

# SENATE AMENDMENTS

2<sup>nd</sup> Printing

By: King of Uvalde

H.B. No. 3842

A BILL TO BE ENTITLED

AN ACT

relating to the requirement that a motor vehicle dealer obtain a general distinguishing number for a consignment location.

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

SECTION 1. Section 503.027(a), Transportation Code, is amended to read as follows:

(a) A ~~[If a dealer consigns for sale more than five vehicles in a calendar year from a location other than the location for which the dealer holds a general distinguishing number, the]~~ dealer must ~~[also]~~ hold a general distinguishing number for a ~~[the]~~ consignment location unless the consignment location is a wholesale motor vehicle auction.

SECTION 2. This Act takes effect September 1, 2019.

ADOPTED

MAY 22 2019

FLOOR AMENDMENT NO. 1

Secretary of the Senate

BY:

*Peter P. Flores*

1 Amend H.B. No. 3842 (senate committee printing) by adding the  
2 following appropriately numbered SECTIONS to the bill and  
3 renumbering subsequent SECTIONS of the bill accordingly:

4 SECTION \_\_\_\_ Subchapter B, Chapter 501, Transportation Code,  
5 is amended by adding Section 501.0236 to read as follows:

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

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

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

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

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

16 (2) on expiration of the buyer's tag issued to the  
17 purchaser under Section 503.063, a 30-day permit under Section  
18 502.095.

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

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

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

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

29 (e) Notwithstanding Section 503.033(e), the department may

1 recover against the surety bond executed by the dealer under  
2 Section 503.033 the amount of any fee waived for a title or permit  
3 issued under this section.

4 (f) The department shall adopt the rules necessary to  
5 implement this section.

6 SECTION \_\_\_\_\_. The heading to Section 503.033, Transportation  
7 Code, is amended to read as follows:

8 Sec. 503.033. SURETY BOND REQUIRED; LIABILITY OF SURETY  
9 [SECURITY REQUIREMENT].

10 SECTION \_\_\_\_\_. Sections 503.033(a) and (d), Transportation  
11 Code, are amended to read as follows:

12 (a) The department may not issue or renew a motor vehicle  
13 dealer general distinguishing number or a wholesale motor vehicle  
14 auction general distinguishing number unless the applicant  
15 provides to the department[+]

16 [+1+] satisfactory proof that the applicant has  
17 purchased a properly executed surety bond in the amount of \$50,000  
18 [~~\$25,000~~] with a good and sufficient surety approved by the  
19 department[+ or

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

21 (d) A person may recover against a surety bond [~~or other~~  
22 ~~security~~] if the person obtains against a person issued a motor  
23 vehicle dealer general distinguishing number or a wholesale motor  
24 vehicle auction general distinguishing number a judgment assessing  
25 damages and reasonable attorney's fees based on an act or omission  
26 on which the bond is conditioned that occurred during the term for  
27 which the general distinguishing number was valid.

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**May 23, 2019**

**TO:** Honorable Dennis Bonnen, Speaker of the House, House of Representatives

**FROM:** John McGeady, Assistant Director     Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB3842** by King, Tracy O. (Relating to the requirement that a motor vehicle dealer obtain a general distinguishing number for a consignment location.), **As Passed 2nd House**

<b>No significant fiscal implication to the State is anticipated.</b>
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The bill would amend Chapter 501 of the Transportation Code to establish provisions for the issuance of a vehicle title and a 30-day permit to the purchaser of a vehicle for which the dealer is required to apply for a title for the vehicle but does not apply for the title because the dealer has gone out of business. The bill would authorize the Department of Motor Vehicles (DMV) to waive the fee for the title if the purchaser can show that fees for a title were paid to the dealer and waive the fee for one 30-day permit issued to the purchaser. The bill would authorize DMV to recover against a dealer's security bond the amount of any fee waived for the title or permit under the provisions of the bill. The bill would amend Chapter 503, Transportation Code, to increase the amount of the surety bond that a dealer must hold in order to renew or receive their dealer's general distinguishing number.

DMV anticipates one-time information technology programming costs would be incurred to implement the bill. Based on LBB's analysis of information provided by DMV, it is assumed the provisions of the bill would not result in a significant fiscal impact to the State and any costs associated with implementation would be absorbed within the agency's existing resources.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 608 Department of Motor Vehicles

**LBB Staff:** WP, TG, KK, CLo

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**May 17, 2019**

**TO:** Honorable Bryan Hughes, Chair, Senate Committee on Administration

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB3842** by King, Tracy O. (Relating to the requirement that a motor vehicle dealer obtain a general distinguishing number for a consignment location.), **As Engrossed**

<b>No fiscal implication to the State is anticipated.</b>
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**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 608 Department of Motor Vehicles

**LBB Staff:** WP, KK, TG, CLo

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 14, 2019**

**TO:** Honorable Tracy O. King, Chair, House Committee on Licensing & Administrative Procedures

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE:** **HB3842** by King, Tracy O. (Relating to the requirement that a motor vehicle dealer obtain a general distinguishing number for a consignment location.), **Committee Report 1st House, Substituted**

<b>No fiscal implication to the State is anticipated.</b>
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**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 608 Department of Motor Vehicles

**LBB Staff:** WP, TG, CLo

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 7, 2019**

**TO:** Honorable Tracy O. King, Chair, House Committee on Licensing & Administrative Procedures

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB3842** by King, Tracy O. (Relating to the requirement that a motor vehicle dealer obtain a general distinguishing number for a consignment location.), **As Introduced**

<b>No fiscal implication to the State is anticipated.</b>
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**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 608 Department of Motor Vehicles

**LBB Staff:** WP, CLo, TG