

1-1 By: Alvarado S.B. No. 1267
1-2 (In the Senate - Filed February 13, 2025; February 28, 2025,
1-3 read first time and referred to Committee on Water, Agriculture and
1-4 Rural Affairs; March 31, 2025, reported favorably by the following
1-5 vote: Yeas 9, Nays 0; March 31, 2025, sent to printer.)

1-6 COMMITTEE VOTE

1-7	Yea	Nay	Absent	PNV
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			

1-17 A BILL TO BE ENTITLED
1-18 AN ACT

1-19 relating to certificates of number and certificates of title issued
1-20 by and records kept by the Parks and Wildlife Department; creating a
1-21 criminal offense.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

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

1-27 (2) "Vessel" means any watercraft~~[, other than a~~
1-28 ~~seaplane on water,~~ used or capable of being used for
1-29 transportation on water, except:

1-30 (A) a watercraft exempted by commission rule;

1-31 (B) a watercraft that operates only on a
1-32 permanently fixed, manufactured course, the movement of which is
1-33 restricted to or guided by means of a mechanical device to which the
1-34 watercraft is attached or by which the watercraft is controlled;

1-35 (C) a seaplane; and

1-36 (D) a stationary floating structure that:

1-37 (i) does not have and is not designed to
1-38 have a mode of propulsion of its own;

1-39 (ii) is dependent for utilities upon a
1-40 continuous utility hookup to a source originating on shore; and

1-41 (iii) has a permanent, continuous hookup to
1-42 a shoreside sewage system.

1-43 (8) "Vessel livery" means a person ~~[business~~
1-44 ~~establishment]~~ engaged in advertising, renting, or hiring out
1-45 vessels for consideration ~~[profit]~~. The term includes a
1-46 recreational equipment timeshare business that leases or rents
1-47 vessels for consideration.

1-48 (11) "Manufacturer" means a person engaged in the
1-49 business of manufacturing or importing new and unused vessels and
1-50 outboard motors for the purpose of sale or trade.

1-51 (19) "Cancel" means, with respect to a certificate of
1-52 title, to make the certificate ineffective.

1-53 (20) "Certificate of title" means, with respect to a
1-54 vessel or outboard motor, a record, created by the department under
1-55 this chapter or by a governmental agency of another jurisdiction
1-56 under the law of that jurisdiction, that is designated as a
1-57 certificate of title by the department or agency and is evidence of
1-58 ownership of a vessel or outboard motor.

1-59 (21) "Electronic" means relating to technology having
1-60 electrical, digital, magnetic, wireless, optical, electromagnetic,
1-61 or similar capabilities.

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

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

(24) "Purchase" means, with respect to a vessel or outboard motor, to take by any voluntary transaction that creates an interest in the vessel or outboard motor.

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

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

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

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

(B) does not include:

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

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

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

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

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

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

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

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

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

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

(4) a ship's lifeboat; or

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

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

Sec. 31.028. CERTIFICATE OF NUMBER. The certificate of number shall be pocket-size. The certificate, ~~or~~ a facsimile of the certificate, or an electronic version of the certificate provided by the department ~~it~~ shall be carried on board the vessel at all times. It does not have to be on the person of the operator if prior to trial the operator can produce for examination a valid certificate of number.

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

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

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

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

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

- (1) an owner identifier as prescribed by 33 C.F.R. Section 174.17;
- (2) the phone number, e-mail address, social security number, or taxpayer identification number of an owner of a vessel or outboard motor; and
- (3) any other information contained in an ownership record that is not subject to public disclosure under Chapter 552, Government Code, or other law.

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

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

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

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

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

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

(d) A person who has a vessel with an altered, defaced, mutilated, or removed hull identification number or an outboard motor with an altered, defaced, mutilated, or removed serial number shall file a sworn statement with the department describing the vessel or outboard motor, proving legal ownership, and, if known, stating the reason for the destruction, removal, or defacement of the number. The statement must be accompanied by a fee of \$25, or an

amount set by the commission, whichever is greater, and a certificate from a game warden commissioned by the department that the vessel or outboard motor has been inspected by the officer and appears to be as applied for. On receipt of the statement in approved form, the department shall enter the information on records of its office and shall issue to the applicant a hull identification number or outboard motor serial number.

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

Sec. 31.0445. DEFINITIONS. In this subchapter:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(17) "Written certificate of title" means a

certificate of title consisting of information inscribed on a tangible medium.

