

## **BILL ANALYSIS**

C.S.H.B. 3533  
By: Martinez  
Transportation  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Currently, an applicant for a motor vehicle dealer general distinguishing number or a wholesale motor vehicle auction general distinguishing number is required to purchase a surety bond, unless the applicant is a person licensed as a franchised motor vehicle dealer. This bond can be used to assist consumers if a dealer goes out of business. The consumer protection advisory committee of the Texas Department of Motor Vehicles has recommended an increase of the current bond amount of \$25,000. Furthermore, there have been calls to ensure that notice of the surety bond and the procedure by which a claimant may recover against the surety bond are posted in a conspicuous location. C.S.H.B. 3533 seeks to address this issue by increasing the amount of the required surety bond and providing for the visible posting of the surety bond notice and recovery procedure.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

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

### **ANALYSIS**

C.S.H.B. 3533 amends the Transportation Code to increase from \$25,000 to \$50,000 the amount of the surety bond that must be purchased by an applicant for the issuance or renewal of a motor vehicle dealer general distinguishing number or a wholesale motor vehicle auction general distinguishing number, other than a person licensed as a franchised motor vehicle dealer. The bill requires a dealer to post, adjacent to and in the same manner as the dealer's general distinguishing number, notice of the surety bond and the procedure by which a claimant may recover against the surety bond. The bill authorizes the Texas Department of Motor Vehicles (TxDMV) by rule to prescribe the form of the notice and requires TxDMV to publish on its website the procedure by which a claimant may recover against a surety bond and TxDMV's contact information.

### **EFFECTIVE DATE**

September 1, 2021.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 3533 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The original required a dealer to post notice of the surety bond and the recovery procedure adjacent to and in the same manner as the dealer's license, whereas the substitute requires the notice and procedure to be posted adjacent to and in the same manner as the dealer's general distinguishing number.