

By: Alvarado

S.B. No. 1267

A BILL TO BE ENTITLED

1 AN ACT
2 relating to certificates of number and certificates of title issued
3 by and records kept by the Parks and Wildlife Department; creating a
4 criminal offense.

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

6 SECTION 1. Section 31.003, Parks and Wildlife Code, is
7 amended by amending Subdivisions (2), (8), and (11) and adding
8 Subdivisions (19), (20), (21), (22), (23), (24), (25), (26), and
9 (27) to read as follows:

10 (2) "Vessel" means any watercraft~~[, other than a~~
11 ~~seaplane on water,~~] used or capable of being used for
12 transportation on water, except:

13 (A) a watercraft exempted by commission rule;

14 (B) a watercraft that operates only on a
15 permanently fixed, manufactured course, the movement of which is
16 restricted to or guided by means of a mechanical device to which the
17 watercraft is attached or by which the watercraft is controlled;

18 (C) a seaplane; and

19 (D) a stationary floating structure that:

20 (i) does not have and is not designed to
21 have a mode of propulsion of its own;

22 (ii) is dependent for utilities upon a
23 continuous utility hookup to a source originating on shore; and

24 (iii) has a permanent, continuous hookup to

1 a shoreside sewage system.

2 (8) "Vessel livery" means a person [~~business~~
3 ~~establishment~~] engaged in advertising, renting, or hiring out
4 vessels for consideration [~~profit~~]. The term includes a
5 recreational equipment timeshare business that leases or rents
6 vessels for consideration.

7 (11) "Manufacturer" means a person engaged in the
8 business of manufacturing or importing new and unused vessels and
9 outboard motors for the purpose of sale or trade.

10 (19) "Cancel" means, with respect to a certificate of
11 title, to make the certificate ineffective.

12 (20) "Certificate of title" means, with respect to a
13 vessel or outboard motor, a record, created by the department under
14 this chapter or by a governmental agency of another jurisdiction
15 under the law of that jurisdiction, that is designated as a
16 certificate of title by the department or agency and is evidence of
17 ownership of a vessel or outboard motor.

18 (21) "Electronic" means relating to technology having
19 electrical, digital, magnetic, wireless, optical, electromagnetic,
20 or similar capabilities.

21 (22) "Hull identification number" means the
22 alphanumeric designation assigned to a vessel under 33 C.F.R. Part
23 181.

24 (23) "Owner of record" or "recorded owner" means an
25 owner indicated in the files of the department.

26 (24) "Purchase" means, with respect to a vessel or
27 outboard motor, to take by any voluntary transaction that creates

1 an interest in the vessel or outboard motor.

2 (25) "Purchaser" means a person who takes by purchase.

3 (26) "Record" means information inscribed on a
4 tangible medium or stored in an electronic or other medium and
5 retrievable in perceivable form.

6 (27) "Security interest" means, with respect to a
7 vessel or outboard motor, an interest in the vessel or outboard
8 motor that secures payment or performance of an obligation if the
9 interest is created by contract or arises under Section 2.401,
10 2.505, 2.711(c), or 2A.508(e), Business & Commerce Code, except
11 that the retention or reservation of title by a seller of a vessel
12 or outboard motor notwithstanding shipment or delivery to the buyer
13 under Section 2.401 of that code is limited in effect to a
14 reservation of a security interest. The term:

15 (A) includes any interest of a consignor in a
16 vessel or outboard motor in a transaction that is subject to Chapter
17 9, Business & Commerce Code; and

18 (B) does not include:

19 (i) the special property interest of a
20 buyer of a vessel or outboard motor on identification of that vessel
21 or outboard motor to a contract for sale under Section 2.501,
22 Business & Commerce Code, unless a buyer acquires a security
23 interest by complying with Chapter 9 of that code;

24 (ii) the right of a seller or lessor of a
25 vessel or outboard motor under Chapter 2 or 2A, Business & Commerce
26 Code, to retain or acquire possession of the vessel or outboard
27 motor:

1 (a) except as otherwise provided by
2 Section 2.505, Business & Commerce Code; or

3 (b) unless a seller or lessor acquires
4 a security interest by complying with Chapter 9, Business &
5 Commerce Code; or

6 (iii) an interest created by a transaction
7 in the form of a lease, unless the transaction created a security
8 interest under Section 1.203, Business & Commerce Code.

9 SECTION 2. Section 31.022(a), Parks and Wildlife Code, is
10 amended to read as follows:

11 (a) A vessel is not required to be numbered under the
12 provisions of this chapter if it is:

13 (1) operated within this state for a period not
14 exceeding 90 consecutive days and is covered by a number in full
15 force and effect which has been awarded under federal law or a
16 federally approved numbering system of another state;

17 (2) from a country other than the United States
18 temporarily using the water of this state;

19 (3) owned by the United States, a state, or a
20 subdivision of a state; ~~or~~

21 (4) a ship's lifeboat; or

22 (5) an amphibious vehicle for which a certificate of
23 title is issued under Chapter 501, Transportation Code, or a
24 similar law of another state.

25 SECTION 3. Section 31.028, Parks and Wildlife Code, is
26 amended to read as follows:

27 Sec. 31.028. CERTIFICATE OF NUMBER. The certificate of

1 number shall be pocket-size. The certificate, ~~[or]~~ a facsimile of
2 the certificate, or an electronic version of the certificate
3 provided by the department ~~[it]~~ shall be carried on board the vessel
4 at all times. It does not have to be on the person of the operator
5 if prior to trial the operator can produce for examination a valid
6 certificate of number.

7 SECTION 4. Section 31.037(c), Parks and Wildlife Code, is
8 amended to read as follows:

9 (c) The new owner of a vessel shall, not later than the 20th
10 ~~[45th]~~ day after the date ownership was transferred, submit an
11 application to the department with:

- 12 (1) evidence of ownership;
- 13 (2) the new owner's name and address;
- 14 (3) the number of the vessel; and
- 15 (4) a fee of \$2 or an amount set by the commission,
16 whichever amount is more.

17 SECTION 5. Sections 31.039(a) and (b), Parks and Wildlife
18 Code, are amended to read as follows:

19 (a) Ownership ~~[Except as provided by Subsection (c), all~~
20 ~~ownership]~~ records of the department made or kept under this
21 chapter are public records, including the information required
22 under Section 31.049, except the following information is not a
23 public record:

24 (1) an owner identifier as prescribed by 33 C.F.R.
25 Section 174.17;

26 (2) the phone number, e-mail address, social security
27 number, or taxpayer identification number of an owner of a vessel or

1 outboard motor; and

2 (3) any other information contained in an ownership
3 record that is not subject to public disclosure under Chapter 552,
4 Government Code, or other law.