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

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

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

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

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

(3) a watercraft used solely as a lifeboat on another watercraft; or

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

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

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

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

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

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

(b) A manufacturer or a dealer who sells a vessel or an outboard motor to a person other than a manufacturer or a dealer shall apply to the department or to a county tax assessor-collector for a certificate of title for the vessel or outboard motor in the name of the purchaser not later than the 20th ~~[45th]~~ day after the date of the sale.

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

(b) The form must contain:

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

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

(3) name and address of purchaser;

(4) date of purchase;

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

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

(7) if the application is for a vessel:

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

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

(8) if previously titled or registered:

(A) transferor's name and address;
 (B) when applicable, name of the state in which the vessel or outboard motor was previously titled or registered; and

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

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

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

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

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

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

(4) a promissory note;

(5) a security agreement;

(6) an invoice;

(7) a bill of lading;

(8) an affidavit;

(9) a probate or heirship proceeding or information;

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

(11) evidence of an involuntary transfer, as defined by ~~[in Subdivision (5) of Subsection (a) of]~~ Section 31.053(b) ~~[31.053, as amended]~~, which may be in affidavit form attaching copies of any pertinent underlying documents;

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

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

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

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

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

Sec. 31.0485. ISSUANCE, REJECTION, AND CANCELLATION OF CERTIFICATE OF TITLE. (a) Unless an application for a certificate of title is rejected under Subsection (c) or (d), the department shall issue a certificate of title for the vessel or outboard motor in accordance with Subsection (b) not later than the 20th day after the date the department receives an application that complies with this chapter.

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

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

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

(2) the application does not contain documentation

sufficient for the department to determine whether the applicant is entitled to a certificate of title; or

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

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

(e) On issuance of a written certificate of title, the department promptly shall send the certificate of title to the secured party of record or, if none, to the owner of record, at the address indicated for that person in the files of the department. On issuance of an electronic certificate of title, the department promptly shall send a record evidencing the certificate of title to the owner of record and, if there is one, to the secured party of record, at the address indicated for that person in the files of the department. The department may send the record to the person's mailing address or, if indicated in the files of the department, an electronic address.

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

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

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

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

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

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

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

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

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

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

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

(4) the date the certificate was issued;

(5) all title brands indicated in the files of the department covering the vessel, including brands indicated on a certificate issued by a governmental agency of another jurisdiction and delivered to the department; and

(6) a form for the owner of record to indicate, in

connection with a transfer of ownership interest, that the vessel is hull damaged.

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

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

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

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

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

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

(a) A manufacturer's ~~[certificate]~~ or ~~[an]~~ importer's certificate of origin must include:

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

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

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

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

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

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

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

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

(2) indicate on the certificate of title in the place designated for that purpose that the vessel is hull damaged and deliver the certificate to the transferee.

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

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

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

(1) intentionally or knowingly:

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

or

(B) solicits or colludes in a failure by an owner

of record to comply with Subsection (a); or
 (2) negligently fails to comply with Subsection (a) or
 (b).

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

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

Sec. 31.051. REPLACEMENT CERTIFICATES OF TITLE. The department shall provide by regulation for the replacement of ~~[lost, mutilated, or stolen]~~ certificates of title.

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

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

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

(d) An assignee or assignor may, but need not to retain the validity, perfection, and priority of the security interest assigned, as evidence of the assignment of the security interest recorded under this chapter, apply to the department or a county assessor-collector for the assignee to be named as security interest owner on the certificate of title and notify the debtor of the assignment. Failure to make application under this subsection or notify a debtor of an assignment does not create a cause of action against the recorded security interest owner, the assignor, or the assignee or affect the continuation of the perfected status of the assigned security interest in favor of the assignee against transferees from and creditors of the debtor, including lien creditors~~[, as defined by Section 9.102, Business & Commerce Code].~~

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

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

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

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

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

(4) if the vessel or outboard motor is not covered by a certificate of title or a manufacturer's or importer's certificate of origin and if the transferor is not a manufacturer or dealer, delivering to the transferee sufficient evidence of title or other information to permit the transferee to apply for and receive a certificate of title for the vessel or outboard motor in the name of the transferee; or

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

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

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

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

(h) The transferee has a right enforceable by specific performance to require the transferor comply with Subsection (a)(5), (a-1), or (g).

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

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

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

(2) a foreign-documented vessel;

(3) a barge; or

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

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

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

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

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

(3) the name of each secured party to the vessel or outboard motor; and

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

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

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

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

(e) The department shall retain the evidence used to establish the accuracy of the information in its files relating to the ownership of a vessel or outboard motor and the information on

the certificate of title in accordance with the record retention schedule established under the department's records management program.

