

## **BILL ANALYSIS**

C.S.H.B. 310  
By: Goolsby  
Transportation  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The bill amends Chapter 502 of the Transportation Code by adding Subchapter I, relating to the transfer of license plates between vehicles with the same owner.

This bill also authorizes the department to establish by rule an electronic title system and registration process. This will enable the department to pursue technological advances to expedite the title and registration system.

Currently, in nearly every sale or ownership transfer of a motor vehicle in Texas, the license plate and registration insignia that is affixed to the motor vehicle remains on the vehicle even after the sale or transfer. In private sales it is the responsibility of the buyer to file the proper paper work with the Texas Department of Transportation (TxDOT) to transfer required vehicle information and ownership of the motor vehicle so that it is properly documented in Texas motor vehicle records. Unfortunately, the motor vehicle title transfer process is not always followed and, as a result, the transfer and documentation of ownership of vehicles in Texas is difficult to verify. Consequently, vehicles can be sold numerous times and the required title transfer process is not followed, which then makes the process of determining to whom a motor vehicle belongs a nearly impossible task for law enforcement and other governmental entities.

CSHB 310 requires owners of motor vehicles in Texas to remove the license plate and registration insignia from any vehicle they sale. The bill allows a person to destroy the removed plates or transfer them to any other vehicle they own. Any person purchasing a previously owned vehicle is required to transfer title and obtain vehicle registration and license plates for the vehicle. The lack of plates on the vehicle at the time of sale will force the new owner to update the state records in order to operate the vehicle on state roadways.

In addition, the current title and registration process does not take advantage of the latest technological advances. The systems are based on hard copy records. Proof of ownership is a certificate of title that does not always reflect the records maintained by TxDOT. An electronic title system that provides that TxDOT's database is the official record of ownership will help alleviate some of the issues regarding the sale of motor vehicles.

In conjunction with an electronic title system, this bill provides for an electronic registration system. This bill will allow TxDOT the authority to establish one electronic system to be used by all registration applicants.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the Department of Transportation in SECTION 1 of this bill.

### **ANALYSIS**

SECTION 1. Amends Subchapter H, Chapter 201, Transportation Code by adding §201.620 to allow TxDOT to implement an complete electronic title system. The electronic system would provide that the record maintained by TxDOT is the official record of vehicle ownership.

SECTION 2. Amends Section 502.180(b), Transportation Code, by providing that TxDOT shall issue only one license plate or set of plates for a vehicle during a 5 year period.

SECTION 3. Amends Chapter 502, Transportation Code, by adding Subchapter I regarding the transfer of registration for private sale of used motor vehicles.

Section 502.451, Transfer of Vehicle Registration and Removal of License Plates, provides that the seller or transferor of a motor vehicle must remove the license plate and registration insignia prior to the transfer of the vehicle. The provisions allow for the seller to use the removed license plates on another vehicle owned by the seller. The section also provides that the registration period shall transfer with the vehicle. The buyer or transferee can obtain and utilize any remaining registration period by filing the appropriate transfer documents with TxDOT.

Section 502.452, Registration of Vehicles with Joint Owners, provides that the license plate and registration insignia do not have to be removed on the change of ownership if the resultant owner is a person named on the previous title records.

Section 502.453, Transfer of Removed Plates, provides the procedure for the use of the plates on another vehicle owned by the same person. The person must apply with TxDOT for the transfer of the plates, providing the other vehicle identification information and pay the appropriate transfer fee. The section allows the plates to be used on new cars purchased from a license vehicle dealer.

Section 502.454, Fees Required for Transfer of License Plate and Registration Insignia, provides for a \$5 fee to transfer the plates to another vehicle and receive a new registration insignia if any registration period remains for the vehicle.

Section 502.455, Temporary Permit for a Vehicle Purchased in a Private Party Transaction, provides for a new temporary permit for the vehicle to allow it to operate on the road after the plates were removed by the prior owner. The permit is a five day single-trip permit to allow the buyer to get from the place of purchase to one destination with intermediate points as specified in the permit. This will allow the buyer to the vehicle to their residence and to the tax assessor offices to obtain new plates. The bill limits the buyer to one temporary permit and allows TxDOT to refuse to issue the permit to a person who is abusing the permit privilege.

Section 502.456, Application of Subchapter; Temporary Provision, provides that the subchapter only applies to passenger cars and light trucks. It also provides that the plates can only be transferred to the appropriate class of vehicles. This provision expires August 31, 2011. This will allow TxDOT to focus on the transfer of the largest classes of vehicles without delaying the process to implement a program that addresses the transfer of all motor vehicles.

SECTION 4. Section 520.021 is repealed.

SECTION 5. The bill takes effect January 1, 2008.

#### **EFFECTIVE DATE**

January 1, 2008.

#### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

The committee substitute like the original bill creates a modified plate to owner registration process for the state, in which the license plate is removed from all vehicles at the time of sale.

The plate can be destroyed or it can be transferred to another vehicle that is titled in the name of the seller. The major difference between HB 310 as filed and the committee substitute is that the registration does not expire in the committee substitute. The seller is required to remove the plates and the registration insignia from the vehicle, however the registration period, which is based on the registration fee paid for the particular vehicle will transfer with the vehicle to the new owner. The substitute bill also sets out a process to for an individual to transfer plates removed from the sold vehicle to another vehicle titled in their name. The substitute requires that prior to the use of the plates on another vehicle the person must apply with TxDOT to transfer the plates. The bill allows for the plates to be used for either vehicles previously owned or new vehicles purchased by the seller.

The committee substitute creates a \$5 transfer of plate fee. The original bill had a \$9.75 plate transfer fee and an additional \$2 fee for the first two years of implementation. The \$5 fee of the substitute is in line with the current fees charged by TxDOT.

The substitute provided for a temporary permit to be issued online to allow the buyer to operate the vehicle on the roads for a single trip. The permit allows that the permit is valid for 5 days and can be used to go from the place of purchase to the destination with intermediate stops in between. The permit requires that the point of origin, destination and intermediate stops all be provided in the application process and specified on the permit.

The substitute also provides a temporary provision that allows TxDOT to implement the provisions of this bill for passenger cars and light trucks only and that the plates can only be transferred to the appropriate type of vehicle until August 31, 2011. This will allow TxDOT to focus on the majority of the vehicle transactions for the initial implementation. This also eliminates the need for TxDOT to produce a new plate by requiring the transfer to be between the same class of vehicles.

The substitute also repeals Section 520.021 that required the seller to have current registration on any vehicle sold. The registration transaction can be addressed at the time of the transfer or purchase of new plates so this provision is no longer necessary.

The committee substitute also adds two additional provisions to improve the state records regarding vehicle titles and registration. The substitute adds provisions that allow TxDOT to implement by rule an electronic title system, in which TxDOT's record will be the official record of vehicle ownership, and an electronic registration system to be used by all registration applicants. These provisions will allow TxDOT to utilize new technology currently available to provide real time database updates and processes.

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