5 (b) The commission may by rule charge a fee for access to
6 ownership records and other records made or kept under this
7 chapter. The department may provide a record in any medium. If
8 requested, the department shall provide a record in a format that is
9 self-authenticating under Rule 902, Texas Rules of Evidence.

10 SECTION 6. Sections 31.041(h) and (i), Parks and Wildlife
11 Code, are amended to read as follows:

12 (h) Not later than the 20th [~~45th~~] day after a dealer,
13 distributor, or manufacturer holding a dealer's, distributor's, or
14 manufacturer's license sells at the first or a subsequent sale a
15 vessel or outboard motor, the dealer, distributor, or manufacturer
16 shall apply, in the name of the purchaser of the vessel or outboard
17 motor, for a certificate of number or a certificate of title for the
18 vessel or outboard motor, as applicable, and file with the
19 department each document necessary to transfer the certificate of
20 number or certificate of title.

21 (i) A person purchasing a vessel may use the temporary
22 facsimile number issued under Subsection (f) for a period not to
23 exceed 20 [~~45~~] days from the date the dealer, distributor, or
24 manufacturer applies for a certificate of number or a certificate
25 of title under Subsection (h). The person shall retain the
26 facsimile number on the vessel for the period described by this
27 subsection.

1 SECTION 7. Sections 31.043(b) and (d), Parks and Wildlife
2 Code, are amended to read as follows:

3 (b) The owner of a vessel that does not have a
4 manufacturer's hull identification number may file an application
5 for a hull identification number with the department on forms
6 approved by it. The application must include a sworn statement
7 describing the vessel, proving legal ownership, and, if known,
8 stating the reason for the lack of hull identification number. The
9 application must be signed by the owner of the vessel and must be
10 accompanied by a fee of \$25, or an amount set by the commission,
11 whichever is greater, and a certificate from a game warden
12 commissioned by the department stating that the vessel has been
13 inspected by the officer and appears to be as applied for. On
14 receipt of the application in approved form, the department shall
15 enter the information on the records of its office and shall issue
16 to the applicant a hull identification number.

17 (d) A person who has a vessel with an altered, defaced,
18 mutilated, or removed hull identification number or an outboard
19 motor with an altered, defaced, mutilated, or removed serial number
20 shall file a sworn statement with the department describing the
21 vessel or outboard motor, proving legal ownership, and, if known,
22 stating the reason for the destruction, removal, or defacement of
23 the number. The statement must be accompanied by a fee of \$25, or an
24 amount set by the commission, whichever is greater, and a
25 certificate from a game warden commissioned by the department that
26 the vessel or outboard motor has been inspected by the officer and
27 appears to be as applied for. On receipt of the statement in

1 approved form, the department shall enter the information on
2 records of its office and shall issue to the applicant a hull
3 identification number or outboard motor serial number.

4 SECTION 8. Subchapter B-1, Chapter 31, Parks and Wildlife
5 Code, is amended by adding Section 31.0445 to read as follows:

6 Sec. 31.0445. DEFINITIONS. In this subchapter:

7 (1) "Barge" means a vessel that is not self-propelled
8 or fitted for propulsion by sail, paddle, oar, or similar device.

9 (2) "Builder's certificate" means a certificate of the
10 facts of build of a vessel described in 46 C.F.R. Section 67.99.

11 (3) "Buyer" includes, with respect to a vessel or
12 outboard motor, a person who contracts to buy the vessel or outboard
13 motor.

14 (4) "Certificate of origin" means a record created by
15 a manufacturer or importer as proof of identity of a vessel or
16 outboard motor. The term includes a manufacturer's certificate or
17 statement of origin and an importer's certificate or statement of
18 origin. The term does not include a builder's certificate.

19 (5) "Debtor" has the meaning assigned by Section
20 9.102, Business & Commerce Code.

21 (6) "Documented vessel" means a vessel covered by a
22 certificate of documentation issued under 46 U.S.C. Section 12105.
23 The term does not include a foreign-documented vessel.

24 (7) "Electronic certificate of title" means a
25 certificate of title consisting of information that is stored
26 solely in an electronic medium and is retrievable in perceivable
27 form.

1 (8) "Foreign-documented vessel" means a vessel the
2 ownership of which is recorded in a registry maintained by a country
3 other than the United States that identifies each person that has an
4 ownership interest in the vessel and includes a unique alphanumeric
5 designation for the vessel.

6 (9) "Hull damaged" means, with respect to a vessel:

7 (A) the integrity of the vessel's hull is
8 compromised by a collision, allision, lightning strike, fire,
9 explosion, running aground, or similar occurrence; or

10 (B) the sinking of the vessel in a manner that
11 creates a significant risk to the integrity of the vessel's hull.

12 (10) "Lease" and "lessor" have the meanings assigned
13 by Section 2A.103, Business & Commerce Code.

14 (11) "Lien creditor" has the meaning assigned by
15 Section 9.102, Business & Commerce Code.

16 (12) "Notice" has the meaning assigned by Section
17 1.202, Business & Commerce Code.

18 (13) "Secured party" means, with respect to a vessel
19 or outboard motor, a person:

20 (A) in whose favor a security interest is created
21 or provided for under a security agreement, regardless of whether
22 any obligation to be secured is outstanding;

23 (B) who is a consignor under Chapter 9, Business
24 & Commerce Code; or

25 (C) who holds a security interest arising under
26 Section 2.401, 2.505, 2.711(c), or 2A.508(e), Business & Commerce
27 Code.

1 (14) "Secured party of record" means the secured party
2 whose name is indicated as the name of the secured party in the
3 files of the department or, if the files indicate more than one
4 secured party, the one first indicated.

5 (15) "Title brand" means a designation of previous
6 damage, use, or condition that must be indicated on a certificate of
7 title.

8 (16) "Transfer of ownership" means a voluntary or
9 involuntary conveyance of an interest in a vessel or an outboard
10 motor.

11 (17) "Written certificate of title" means a
12 certificate of title consisting of information inscribed on a
13 tangible medium.

14 SECTION 9. Sections 31.045(b) and (d), Parks and Wildlife
15 Code, are amended to read as follows:

16 (b) The ownership of a new vessel or a new outboard motor is
17 evidenced by a manufacturer's or ~~an~~ importer's certificate of
18 origin executed on a form prescribed by the department.

