

## **BILL ANALYSIS**

Senate Research Center  
85R24320 JAM-D

C.S.S.B. 2076  
By: Rodríguez  
Transportation  
4/20/2017  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The Texas Department of Motor Vehicles (TxDMV) Board (board) is charged with considering opportunities for improvements to operations with recommended changes to statute to the Texas Legislature under Section 1001.025, Transportation Code. The TxDMV board adopted several recommendations for the 85th Legislature that were also recommended by the TxDMV board to the 84th Legislature. S.B. 2076 contains recommendations regarding vehicle titles.

- To both the 84th and the 85th Legislatures, the TxDMV board recommended changing statute to allow the "certified copy of original title" (CCO) to serve as the only valid proof of ownership. Texas is one of the only states allowing multiple CCOs to all be evidence of ownership simultaneously, which can lead to confusion and fraud for motorists and lending institutions. Unlike the language included in last session's legislation, there is no recommended change to the current CCO fee structure.
- Other initiatives from last session that did not become law but are included in the 85th legislative agenda include: changing the definition of "travel trailer" and "house trailer" from 40 feet in length to 45 feet in length to conform to the reality of such vehicles being sold and operated; only requiring each seller's legal name, state, and city to be on the title rather than the legal address due to system programming and space limits on titles; clarifying the exemption from mandatory titling for certain farm trailer/semitrailers with weight limited to 34,000 pounds (lbs.) to conform to current practice (result of a legislatively mandated study on trailer titling); and allowing for permissive titling of farm trailers below 34,000 lbs. and semitrailers below 4,000 lbs., but requiring that once a trailer/semitrailer is permissively titled, all subsequent purchasers of that vehicle must title it.
- New recommendations include changing statute to reference and conform to the appropriate Code of Federal Regulations regarding odometer disclosure statement requirements. Providing this reference will assist with recent and ongoing changes to these requirements at the federal level.
- Another recommendation aligns vehicle identification number (VIN) assignments and inspections with current practice and will allow for the expansion of the number of people authorized to perform VIN inspections to decrease fraud, streamline processes and improve the customer experience.
- Language is recommended to clean up the salvage titling statutes and to ensure accurate information is captured on such vehicles for purposes of reporting to the National Motor Vehicle Title Information System (NMVTIS). NMVTIS is a federal database that houses vehicle history information and contains information reported by states, insurance companies, and the salvage industry. (Original Author's / Sponsor's Statement of Intent)

C.S.S.B. 2076 amends current law relating to the titling of motor vehicles, creates a criminal offense, and authorizes fees.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Department of Motor Vehicles (TxDMV) in SECTION 8 (Section 501.0322, Transportation Code) of this bill.

Rulemaking authority previously granted to TxDMV is rescinded in SECTION 10 (Section 501.036, Transportation Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 501.002(30), Transportation Code, to redefine "travel trailer."

SECTION 2. Amends Section 501.004(b), Transportation Code, to provide that this chapter (Certificate of Title Act) does not apply to a farm trailer or farm semitrailer with a gross vehicle weight of not more than 34,000 pounds used only for the transportation of farm products if the products are not transported for hire.

SECTION 3. Amends Section 501.021(a), Transportation Code, as follows:

(a) Requires that a motor vehicle title issued by the Texas Department of Motor Vehicles (TxDMV) include certain information. Redesignates existing Subdivision (9) as Subdivision (8).

SECTION 4. Amends Section 501.023(a), Transportation Code, as follows:

(a) Requires the owner of a motor vehicle, to obtain a title, to apply to the county assessor-collector of a county who is willing, rather than agrees, to accept the application if the county assessor-collector's office of the county in which the owner resides is closed or may be closed for a protracted period of time as defined by TxDMV. Deletes existing text requiring the owner to apply, if the county in which the owner resides has been declared by the governor as a disaster area, to the county assessor-collector in one of the closest unaffected counties to a county that asks for assistance and meets other qualifications, or if the county assessor-collector's office of the county in which the owner resides is closed for a protracted period of time as defined by TxDMV to the county assessor-collector of a county that borders the county in which the owner resides.

