

BILL ANALYSIS

Senate Research Center
77R4409 DWS-D

S.B. 713
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DIGEST AND PURPOSE

Currently, when a vehicle is purchased through a loan, the Texas Department of Transportation (TxDOT) 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 the purchaser to use a registration card or other paperwork as proof of ownership. As proposed, S.B. 713 removes the Transportation Code requirement that TxDOT issue non-negotiable titles and clarifies that other documents may be used to prove ownership. This bill also clarifies that TxDOT is currently authorized to issue Registration Purpose Only documents and charge a fee.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Department of Transportation in SECTION 3 (Section 501.029, Transportation Code) and SECTION 5 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 501.024(d), Transportation Code, to delete language regarding a title receipt not being effective after a certain period unless renewed as provided by Texas Department of Transportation (department) rules.

SECTION 2. Amends Section 501.027(b), Transportation Code, to delete text regarding marking certificates of title "original" and issuing certificates of title in duplicate. Makes conforming changes.

SECTION 3. 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 by rule to provide 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. Makes a conforming change.

SECTION 4. Amends Sections 501.134(a) and (e), Transportation Code, to make conforming changes.

SECTION 5. Requires the department to adopt rules necessary to account for abolition by this Act of duplicate original certificates of title.

SECTION 6. Effective date: September 1, 2001.