19 (d) The ownership of a vessel ~~[exempted from numbering under~~
20 ~~Section 31.022(c) of this code]~~ is not required to be evidenced by a
21 certificate of title issued by the department for:

22 (1) a vessel exempted from numbering under Section
23 31.022(c);

24 (2) a watercraft owned by the United States, a state, a
25 foreign government, or a political subdivision of the United
26 States, a state, or a foreign government;

27 (3) a watercraft used solely as a lifeboat on another

1 watercraft; or

2 (4) an amphibious vehicle for which a certificate of
3 title is issued under Chapter 501, Transportation Code, or a
4 similar law of another state.

5 SECTION 10. Section 31.046, Parks and Wildlife Code, is
6 amended by amending Subsections (a) and (b) and adding Subsection
7 (a-1) to read as follows:

8 (a) Except as provided by [~~in~~] Subsections (b) and (c) [~~of~~
9 ~~this section~~], the owner of a vessel or outboard motor for which
10 this state is the state of principal use shall deliver to the
11 department or to a county tax assessor-collector an application for
12 a certificate of title for the vessel or outboard motor, with the
13 applicable fee, not later than the 20th day after the later of:

14 (1) the date of purchase or transfer of ownership; or

15 (2) the date that this state becomes the state of
16 principal use [~~purchaser of a vessel or an outboard motor shall~~
17 ~~apply to the department or to a county tax assessor-collector for a~~
18 ~~certificate of title not later than the 45th day after the date of~~
19 ~~the sale of the vessel or outboard motor]~~.

20 (a-1) For purposes of Subsection (a), the state of principal
21 use of a vessel or outboard motor is the state on whose waters a
22 vessel or outboard motor is or will be used, operated, navigated, or
23 employed more than on the waters of any other state during a
24 calendar year.

25 (b) A manufacturer or a dealer who sells a vessel or an
26 outboard motor to a person other than a manufacturer or a dealer
27 shall apply to the department or to a county tax assessor-collector

1 for a certificate of title for the vessel or outboard motor in the
2 name of the purchaser not later than the 20th [~~45th~~] day after the
3 date of the sale.

4 SECTION 11. Sections 31.047(b), (c), and (f), Parks and
5 Wildlife Code, are amended to read as follows:

6 (b) The form must contain:

7 (1) the owner's name, principal residence address,
8 mailing address, and owner identifier as prescribed by 33 C.F.R.
9 Section 174.17;

10 (2) a description of the vessel or outboard motor,
11 including, as appropriate, the manufacturer, make, model, year,
12 length, construction material, manufacturer's or builder's number,
13 hull identification number [~~HIN~~], motor number, outdrive number,
14 primary operation purpose, vessel type, propulsion type, engine
15 drive type, fuel type, and horsepower;

16 (3) name and address of purchaser;

17 (4) date of purchase;

18 (5) name and address of any security interest owner;

19 (6) the appropriate affidavit as required by Section
20 160.042, Tax Code;

21 (7) if the application is for a vessel:

22 (A) a statement that the vessel is not a
23 documented vessel or a foreign-documented vessel; and

24 (B) a statement that the vessel is hull damaged,
25 if the applicant knows that the vessel is hull damaged;

26 (8) if previously titled or registered:

27 (A) transferor's name and address;

1 (B) when applicable, name of the state in which
2 the vessel or outboard motor was previously titled or registered;
3 and

4 (C) any title brand known to the applicant and,
5 if known, the jurisdiction under whose law the title brand was
6 designated; and

7 (9) [~~7~~] other information required by the
8 department to show the ownership of the vessel or outboard motor, a
9 security interest in the vessel or outboard motor, or a further
10 description of items listed in the subdivision.

11 (c) The application must be accompanied by other evidence
12 reasonably required by the department to establish that the
13 applicant or other person is entitled to a certificate of title or a
14 noted security interest. The evidence may include:

15 (1) a certificate of title issued by another state or
16 jurisdiction;

17 (2) a manufacturer's or importer's certificate of
18 origin;

19 (3) a bill of sale, assignment, or contract;

20 (4) a promissory note;

21 (5) a security agreement;

22 (6) an invoice;

23 (7) a bill of lading;

24 (8) an affidavit;

25 (9) a probate or heirship proceeding or information;

26 (10) a judgment of a court of competent jurisdiction;

27 (11) evidence of an involuntary transfer, as defined

1 by [~~in Subdivision (5) of Subsection (a) of~~] Section 31.053(b)
2 [~~31.053, as amended~~], which may be in affidavit form attaching
3 copies of any pertinent underlying documents;

4 (12) if the vessel was a documented vessel, a record
5 issued by the Coast Guard that shows the vessel is no longer
6 documented and identifies the applicant as the owner, or is
7 accompanied by a record that identifies the applicant as the owner;

8 (13) if the vessel was a foreign-documented vessel, a
9 record issued by the foreign country that shows the vessel is no
10 longer a foreign-documented vessel and identifies the applicant as
11 the owner, or is accompanied by a record that identifies the
12 applicant as the owner; or

13 (14) [~~(12)~~] other documents.

14 (f) An application for a certificate of title on a homemade
15 vessel, the origin of which is based on the affidavit of the person
16 building the vessel, proof of materials incorporated into the
17 vessel, and the like, must be accompanied by a certificate from a
18 game warden commissioned by the department that the vessel has been
19 inspected by such officer and appears to be as applied for. The
20 applicant shall pay a fee of \$25, or an amount set by the
21 commission, whichever is greater, to the department for this
22 inspection.

23 SECTION 12. Subchapter B-1, Chapter 31, Parks and Wildlife
24 Code, is amended by adding Section 31.0485 to read as follows:

25 Sec. 31.0485. ISSUANCE, REJECTION, AND CANCELLATION OF
26 CERTIFICATE OF TITLE. (a) Unless an application for a certificate
27 of title is rejected under Subsection (c) or (d), the department

1 shall issue a certificate of title for the vessel or outboard motor
2 in accordance with Subsection (b) not later than the 20th day after
3 the date the department receives an application that complies with
4 this chapter.

5 (b) If the department issues electronic certificates of
6 title, the department shall issue an electronic certificate of
7 title unless in the application the secured party of record or, if
8 none, the owner of record, requests that the department issue a
9 written certificate of title.

10 (c) Except as provided by Subsection (d), the department may
11 reject an application for a certificate of title only if:

12 (1) the application does not comply with this chapter
13 or other applicable law;

14 (2) the application does not contain documentation
15 sufficient for the department to determine whether the applicant is
16 entitled to a certificate of title; or

17 (3) the department finds a reasonable basis for
18 concluding that the application is fraudulent or issuance of a
19 certificate of title to the applicant would facilitate a fraudulent
20 or illegal act.

21 (d) The department shall reject an application for a
22 certificate of title for a vessel that is a documented vessel or a
23 foreign-documented vessel.