(f) The department shall retain in its files all information regarding a security interest in a vessel or outboard motor for at least 10 years after the department receives a termination statement regarding the security interest. The information must be accessible by the hull identification number of the vessel or serial number of the outboard motor and any other methods provided by the department.

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

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

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

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

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

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

- (1) the name of the owner of record;
- (2) the name and mailing address of the secured party;
- (3) the hull identification number of the vessel and serial number of the outboard motor, as applicable; and
- (4) the certificate of title, if the department has issued a written certificate of title for the vessel or outboard motor.

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

- (1) delivery to the department of the application and

all applicable fees; or

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

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

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

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

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

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

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

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

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

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

(i) A security interest in a vessel or outboard motor arising under Section 2.401, 2.505, 2.711(c), or 2A.508(e), Business & Commerce Code, is perfected when it attaches but becomes unperfected when the debtor obtains possession of the vessel or outboard motor, unless before the debtor obtains possession the security interest is perfected under Subsection (a) or (c).

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

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

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

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

(2) if the vessel or outboard motor is used or bought for use primarily for personal, family, or household purposes, the 30th day after the date that no obligation is secured by the vessel

or outboard motor and no commitment exists to make an advance, incur an obligation, or otherwise give value secured by the vessel or outboard motor.

(b) If a written certificate of title has been issued and delivered to a secured party and a termination statement is required under Subsection (a), the secured party, not later than the date required by Subsection (a), shall deliver the certificate of title to the debtor or to the department with the statement. If the certificate of title is lost, stolen, mutilated, destroyed, or is otherwise unavailable or illegible, the secured party shall deliver with the statement, not later than the date required by Subsection (a), an application for a replacement certificate of title meeting the requirements prescribed in the regulations adopted under Section 31.051.

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

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

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

(2) the cost of an application for a certificate of title under Section 31.047 or a replacement certificate of title under the regulations adopted under Section 31.051.

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

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

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

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

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

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

(5) the name of the transferee;

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

and

(7) one of the following:

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

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

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

(b) Unless the department rejects a secured party's transfer statement for a reason stated in Section 31.0485(c), not later than the 20th day after the date of delivery to the department of the statement and payment of fees due under this chapter and taxes payable under Chapter 160, Tax Code, in connection with the

statement or the acquisition or use of the vessel or outboard motor, the department shall:

(1) accept the statement;
(2) amend the files of the department to reflect the transfer; and

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

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

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

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

(c) The submission to the department of a secured party's transfer statement, or the issuance of a certificate of title under Subsection (b), is not a disposition of the vessel or outboard motor and does not relieve the secured party of the secured party's duties under Chapter 9, Business & Commerce Code.

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

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

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

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

(C) through other legal process.

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

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

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

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

(3) a statement that:

(A) the certificate of title is an electronic certificate of title;

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

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

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

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

(1) accept the statement;

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

(3) if the name of the owner whose ownership interest

is being transferred is indicated on the certificate of title:

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

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

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

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

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

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

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

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

(3) the applicant provides the department with satisfactory evidence that notification of the application has been sent to all persons indicated in the files of the department as having a security interest in the vessel or outboard motor, not earlier than the 45th day after the date the notification was sent, and the department has not received an objection from any of those persons; and

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

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

(c) Unless the department determines that the value of a vessel or outboard motor is less than \$5,000, the department may require the applicant to post a bond or provide an equivalent source of indemnity or security before the department issues a certificate of title under Subsection (a). The bond, indemnity, or other security may not exceed twice the value of the vessel or outboard motor as determined by the department. The bond, indemnity, or other security must be in a form required by the department and provide for indemnification of any owner, purchaser, or other claimant for any expense, loss, delay, or damage, including reasonable attorney's fees and costs, but not including incidental or consequential damages, resulting from issuance or amendment of the certificate of title.

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

Sec. 31.058. RIGHTS OF PURCHASER OTHER THAN SECURED PARTY. (a) In this section, "buyer in ordinary course of business" has the meaning assigned by Section 1.201, Business & Commerce Code.

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

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

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

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

Sec. 31.0582. RIGHTS OF SECURED PARTY. (a) In this section, "good faith" means honesty in fact and the observance of reasonable commercial standards of fair dealing.

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

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

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

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

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

(1) Section [31.039\(c\)](#); and

(2) Sections [31.049\(b\)](#) and (c).

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

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

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

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

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

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

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

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

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