

BILL ANALYSIS

Senate Research Center
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H.B. 3533
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Transportation
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, an applicant for a motor vehicle dealer general distinguishing number or a wholesale motor vehicle auction general distinguishing number is required to purchase a surety bond, unless the applicant is a person licensed as a franchised motor vehicle dealer. This bond can be used to assist consumers if a dealer goes out of business. The Consumer Protection Advisory Committee of the Texas Department of Motor Vehicles has recommended an increase of the current bond amount of \$25,000. Furthermore, there have been calls to ensure that notice of the surety bond and the procedure by which a claimant may recover against the surety bond are posted in a conspicuous location. H.B. 3533 seeks to address this issue by increasing the amount of the required surety bond and providing for the visible posting of the surety bond notice and recovery procedure.

H.B. 3533 amends current law relating to the security requirement for the issuance or renewal of a motor vehicle dealer general distinguishing number or a wholesale motor vehicle auction general distinguishing number.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Department of Motor Vehicles in SECTION 1 (Section 503.033, Transportation Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 503.033, Transportation Code, by amending Subsections (a), (d), and (g) and adding Subsections (h) and (i), as follows:

(a) Deletes existing text prohibiting the Texas Department of Motor Vehicles (TxDMV) from issuing or renewing a motor vehicle dealer general distinguishing number or a wholesale motor vehicle auction general distinguishing number unless the applicant provides to TxDMV other security under Subsection (c) (relating to authorizing TxDMV to accept and receive certain funds for a surety obligation in lieu of a surety bond).

(d) Authorizes a person to recover against a surety bond, rather than a surety bond or other security, if the person obtains against a person issued a motor vehicle dealer general distinguishing number or a wholesale motor vehicle auction general distinguishing number a judgment assessing damages and reasonable attorney's fees based on an act or omission on which the bond is conditioned that occurred during the term for which the general distinguishing number was valid.

(g) Requires a dealer to post, adjacent to and in the same manner as the dealer's general distinguishing number is posted, notice of the surety bond and the procedure by which a claimant is authorized to recover against the surety bond. Authorizes TxDMV by rule to prescribe the form of the notice required under this subsection.

(h) Requires TxDMV to publish on TxDMV's Internet website the procedure by which a claimant is authorized to recover against a surety bond, and TxDMV's contact information.

(i) Creates this subsection from existing text and makes no further changes.

SECTION 2. Makes application of Section 503.033(a), Transportation Code, as amended by this Act, prospective.

SECTION 3. Effective date: September 1, 2021.