24 (e) On issuance of a written certificate of title, the
25 department promptly shall send the certificate of title to the
26 secured party of record or, if none, to the owner of record, at the
27 address indicated for that person in the files of the department.

1 On issuance of an electronic certificate of title, the department
2 promptly shall send a record evidencing the certificate of title to
3 the owner of record and, if there is one, to the secured party of
4 record, at the address indicated for that person in the files of the
5 department. The department may send the record to the person's
6 mailing address or, if indicated in the files of the department, an
7 electronic address.

8 (f) If the department issues a written certificate of title
9 for a vessel or outboard motor, any electronic certificate of title
10 for the vessel or outboard motor is canceled and replaced by the
11 written certificate of title. The department shall maintain in the
12 files of the department the date and time of cancellation.

13 (g) Before the department issues an electronic certificate
14 of title, any written certificate of title for the vessel or
15 outboard motor must be surrendered to the department. If the
16 department issues an electronic certificate of title, the
17 department shall destroy or otherwise cancel the written
18 certificate of title for the vessel or outboard motor that has been
19 surrendered to the department and maintain in the files of the
20 department the date and time of destruction or other cancellation.
21 If a written certificate of title being canceled is not destroyed,
22 the department shall indicate on the face of the certificate that it
23 has been canceled.

24 (h) The department may cancel a certificate of title issued
25 by the department only if the department:

26 (1) could have rejected the application for the
27 certificate under Subsection (c);

1 (2) is required to cancel the certificate under this
2 section or another provision of this chapter; or

3 (3) receives satisfactory evidence that the vessel is
4 a documented vessel or a foreign-documented vessel.

5 SECTION 13. Section 31.049, Parks and Wildlife Code, is
6 amended by amending Subsection (a) and adding Subsections (f), (g),
7 and (h) to read as follows:

8 (a) A certificate of title must be on a form prescribed by
9 the department and must contain:

10 (1) the name and mailing address of the owner of the
11 vessel or outboard motor and, if not all owners are listed, an
12 indication that there are additional owners indicated in the files
13 of the department;

14 (2) the name and mailing address of the owner of a
15 security interest in the vessel or outboard motor and, if not all
16 security interests are listed, an indication that there are
17 additional security interests indicated in the files of the
18 department; [~~and~~]

19 (3) a description of the vessel or outboard motor,
20 including, as appropriate, the hull identification number, motor
21 number, outdrive number, make, year, length, vessel type, hull
22 material, propulsion type, engine drive type, fuel type, and
23 horsepower;

24 (4) the date the certificate was issued;

25 (5) all title brands indicated in the files of the
26 department covering the vessel, including brands indicated on a
27 certificate issued by a governmental agency of another jurisdiction

1 and delivered to the department; and

2 (6) a form for the owner of record to indicate, in
3 connection with a transfer of ownership interest, that the vessel
4 is hull damaged.

5 (f) This chapter does not preclude the department from
6 noting on a certificate of title the name and mailing address of a
7 secured party that is not a secured party of record.

8 (g) For each title brand indicated on a certificate of
9 title, the certificate must identify the jurisdiction under whose
10 law the title brand was designated or the jurisdiction that issued
11 the certificate on which the title brand was designated. If the
12 meaning of a title brand is not easily ascertainable or cannot be
13 accommodated on the certificate, the certificate may state:
14 "Previously branded in (insert the jurisdiction under whose law the
15 title brand was designated or that issued the certificate of title
16 on which the title brand was designated)."

17 (h) If the files of the department indicate that a vessel
18 was previously registered or titled in a foreign country, the
19 department shall indicate on the certificate of title that the
20 vessel was registered or titled in that country.

21 SECTION 14. The heading to Section 31.050, Parks and
22 Wildlife Code, is amended to read as follows:

23 Sec. 31.050. FORM OF MANUFACTURER'S AND IMPORTER'S
24 CERTIFICATE OF ORIGIN.

25 SECTION 15. Sections 31.050(a) and (b), Parks and Wildlife
26 Code, are amended to read as follows:

27 (a) A manufacturer's [~~certificate~~] or [~~an~~] importer's

1 certificate of origin must include:

2 (1) a description of the vessel or outboard motor as
3 required by [~~Subdivision (2) of Subsection (b) of~~] Section
4 31.047(b)(2) [~~31.047 of this code~~];

5 (2) the name and place of construction or other
6 origin;

7 (3) the signature of the manufacturer or an equivalent
8 of the signature of the manufacturer; and

9 (4) the endorsement of the original and each
10 subsequent transferee, including the applicant for the original
11 certificate of title.

12 (b) A lien, security interest, or other encumbrance may not
13 be shown on a manufacturer's or importer's certificate of origin.

14 SECTION 16. Subchapter B-1, Chapter 31, Parks and Wildlife
15 Code, is amended by adding Section 31.0505 to read as follows:

16 Sec. 31.0505. HULL DAMAGED TITLE BRAND. (a) Unless
17 Subsection (b) applies, at or before the time the owner of record
18 transfers an ownership interest in a hull-damaged vessel that is
19 covered by a certificate of title issued by the department, if the
20 damage occurred while that person was an owner of the vessel and the
21 person has notice of the damage at the time of the transfer, the
22 owner shall:

23 (1) deliver to the department an application for a new
24 certificate of title that complies with Section 31.046 and includes
25 the title brand "Hull Damaged"; or

26 (2) indicate on the certificate of title in the place
27 designated for that purpose that the vessel is hull damaged and

1 deliver the certificate to the transferee.

2 (b) Before an insurer transfers an ownership interest in a
3 hull-damaged vessel that is covered by a certificate of title
4 issued by the department, the insurer shall deliver to the
5 department an application for a new certificate of title that
6 complies with Section 31.046 and includes the title brand "Hull
7 Damaged".

8 (c) Not later than the 20th day after the date of delivery to
9 the department of an application under Subsection (a)(1) or (b) or a
10 certificate of title under Subsection (a)(2), the department shall
11 issue a new certificate of title that indicates that the vessel is
12 title branded "Hull Damaged".

13 (d) A person commits an offense if the person:

14 (1) intentionally or knowingly:

15 (A) fails to comply with Subsection (a) or (b);

16 or

17 (B) solicits or colludes in a failure by an owner
18 of record to comply with Subsection (a); or

19 (2) negligently fails to comply with Subsection (a) or
20 (b).

21 (e) An offense under Subsection (d)(1) is a Class B Parks
22 and Wildlife Code misdemeanor. An offense under Subsection (d)(2)
23 is a Class C Parks and Wildlife Code misdemeanor.