SECTION 5. Amends Section 501.030(a), Transportation Code, to require the county assessor-collector, before a motor vehicle that was last registered or titled in another state or country is authorized to be titled in this state, to verify that the vehicle has passed the inspections required by Chapter 548 (Compulsory Inspection of Vehicles) as indicated in the Texas Department of Public Safety's inspection database under Section 548.251 (Department to Maintain Database) or that the owner has obtained an identification number inspection in accordance with TxDMV rule.

SECTION 6. Amends the heading to Section 501.032, Transportation Code, to read as follows:

Sec. 501.032. IDENTIFICATION NUMBER INSPECTION REQUIRED.

SECTION 7. Amends Sections 501.032(a) and (b), Transportation Code, as follows:

(a) Requires that a motor vehicle, trailer, or semitrailer, in addition to any requirement established by TxDMV rule, have an identification number inspection under Section 501.0321 if TxDMV does not have a motor vehicle record for the vehicle, trailer, or semitrailer in TxDMV's registration and title system, and the owner of the motor vehicle, trailer, or semitrailer is filing a bond with TxDMV under Section 501.053 (Filing of Bond as Alternative to Hearing); the motor vehicle, trailer, or semitrailer was last titled or registered outside of the United States and imported into the United States; or the owner or person claiming ownership requires an assigned or reassigned identification number under Section 501.033. Deletes existing text requiring TxDMV, on proper application, to assign a vehicle identification number to certain vehicles and equipment on which a vehicle identification number was not die-stamped by the manufacturer, on which a vehicle identification number die-stamped by the manufacturer has been lost, removed, or obliterated, or for which a vehicle identification number was never assigned.

(b) Provides that an active duty member of a branch of the United States armed forces, or an immediate family member of such a member, returning to Texas with acceptable proof of the active duty status is exempt from an identification number inspection required under Subsection (a)(2) (relating to an identification number inspection if the motor vehicle, trailer, or semitrailer was last titled or registered outside of the United States and imported into the United States). Deletes existing text requiring the applicant to die-stamp the assigned vehicle identification number at the place designated by TxDMV on the travel trailer, trailer, semitrailer, frame, or equipment.

SECTION 8. Amends Subchapter B, Chapter 501, Transportation Code, by adding Sections 501.0321 and 501.0322, as follows:

Sec. 501.0321. IDENTIFICATION NUMBER INSPECTION. (a) Requires that an inspection required under Section 501.032 verify, as applicable, the identity of certain vehicles and equipment.

(b) Prohibits an inspection under this section from relying solely on the public identification number to verify the identity.

(c) Authorizes an inspection under this section to be performed only by a person who has successfully completed an appropriate training program as determined by TxDMV rule and meets certain other criteria.

(d) Requires TxDMV to prescribe a form on which the identification number inspection is to be recorded. Authorizes TxDMV to provide the form only to a person described by Subsection (c).

(e) Authorizes TxDMV or another entity that provides an inspection under this section to impose a fee of not more than \$40 for the inspection. Requires the county or municipal treasurer of a county or municipal entity that provides an inspection under this section to credit the fee to the general fund of the county or municipality, as applicable, to defray the entity's cost associated with the inspection. Requires that the fee, if TxDMV provides an inspection under this section, be deposited to the credit of the TxDMV fund.

(f) Prohibits TxDMV from imposing a fee for an inspection requested by TxDMV. Requires TxDMV to include a notification of the waiver to the owner at the time TxDMV requests the identification number inspection.

Sec. 501.0322. ALTERNATIVE IDENTIFICATION NUMBER INSPECTION. Authorizes TxDMV, by rule, to establish a process for verifying the identity of an item listed in Section 501.0321(a) as an alternative to an identification number inspection under Section 501.0321. Authorizes the rules to include the persons authorized to perform the inspection, when an alternative inspection under this section is required, and any fees that may be assessed. Requires that any fee authorized comply with Sections 501.0321(e) and (f).

