter 501 unless the owner presents satisfactory evidence that a certificate of title was previously issued to the owner by the department or another jurisdiction.

SECTION 8. Requires the Texas Department of Transportation to adopt rules necessary to account for abolition by this Act of duplicate original certificates of title.

SECTION 9. Effective date: September 1, 2001.

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