

## **BILL ANALYSIS**

Senate Research Center

H.B. 2495  
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Engrossed

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

Currently, there is an ambiguity in the Transportation Code regarding how a public auto auction that holds a dealer's general distinguishing number may transfer title to vehicles sold at auction. H.B. 2495 amends Transportation Code provisions relating to how and when a vehicle may be the subject of a subsequent sale.

Current statutes and regulations are crafted to prevent fly-by-night public auctions from selling vehicles on a consignment arrangement which allows the public auction to avoid responsibility for the vehicle due to the fact that it is not the owner of the vehicle and it is not actually transferring title to the buyer. However, current statutes do not adequately and clearly account for public auto auctions whose practice it is to take ownership of every vehicle auctioned, transfer title to the buyer, and answer as the owner for every vehicle sold.

Public auto auctions that holder a dealer's general distinguishing number should be able to auction vehicles, take title to the vehicles auctioned, and then close the sale and transfer title to the buyer within a reasonable time. There is sufficient ambiguity in the law on this point that clarifying the statute will serve the public interest by setting forth clearly how licensed public auto auctions may operate and how such auctions are required to take title to any vehicle sold to the general public.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 501.071(a), Transportation Code, to prohibit a motor vehicle from being the subject of a subsequent sale unless the owner designated in the certificate of title transfers the certificate of title at the time of sale.

SECTION 2. Amends Subchapter B, Chapter 503, Transportation Code, by adding Section 503.039, as follows:

Sec. 503.039. PUBLIC MOTOR VEHICLE AUCTIONS. Prohibits a motor vehicle from being the subject of a subsequent sale at an auction by a holder of a dealer's general distinguishing number unless certain conditions are met.

SECTION 3. Effective date: September 1, 2005.