SECTION 9. Amends Section 501.033, Transportation Code, as follows:

Sec. 501.033. New heading: ASSIGNMENT AND REASSIGNMENT OF IDENTIFICATION NUMBER BY DEPARTMENT. (a) Requires TxDMV, if the permanent identification number affixed by the manufacturer has been removed, altered, or obliterated, or a permanent identification number was never assigned, to assign an identification number to certain vehicles and equipment. Deletes existing text authorizing a person determined by law enforcement or a court to be the owner of certain vehicles and equipment to apply to TxDMV for an assigned vehicle identification number that has been removed, altered, obliterated, or has never been assigned.

(b) Requires that an application under this section be in a manner prescribed by TxDMV and accompanied by valid evidence of ownership in the name of, or properly assigned to, the applicant as required by TxDMV.

(c) Makes no change to this subsection.

(d) Requires that the assigned identification number be die-stamped or otherwise affixed in the manner and location designated by TxDMV. Makes a nonsubstantive change.

(e) Requires TxDMV to reassign an original manufacturer's identification number only if the person who conducts the inspection under Section 501.0321 determines that the permanent identification number affixed by the manufacturer has been removed, altered, or obliterated. Deletes existing text authorizing the auto theft unit of a county or municipal law enforcement agency, if the agency conducts an inspection required by TxDMV under this section, to impose a fee of \$40. Deletes existing text requiring the county or municipal treasurer to credit the fee to the general fund of the county or municipality, as applicable, to defray the agency's cost associated with the inspection. Deletes existing text requiring that the fee be waived by TxDMV or the agency imposing the fee if the person applying under this section is the current registered owner.

(f) Requires a representative of TxDMV, if TxDMV reassigns a manufacturer's identification number, to affix the number in a manner and location designated by TxDMV.

(g) Requires the owner or the owner's representative, on affixing an assigned identification number or witnessing the affixing of a reassigned identification number, to certify on a form prescribed by TxDMV that the identification number has been affixed in the manner and location designated by TxDMV and is required to submit the form in a manner prescribed by TxDMV.

(h) Authorizes only TxDMV to issue an identification number to a certain vehicle or equipment not required to be titled but that is authorized to be registered under Chapter 502 (Registration of Vehicles) or issued license plates under Chapter 504 (License Plates). Prohibits TxDMV from recognizing an identification number assigned by any other agency or political subdivision of this state.

SECTION 10. Amends Section 501.036, Transportation Code, as follows:

Sec. 501.036. New heading: TITLE FOR FARM TRAILER OR FARM SEMITRAILER.

(a) Authorizes TxDMV, notwithstanding any other provision of this chapter, to issue a title for a farm trailer or farm semitrailer with a gross vehicle weight of not more than 34,000, rather than more than 4,000, pounds if all requirements for issuance of a title are met. Deletes existing text including a farm semitrailer eligible for registration under Section 502.146 (Certain Farm Vehicles and Drilling and Construction Equipment).

(b) Requires the owner, rather than the owner of a farm semitrailer, in order to obtain a title under this section, to apply for the title in the manner required by Section 501.023 (Application for Title) and pay the fee required by Section 501.138 (Collection and Disposition of Fees).

(c) Requires a subsequent purchaser of a farm trailer or farm semitrailer titled previously under this section or in another jurisdiction to obtain a title under this section. Deletes existing text requiring TxDMV to adopt rules to implement and administer this section.

SECTION 11. Amends Section 501.037, Transportation Code, as follows:

Sec. 501.037. New heading: TITLE FOR TRAILERS OR SEMITRAILERS. (a) Authorizes TxDMV, notwithstanding any other provision of this chapter, to issue a title for a trailer or semitrailer that has a gross vehicle weight of 4,000 pounds or less if all other requirements for issuance of a title are met.

(b) Requires the owner of the trailer or semitrailer, to obtain a title, to apply for the title in a certain manner and pay a certain fee.