24 SECTION 17. Section 31.051, Parks and Wildlife Code, is
25 amended to read as follows:

26 Sec. 31.051. REPLACEMENT CERTIFICATES OF TITLE. The
27 department shall provide by regulation for the replacement of

1 ~~[lost, mutilated, or stolen]~~ certificates of title.

2 SECTION 18. Sections 31.052(a), (c), and (d), Parks and
3 Wildlife Code, are amended to read as follows:

4 (a) Except as provided by this section and Section
5 31.050(c), and except for statutory liens, security interests in a
6 vessel or outboard motor shall be noted on the certificate of title
7 of the vessel or outboard motor to which the security interest
8 applies. On recordation of a security interest on the certificate
9 of title, the recorded security interest owner and assignees under
10 Subsection (c) obtain priority over the rights of a lien creditor~~[~~
11 ~~as defined by Section 9.102, Business & Commerce Code,~~~~]~~ for so long
12 as the security interest is recorded on the certificate of title.

13 (c) A security interest owner may assign a security interest
14 recorded under this chapter without making any filing or giving any
15 notice under this chapter. The security interest assigned remains
16 valid and perfected and retains its priority, securing the
17 obligation assigned to the assignee, against transferees from and
18 creditors of the debtor, including lien creditors~~[~~
19 ~~Section 9.102, Business & Commerce Code]~~.

20 (d) An assignee or assignor may, but need not to retain the
21 validity, perfection, and priority of the security interest
22 assigned, as evidence of the assignment of the security interest
23 recorded under this chapter, apply to the department or a county
24 assessor-collector for the assignee to be named as security
25 interest owner on the certificate of title and notify the debtor of
26 the assignment. Failure to make application under this subsection
27 or notify a debtor of an assignment does not create a cause of

1 action against the recorded security interest owner, the assignor,
2 or the assignee or affect the continuation of the perfected status
3 of the assigned security interest in favor of the assignee against
4 transferees from and creditors of the debtor, including lien
5 creditors [~~, as defined by Section 9.102, Business & Commerce Code~~].

6 SECTION 19. Section 31.053, Parks and Wildlife Code, is
7 amended by amending Subsections (a) and (c) and adding Subsections
8 (a-1), (g), and (h) to read as follows:

9 (a) No person may sell, assign, transfer, or otherwise
10 dispose of an interest in a vessel or an outboard motor without:

11 (1) if the transferee is not a manufacturer or a dealer
12 and the vessel or outboard motor is new, delivering to the
13 department a manufacturer's or importer's certificate of origin
14 showing the endorsement of the manufacturer and all intervening
15 owners;

16 (2) if the transferee is a manufacturer or a dealer and
17 the vessel or outboard motor is new, delivering to the transferee a
18 manufacturer's or importer's certificate of origin showing the
19 endorsement of the manufacturer and all intervening owners;

20 (3) if the vessel or outboard motor is not covered by a
21 certificate of title or a manufacturer's or importer's certificate
22 of origin and if the transferor is a manufacturer or dealer,
23 delivering to the department sufficient evidence of title or other
24 information to permit the issuance of a certificate of title for the
25 vessel or outboard motor in the name of the transferee;

26 (4) if the vessel or outboard motor is not covered by a
27 certificate of title or a manufacturer's or importer's certificate

1 of origin and if the transferor is not a manufacturer or dealer,
2 delivering to the transferee sufficient evidence of title or other
3 information to permit the transferee to apply for and receive a
4 certificate of title for the vessel or outboard motor in the name of
5 the transferee; or

6 (5) delivering to the transferee a certificate of
7 title for the vessel or outboard motor in the name of the transferor
8 and properly endorsed to show the transfer or evidence of an
9 involuntary transfer.

10 (a-1) For a voluntary transfer, if the transferor does not
11 have possession of the certificate of title, the person in
12 possession of the certificate of title shall facilitate the
13 transferor's compliance with this section, except that a secured
14 party does not have a duty to facilitate the transferor's
15 compliance with this section if the proposed transfer is prohibited
16 by the security agreement.

17 (c) The transferor shall provide the documents or evidence
18 required by Subsection (a) [~~of this section~~] to the department or
19 the transferee, as appropriate, in sufficient time to allow the
20 transferee to register and obtain a certificate of title for the
21 vessel or outboard motor not later than the 20th [~~45th~~] day after
22 the date of the sale.

23 (g) If the certificate of title is an electronic certificate
24 of title, the transferor shall promptly sign and deliver to the
25 transferee a record evidencing the transfer of ownership to the
26 transferee.

27 (h) The transferee has a right enforceable by specific

1 performance to require the transferor comply with Subsection
2 (a)(5), (a-1), or (g).

3 SECTION 20. Section 31.055, Parks and Wildlife Code, is
4 amended to read as follows:

5 Sec. 31.055. EXCEPTIONS. This subchapter does not apply
6 to:

7 (1) a vessel [~~vessels~~] with a valid marine document
8 issued by the United States Coast Guard's National Vessel
9 Documentation Center or a federal agency that is a successor to the
10 National Vessel Documentation Center;

11 (2) a foreign-documented vessel;

12 (3) a barge; or

13 (4) a vessel before delivery if the vessel is under
14 construction or completed under contract.

15 SECTION 21. Subchapter B-1, Chapter 31, Parks and Wildlife
16 Code, is amended by adding Sections 31.0563, 31.0565, 31.0567,
17 31.0569, 31.057, 31.0573, 31.0575, 31.0577, 31.0579, 31.058, and
18 31.0582 to read as follows:

19 Sec. 31.0563. RECORDS. (a) For each record relating to a
20 certificate of title submitted to the department, the department
21 shall maintain a file that includes:

22 (1) the hull identification number of the vessel or
23 the serial number of the outboard motor;

24 (2) all the information submitted with the application
25 under Section 31.046, including the date and time the application
26 was submitted to the department;

27 (3) the name of each secured party to the vessel or

1 outboard motor; and

2 (4) the name of each person known to the department to
3 be claiming an ownership interest in the vessel or outboard motor.

4 (b) In addition to the information described by Subsection
5 (a), the department shall maintain a list of all title brands known
6 to the department and stolen-property reports relating to vessels
7 or outboard motors made known to the department.

8 (c) The department shall maintain the information described
9 in this section in a manner that is searchable by hull
10 identification number of the vessel, the motor number, the vessel
11 number, and the name of the owner of record. The department may
12 maintain the information described in this section in a manner that
13 is searchable by other methods.

14 (d) The department shall provide to federal, state, and
15 local governmental entities the information described by this
16 section, on request of the governmental entities and for the
17 purposes of safety, security, or law enforcement.

