

By: Flores, et al.
(Landgraf)

S.B. No. 1193

A BILL TO BE ENTITLED

AN ACT

relating to the liability of and issuance of titles and permits for motor vehicles purchased from motor vehicle dealers that go out of business.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 501, Transportation Code, is amended by adding Section 501.0236 to read as follows:

Sec. 501.0236. ISSUANCE OF TITLE AND PERMITS WHEN DEALER GOES OUT OF BUSINESS. (a) This section applies only to a person who is the purchaser of a motor vehicle for which the dealer:

(1) is required to apply for a title for the vehicle under Section 501.0234; and

(2) does not apply for the title because the dealer has gone out of business.

(b) A purchaser to whom this section applies may apply for:

(1) a title in the manner prescribed by the department by rule; and

(2) on expiration of the buyer's tag issued to the purchaser under Section 503.063, a 30-day permit under Section 502.095.

(c) An application for a title under this section must include a release of any recorded lien on the motor vehicle unless the only recorded lienholder is a dealer described by Subsection (a).

1 (d) The department shall waive the payment of fees for:

2 (1) a title issued to a purchaser described by this
3 section, if the purchaser can show that fees for a title were paid
4 to the dealer; and

5 (2) one 30-day permit issued to a purchaser described
6 by this section.

7 (e) Notwithstanding Section 503.033(e), the department may
8 recover against the surety bond executed by the dealer under
9 Section 503.033 the amount of any fee waived for a title or permit
10 issued under this section.

11 (f) The department shall adopt the rules necessary to
12 implement this section.

13 SECTION 2. The heading to Section 503.033, Transportation
14 Code, is amended to read as follows:

15 Sec. 503.033. SURETY BOND REQUIRED; LIABILITY OF SURETY
16 [~~SECURITY REQUIREMENT~~].

17 SECTION 3. Sections 503.033(a) and (d), Transportation
18 Code, are amended to read as follows:

19 (a) The department may not issue or renew a motor vehicle
20 dealer general distinguishing number or a wholesale motor vehicle
21 auction general distinguishing number unless the applicant
22 provides to the department[+]

23 [~~(1)~~] satisfactory proof that the applicant has
24 purchased a properly executed surety bond in the amount of \$50,000
25 [~~\$25,000~~] with a good and sufficient surety approved by the
26 department[~~, or~~

27 [~~(2) other security under Subsection (c)~~].

1 (d) A person may recover against a surety bond [~~or other~~
2 ~~security~~] if the person obtains against a person issued a motor
3 vehicle dealer general distinguishing number or a wholesale motor
4 vehicle auction general distinguishing number a judgment assessing
5 damages and reasonable attorney's fees based on an act or omission
6 on which the bond is conditioned that occurred during the term for
7 which the general distinguishing number was valid.

8 SECTION 4. This Act takes effect September 1, 2019.