(c) Requires a subsequent purchaser of a trailer or semitrailer titled previously under this section or in another jurisdiction to obtain a title under this section.

SECTION 12. Amends Section 501.071(a), Transportation Code, to provide an exception under Section 503.036 (Reassignment of Evidence of Ownership; Dealer Categories).

SECTION 13. Amends Section 501.072, Transportation Code, as follows:

Sec. 501.072. ODOMETER DISCLOSURE STATEMENT. (a) Requires the transferor, rather than the seller, of a motor vehicle transferred, rather than sold, in this state, except as provided by Subsection (c), to provide to the transferee, rather than a buyer, a disclosure of the vehicle's odometer reading at the time of the transfer in compliance with 49 U.S.C. Section 32705. Deletes existing text requiring the form to include space for the signature and printed name of both the seller and buyer and requiring the form to be a on a form prescribed by TxDMV. Makes a nonsubstantive change.

(b) Requires the transferee, rather than the owner, when application for title is made, to record the odometer reading on the application. Requires that the disclosure required by Subsection (a) accompany the application. Deletes existing text specifying that the application is for a certificate of title, the odometer reading is a current odometer reading, and that the disclosure is a written one.

(c) Provides that an odometer disclosure statement is not required for the transfer, rather than sale, of a motor vehicle that is exempt from odometer disclosure requirements under 49 C.F.R. Part 580. Deletes existing text specifying a list of certain times for which an odometer disclosure statement is not required.

(d) Requires TxDMV to provide for use consistent with 49 C.F.R. Part 580 a secure power of attorney form and a secure reassignment form for licensed motor vehicle dealers.

(e) Defines "transferee" and "transferor."

SECTION 14. Amends Section 501.091(9), Transportation Code, to redefine "nonrepairable motor vehicle."

SECTION 15. Amends Section 501.09113(a), Transportation Code, as follows:

(a) Requires TxDMV, on receipt of a proper application from the owner of a motor vehicle, to issue the applicant the appropriate title with any notations determined by TxDMV as necessary to describe or disclose the motor vehicle's current or former condition if the motor vehicle was brought into this state from another state or jurisdiction and has on any title or comparable out-of-state ownership document issued by the other state or jurisdiction or record in the National Motor Vehicle Title Information System reported by another state or jurisdiction certain notations. Makes nonsubstantive changes.

SECTION 16. Reenacts Section 501.097(a), Transportation Code, as amended by Chapters 1136 (H.B. 1422) and 1296 (H.B. 2357), Acts of the 82nd Legislature, Regular Session, 2011, to require that an application for certain titles be made in a manner prescribed by TxDMV and accompanied by an \$8 application fee, include certain information, and include the name and address of certain lienholders.

SECTION 17. Reenacts Section 501.1001(a), Transportation Code, as amended by Chapters 1136 (H.B. 1422) and 1296 (H.B. 2357), Acts of the 82nd Legislature, Regular Session, 2011, and amends it as follows:

(a) Requires a certain insurance company, except as provided by Section 501.0925 (Insurance Company Not Required to Surrender Certificates of Title in Certain Situations) to surrender the properly assigned evidence of ownership and apply for the appropriate title under Section 501.097. Deletes existing text specifying a motor vehicle covered by a certificate of title issued by this state or a manufacturer's certificate of origin, and a title or manufacturer's certificate of origin to TxDMV, on a form prescribed by TxDMV.

SECTION 18. Reenacts Section 501.1002(a), Transportation Code, as amended by Chapters 1136 (H.B. 1422) and 1296 (H.B. 2357), Acts of the 82nd Legislature, Regular Session, 2011, as follows:

(a) Requires the insurance company, if an insurance company pays a claim on a nonrepairable motor vehicle or salvage motor vehicle and the insurance company does not acquire ownership of the motor vehicle, to submit to TxDMV, before the 31st day after the date of the payment of the claim, on the form prescribed by the department, a report stating that the insurance company has paid a claim on the motor vehicle and has not acquired ownership of the motor vehicle and provide a certain notice to the owner of the motor vehicle.