18 (e) The department shall retain the evidence used to
19 establish the accuracy of the information in its files relating to
20 the ownership of a vessel or outboard motor and the information on
21 the certificate of title in accordance with the record retention
22 schedule established under the department's records management
23 program.

24 (f) The department shall retain in its files all information
25 regarding a security interest in a vessel or outboard motor for at
26 least 10 years after the department receives a termination
27 statement regarding the security interest. The information must be

1 accessible by the hull identification number of the vessel or
2 serial number of the outboard motor and any other methods provided
3 by the department.

4 (g) If a person submits a record to the department, or
5 submits information that is accepted by the department, and
6 requests an acknowledgment of the filing or submission, the
7 department shall send to the person an acknowledgment showing the
8 hull identification number of the vessel or serial number of the
9 outboard motor to which the record or submission relates, the
10 information in the filed record or submission, and the date and time
11 the record was received or the submission accepted. A request
12 described by this subsection must contain the hull identification
13 number of the vessel and serial number of the outboard motor and be
14 delivered by means authorized by the department.

15 Sec. 31.0565. EFFECT OF CERTIFICATE OF TITLE ON INFORMATION
16 IN CERTIFICATE. A certificate of title is prima facie evidence of
17 the accuracy of the information in the record that constitutes the
18 certificate.

19 Sec. 31.0567. EFFECT OF POSSESSION OF CERTIFICATE OF TITLE;
20 JUDICIAL PROCESS. Possession of a certificate of title does not
21 provide a right to obtain possession of a vessel or outboard motor.
22 Garnishment, attachment, levy, replevin, or other judicial process
23 against the certificate is not effective to determine possessory
24 rights to the vessel or outboard motor. This chapter does not
25 prohibit enforcement under the laws of this state of a security
26 interest in, levy on, or foreclosure of a statutory or common-law
27 lien on a vessel or outboard motor. Absence of an indication of a

1 statutory or common-law lien on a certificate of title does not
2 invalidate the lien.

3 Sec. 31.0569. PERFECTION OF SECURITY INTEREST. (a) A
4 security interest in a vessel or outboard motor may be perfected
5 only by delivery to the department of an application for a
6 certificate of title that identifies the secured party and
7 otherwise complies with Section 31.049. The security interest is
8 perfected on the later of delivery to the department of the
9 application and the applicable fee or attachment of the security
10 interest under Section 9.203, Business & Commerce Code.

11 (b) If the interest of a person named as owner, lessor,
12 consignor, or bailor in an application for a certificate of title
13 delivered to the department is a security interest, the application
14 sufficiently identifies the person as a secured party.
15 Identification on the application for a certificate of title of a
16 person as owner, lessor, consignor, or bailor is not by itself a
17 factor in determining whether the person's interest is a security
18 interest.

19 (c) If the department has issued a certificate of title for
20 a vessel or outboard motor, a security interest in the vessel or
21 outboard motor may be perfected by delivery to the department of an
22 application, on a form prescribed by the department, to have the
23 security interest added to the certificate of title. The
24 application must be signed by an owner of the vessel or outboard
25 motor or by the secured party and must include:

- 26 (1) the name of the owner of record;
27 (2) the name and mailing address of the secured party;

1 (3) the hull identification number of the vessel and
2 serial number of the outboard motor, as applicable; and

3 (4) the certificate of title, if the department has
4 issued a written certificate of title for the vessel or outboard
5 motor.

6 (d) A security interest perfected under Subsection (c) is
7 perfected on the later of:

8 (1) delivery to the department of the application and
9 all applicable fees; or

10 (2) attachment of the security interest under Section
11 9.203, Business & Commerce Code.

12 (e) On delivery of an application that complies with
13 Subsection (c) and payment of all applicable fees, the department
14 shall issue a new certificate of title under Section 31.0485 and
15 deliver the new certificate of title or a record evidencing an
16 electronic certificate of title as required by Subsection (e) of
17 that section. The department shall maintain in the files of the
18 department the date and time of delivery of the application to the
19 department.

20 (f) If a secured party assigns a perfected security interest
21 in a vessel or outboard motor, the receipt by the department of a
22 statement providing the name of the assignee as secured party is not
23 required to continue the perfected status of the security interest
24 against creditors of and transferees from the original debtor. A
25 purchaser of a vessel or outboard motor subject to a security
26 interest who obtains a release from the secured party indicated in
27 the files of the department or on the certificate of title takes

1 free of the security interest and of the rights of a transferee
2 unless the transfer is indicated in the files of the department or
3 on the certificate of title.

4 (g) This section does not apply to a security interest:

5 (1) issued for a vessel or outboard motor by a person
6 during any period in which the vessel or outboard motor is inventory
7 held for sale or lease by the person or is leased by the person as
8 lessor if the person is in the business of selling vessels or
9 outboard motors;

10 (2) in a barge for which no application for a
11 certificate of title has been delivered to the department; or

12 (3) in a vessel or outboard motor before delivery if
13 the vessel or outboard motor is under construction or completed
14 under contract and for which no application for a certificate of
15 title has been delivered to the department.

16 (h) If a certificate of documentation for a documented
17 vessel is deleted or canceled, a security interest in the vessel
18 that was valid immediately before deletion or cancellation against
19 a third party as a result of compliance with 46 U.S.C. Section 31321
20 is and remains perfected until the earlier of:

21 (1) four months after deletion or cancellation of the
22 certificate of documentation; or

23 (2) the perfection of the security interest under this
24 section.

25 (i) A security interest in a vessel or outboard motor
26 arising under Section 2.401, 2.505, 2.711(c), or 2A.508(e),
27 Business & Commerce Code, is perfected when it attaches but becomes

1 unperfected when the debtor obtains possession of the vessel or
2 outboard motor, unless before the debtor obtains possession the
3 security interest is perfected under Subsection (a) or (c).

4 (j) A security interest in a vessel or outboard motor as
5 proceeds of other collateral is perfected to the extent provided in
6 Section 9.315, Business & Commerce Code.

7 (k) A security interest in a vessel or outboard motor
8 perfected under the law of another jurisdiction is perfected to the
9 extent provided in Section 9.316(d), Business & Commerce Code.

