

BILL ANALYSIS

Senate Research Center

S.B. 1827
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Transportation & Homeland Security
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, when an auto auction sells a repossessed vehicle, the creditor provides notice to the debtor as required by Texas law. Because of the nature of the sale, providing debtors with notice each time an automobile is offered for auction is burdensome.

S.B. 1827 relates to the constituting of certain sales of a used motor vehicle as a private disposition for purposes of Chapter 9, Business & Commerce Code.

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 Subchapter B, Chapter 503, Transportation Code, by adding Section 503.040, as follows:

Sec. 503.040. SALES OF CERTAIN USED MOTOR VEHICLES CONSTITUTE PRIVATE DISPOSITION. (a) Provides that this section applies only to the sale of a used motor vehicle that constitutes collateral by a secured party acting under Chapter 9 (Secured Transactions), Business & Commerce Code, and occurs at an auction conducted by an independent motor vehicle dealer at which neither the debtor nor the secured party is permitted to bid and for which there has been no advertisement or public notice before the sale that specifically describes the collateral to be sold, other than the inclusion of the motor vehicle in a list of the vehicles to be offered at the auction made available to potential bidders at the auction.

(b) Provides that the sale of the used motor vehicle constitutes a private disposition for purposes of Chapter 9, Business & Commerce Code.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2009.