SECTION 19. Amends Section 501.1002(b), Transportation Code, as follows:

(b) Prohibits the owner of a salvage or nonrepairable motor vehicle from transferring ownership of the motor vehicle by sale or otherwise unless TxDMV has issued a certain title or a comparable ownership document has been issued by another state or jurisdiction for the motor vehicle in the name of the owner. Deletes existing text prohibiting the owner of a certain motor vehicle from operating or permitting operation of the motor vehicle on a public highway. Makes nonsubstantive changes.

SECTION 20. Amends Section 501.109, Transportation Code, by amending Subsections (d) and (e) and adding Subsections (g) and (h), as follows:

(d) Provides that, except as provided by Subsection (e), an offense under Subsection (a) (relating to when a person commits a certain offense), (b) (relating to when a person commits a certain offense by knowingly selling, transferring, or releasing a salvage motor vehicle), or (c) (relating to when a person commits a certain offense by knowingly failing or refusing to surrender a regular certificate of title after the person receives a certain notice or has certain knowledge) is a Class C misdemeanor. Makes a nonsubstantive change.

(e) Provides that if it is shown on the trial of an offense under Subsection (a), (b), or (c) that the defendant has been previously convicted of one offense under Subsection (a), (b), or (c), the offense is a Class B misdemeanor, or two or more offenses under Subsection (a), (b), or (c), the offense is a state jail felony. Makes nonsubstantive changes.

(g) Provides that a person commits an offense if the person knowingly provides false or incorrect information or without legal authority signs the name of another person on certain documents.

(h) Provides that an offense under Subsection (g) is a felony of the third degree.

SECTION 21. Amends the heading to Section 501.134, Transportation Code, effective January 1, 2019, to read as follows:

Sec. 501.134. CERTIFIED COPY OF LOST OR DESTROYED CERTIFICATE OF TITLE.

SECTION 22. Amends Sections 501.134(a), (b), (c), and (d), Transportation Code, effective January 1, 2019, as follows:

(a) Deletes existing text authorizing a certain fee collected to be spent only as provided by Section 501.138 (Collection and Disposition of Fees).

(b) Authorizes TxDMV, if a lien is disclosed on a title, to issue a certified copy of the title, rather than the original title, only to the first lienholder or the lienholder's verified agent unless the owner has original proof from the lienholder of lien satisfaction.

(c) Deletes existing text providing that a subsequent purchaser or lienholder of the vehicle only acquires the rights, title, or interest in the vehicle held by the holder of the certified copy.

(d) Provides that a certified copy of the title that is lawfully obtained under this section supersedes and invalidates any previously issued title or certified copy. Authorizes TxDMV, if the certified copy of the title is later rescinded, canceled, or revoked under Section 501.051 (Grounds for Refusal to Issue or for Revocation or Suspension of Title), to revalidate a previously superseded or invalidated title or certified copy of title. Deletes existing text authorizing a purchaser or lienholder of a motor vehicle having a certified copy issued under this section to, at the time of the purchase or establishment of the lien, require that the seller or owner indemnify the purchaser or lienholder and all subsequent purchasers of the vehicle against any loss the person may suffer because of a claim presented on the original title.

SECTION 23. Amends Section 541.201(5), Transportation Code, to redefine "house trailer."

SECTION 24. Repealers: Sections 501.032(c) (relating to the requirement that the manufacturer's vehicle identification number or the vehicle identification number assigned by TxDMV be affixed on the carriage or axle part of a certain vehicle) and (d) (relating to the authority of TxDMV to issue vehicle identification numbers), Transportation Code.

Repealer: Section 501.09113(b) (relating to the requirement of TxDMV, on receipt of a complete application from the owner of the motor vehicle, to issue the applicant the appropriate title), Transportation Code.

SECTION 25. Effective date, except as otherwise provided by this Act: September 1, 2017.