10 Sec. 31.057. TERMINATION STATEMENT. (a) A secured party
11 indicated in the files of the department as having a security
12 interest in a vessel or outboard motor shall deliver a termination
13 statement to the department and, on the debtor's request, to the
14 debtor, not later than the earlier of:

15 (1) the 20th day after the date the secured party
16 receives a signed demand from an owner for a termination statement
17 and there is no obligation secured by the vessel or outboard motor
18 subject to the security interest and no commitment to make an
19 advance, incur an obligation, or otherwise give value secured by
20 the vessel or outboard motor; or

21 (2) if the vessel or outboard motor is used or bought
22 for use primarily for personal, family, or household purposes, the
23 30th day after the date that no obligation is secured by the vessel
24 or outboard motor and no commitment exists to make an advance, incur
25 an obligation, or otherwise give value secured by the vessel or
26 outboard motor.

27 (b) If a written certificate of title has been issued and

1 delivered to a secured party and a termination statement is
2 required under Subsection (a), the secured party, not later than
3 the date required by Subsection (a), shall deliver the certificate
4 of title to the debtor or to the department with the statement. If
5 the certificate of title is lost, stolen, mutilated, destroyed, or
6 is otherwise unavailable or illegible, the secured party shall
7 deliver with the statement, not later than the date required by
8 Subsection (a), an application for a replacement certificate of
9 title meeting the requirements prescribed in the regulations
10 adopted under Section 31.051.

11 (c) On delivery to the department of a termination statement
12 authorized by the secured party, and, if applicable, an application
13 for a replacement certificate of title meeting the requirements
14 prescribed in the regulations adopted under Section 31.051, the
15 security interest to which the statement relates ceases to be
16 perfected. If the security interest to which the statement relates
17 was indicated on the certificate of title, the department shall
18 issue a new certificate of title and deliver the new certificate of
19 title or a record evidencing an electronic certificate of title.
20 The department shall maintain in its files the date and time of
21 delivery to the department of the termination statement.

22 (d) A secured party that fails to comply with this section
23 is liable for:

24 (1) any loss that the secured party had reason to know
25 might result from the secure party's failure to comply and which
26 could not reasonably have been prevented; and

27 (2) the cost of an application for a certificate of

1 title under Section 31.047 or a replacement certificate of title
2 under the regulations adopted under Section 31.051.

3 Sec. 31.0573. EFFECT OF MISSING OR INCORRECT INFORMATION.
4 Except as otherwise provided by Section 9.337, Business & Commerce
5 Code, a certificate of title or other record required or authorized
6 by this chapter is effective, regardless of whether it contains
7 incorrect information or does not contain required information.

8 Sec. 31.0575. TRANSFER OF OWNERSHIP BY SECURED PARTY'S
9 TRANSFER STATEMENT. (a) In this section, "secured party's
10 transfer statement" means a record signed by the secured party of
11 record stating:

12 (1) there has been a default on an obligation secured
13 by the vessel or outboard motor;

14 (2) the secured party of record is exercising or has
15 exercised post-default remedies with respect to the vessel or
16 outboard motor;

17 (3) by reason of the exercise, the secured party of
18 record has the right to transfer the ownership interest of an owner,
19 and the name of the owner;

20 (4) the name and last known mailing address of the
21 owner of record and the secured party of record;

22 (5) the name of the transferee;

23 (6) other information required by Section 31.047(b);

24 and

25 (7) one of the following:

26 (A) that the certificate of title is an
27 electronic certificate of title;

1 (B) that the secured party does not have
2 possession of the written certificate of title issued in the name of
3 the owner of record; or

4 (C) that the secured party is delivering the
5 written certificate of title to the department with the secured
6 party's transfer statement.

7 (b) Unless the department rejects a secured party's
8 transfer statement for a reason stated in Section 31.0485(c), not
9 later than the 20th day after the date of delivery to the department
10 of the statement and payment of fees due under this chapter and
11 taxes payable under Chapter 160, Tax Code, in connection with the
12 statement or the acquisition or use of the vessel or outboard motor,
13 the department shall:

14 (1) accept the statement;

15 (2) amend the files of the department to reflect the
16 transfer; and

17 (3) if the name of the owner whose ownership interest
18 is being transferred is indicated on the certificate of title:

19 (A) cancel the certificate of title, regardless
20 of whether the certificate of title has been delivered to the
21 department;

22 (B) issue a new certificate of title indicating
23 the transferee as owner; and

24 (C) deliver the new certificate of title or a
25 record evidencing an electronic certificate of title.

26 (c) The submission to the department of a secured party's
27 transfer statement, or the issuance of a certificate of title under

1 Subsection (b), is not a disposition of the vessel or outboard motor
2 and does not relieve the secured party of the secured party's duties
3 under Chapter 9, Business & Commerce Code.

4 Sec. 31.0577. TRANSFER BY OPERATION OF LAW. (a) In this
5 section:

6 (1) "By operation of law" means, with respect to a
7 vessel or outboard motor, in accordance with a law or judicial order
8 affecting ownership of the vessel or outboard motor:

9 (A) because of death, divorce or other family law
10 proceeding, merger, consolidation, dissolution, or bankruptcy;

11 (B) through the exercise of the rights of a lien
12 creditor or a person having a lien created by statute or rule of
13 law; or

14 (C) through other legal process.

15 (2) "Transfer-by-law statement" means a record signed
16 by a transferee stating that by operation of law the transferee has
17 acquired or has the right to acquire an ownership interest in a
18 vessel or outboard motor.

19 (b) A transfer-by-law statement must contain:

20 (1) the name and last known mailing address of the
21 owner of record and the transferee and the other information
22 required by Section 31.047(b);

23 (2) documentation sufficient to establish the
24 transferee's ownership interest or right to acquire the ownership
25 interest;

26 (3) a statement that:

27 (A) the certificate of title is an electronic

1 certificate of title;

2 (B) the transferee does not have possession of
3 the written certificate of title issued in the name of the owner of
4 record; or

5 (C) the transferee is delivering the written
6 certificate of title to the department with the transfer-by-law
7 statement; and

8 (4) except for a transfer described in Subsection
9 (a)(1)(A), evidence that notification of the transfer and the
10 intent to file the transfer-by-law statement has been sent to all
11 persons indicated in the files of the department as having an
12 interest, including a security interest, in the vessel or outboard
13 motor.

14 (c) Unless the department rejects a transfer-by-law
15 statement for a reason stated in Section 31.0485(c) or because the
16 statement does not include documentation satisfactory to the
17 department as to the transferee's ownership interest or right to
18 acquire the ownership interest, not later than the 20th day after
19 the date of delivery to the department of the statement and payment
20 of fees due under this chapter and taxes payable under Chapter 160,
21 Tax Code, in connection with the statement or with the acquisition
22 or use of the vessel or outboard motor, the department shall:

23 (1) accept the statement;

24 (2) amend the files of the department to reflect the
25 transfer; and

26 (3) if the name of the owner whose ownership interest
27 is being transferred is indicated on the certificate of title:

1 (A) cancel the certificate of title, regardless
2 of whether the certificate of title has been delivered to the
3 department;

4 (B) issue a new certificate of title indicating
5 the transferee as owner;

6 (C) indicate on the new certificate of title any
7 security interest indicated on the canceled certificate of title,
8 unless a court order provides otherwise; and

9 (D) deliver the new certificate of title or a
10 record evidencing an electronic certificate of title.

11 (d) This section does not apply to a transfer of an interest
12 in a vessel or outboard motor by a secured party under Subchapter F,
13 Chapter 9, Business & Commerce Code.

14 Sec. 31.0579. APPLICATION FOR TERMINATION OF SECURITY
15 INTEREST WITHOUT CERTIFICATE OF TITLE. (a) Except as provided by
16 Sections 31.0575 and 31.0577, if the department receives,
17 unaccompanied by a signed certificate of title, an application for
18 a new certificate of title that includes an indication of a
19 termination statement, the department may issue a new certificate
20 of title under this section only if:

21 (1) all other requirements under Sections 31.047 and
22 31.0485 are met;

23 (2) the applicant provides an affidavit stating facts
24 showing the applicant is entitled to a termination statement;

25 (3) the applicant provides the department with
26 satisfactory evidence that notification of the application has been
27 sent to all persons indicated in the files of the department as

1 having a security interest in the vessel or outboard motor, not
2 earlier than the 45th day after the date the notification was sent,
3 and the department has not received an objection from any of those
4 persons; and

5 (4) the applicant submits any other information
6 required by the department as evidence of the applicant's right to
7 terminate the security interest, and the department has no credible
8 information indicating theft, fraud, or an undisclosed or
9 unsatisfied security interest, lien, or other claim to an interest
10 in the vessel or outboard motor.

11 (b) The department may indicate in a certificate of title
12 issued under Subsection (a) that the certificate of title was
13 issued without submission of a termination statement. Unless
14 credible information indicating theft, fraud, or an undisclosed or
15 unsatisfied security interest, lien, or other claim to an interest
16 in the vessel or outboard motor is delivered to the department not
17 later than the first anniversary of the date of the issuance of the
18 certificate of title under Subsection (a), on request in a form and
19 manner required by the department, the department shall remove the
20 indication from the certificate of title.

21 (c) Unless the department determines that the value of a
22 vessel or outboard motor is less than \$5,000, the department may
23 require the applicant to post a bond or provide an equivalent source
24 of indemnity or security before the department issues a certificate
25 of title under Subsection (a). The bond, indemnity, or other
26 security may not exceed twice the value of the vessel or outboard
27 motor as determined by the department. The bond, indemnity, or

1 other security must be in a form required by the department and
2 provide for indemnification of any owner, purchaser, or other
3 claimant for any expense, loss, delay, or damage, including
4 reasonable attorney's fees and costs, but not including incidental
5 or consequential damages, resulting from issuance or amendment of
6 the certificate of title.

7 (d) Unless the department receives a claim for indemnity not
8 later than the first anniversary of the date of the issuance of a
9 certificate of title under Subsection (a), on request in a form and
10 manner required by the department, the department shall release any
11 bond, indemnity, or other security.

12 Sec. 31.058. RIGHTS OF PURCHASER OTHER THAN SECURED PARTY.

13 (a) In this section, "buyer in ordinary course of business" has the
14 meaning assigned by Section 1.201, Business & Commerce Code.

15 (b) A buyer in ordinary course of business has the
16 protections afforded by Sections 2.403(b) and 9.320(a), Business &
17 Commerce Code, regardless of whether:

18 (1) an existing certificate of title was signed and
19 delivered to the buyer; or

20 (2) a new certificate of title listing the buyer as
21 owner of record was issued.

22 (c) Except as provided by Sections 31.053 and 31.0582, the
23 rights of a purchaser of a vessel or outboard motor that is not a
24 buyer in ordinary course of business or a lien creditor are governed
25 by the Business & Commerce Code.

26 Sec. 31.0582. RIGHTS OF SECURED PARTY. (a) In this
27 section, "good faith" means honesty in fact and the observance of

1 reasonable commercial standards of fair dealing.

2 (b) Subject to Subsection (c), the effect of perfection and
3 nonperfection of a security interest and the priority of a
4 perfected or unperfected security interest with respect to the
5 rights of a purchaser or creditor, including a lien creditor, is
6 governed by the Business & Commerce Code.

7 (c) If, while a security interest in a vessel or outboard
8 motor is perfected by any method under this chapter, the department
9 issues a certificate of title that does not indicate that the vessel
10 or outboard motor is subject to the security interest or contain a
11 statement that it may be subject to security interests not
12 indicated on the certificate of title:

13 (1) a buyer of the vessel or outboard motor, other than
14 a person in the business of selling or leasing vessels or outboard
15 motors of that kind, takes free of the security interest if the
16 buyer, acting in good faith and without knowledge of the security
17 interest, gives value and receives possession of the vessel or
18 outboard motor; and

19 (2) the security interest is subordinate to a
20 conflicting security interest in the vessel or outboard motor that
21 is perfected under Section 31.0569, after creation of the
22 certificate and without the conflicting secured party's knowledge
23 of the security interest.

24 SECTION 22. The following provisions of the Parks and
25 Wildlife Code are repealed:

26 (1) Section 31.039(c); and

27 (2) Sections 31.049(b) and (c).

1 SECTION 23. (a) The rights, duties, and interests flowing
2 from a transaction, certificate of title, or record relating to a
3 vessel or outboard motor which was validly entered into or issued
4 before the effective date of this Act and would be subject to
5 Chapter 31, Parks and Wildlife Code, as amended by this Act, if it
6 had been entered into or issued on or after the effective date of
7 this Act, remain valid on and after the effective date of this Act.

8 (b) This Act does not affect an action or proceeding
9 commenced before the effective date of this Act.

10 (c) Except as provided by Subsection (d) of this section, a
11 security interest that is enforceable immediately before the
12 effective date of this Act and would have priority over the rights
13 of a person that becomes a lien creditor at that time is a perfected
14 security interest under this Act.

15 (d) A security interest perfected immediately before the
16 effective date of this Act remains perfected until the earlier of:

17 (1) the time perfection would have ceased under the
18 law under which the security interest was perfected; or

19 (2) three years after the effective date of this Act.

20 (e) This Act does not affect the priority of a security
21 interest in a vessel or outboard motor if immediately before the
22 effective date of this Act the security interest is enforceable and
23 perfected, and that priority is established.

24 SECTION 24. This Act takes effect January 1, 2028.