

SUBJECT: Requiring license for motor-vehicle title services in certain counties

COMMITTEE: Transportation — committee substitute recommended

VOTE: 8 ayes — Krusee, Phillips, Hamric, Garza, Harper-Brown, Hill, Laney, Mercer

0 nays

1 absent — Edwards

WITNESSES: For — David Childs, Dallas County Tax Assessor’s Office

Against — None

BACKGROUND: The 76th Legislature in 1999 enacted HB 3521 by Noriega (Transportation Code, chapter 520, subchapter E), which requires a provider of “motor vehicle title services” in a county with a population of more than 2.8 million (Harris County) to obtain a license from the county tax assessor-collector. The statute applies to any person that for compensation assists others in obtaining title documents from government agencies.

A person who seeks a license to provide motor-vehicle title services must submit an application form provided by the assessor-collector and must pay a fee. Applicants must provide identification information and other facts as required by the assessor-collector to “establish the business reputation and character of the applicant.” The assessor-collector may deny, suspend, revoke, or reinstate a title service license and must adopt rules that establish the grounds for these decisions.

Transportation Code, sec. 520.058 authorizes peace officers to inspect records that license holders must maintain as required by the law. A person who violates a requirement under the statute commits a Class A misdemeanor (punishable by up to one year in jail and/or a maximum fine of \$4,000), and the district attorney may act to enjoin the operation of the title services business. Certain motor-vehicle dealers, lessors, and lease facilitators are exempted from licensing requirements under the subchapter.

DIGEST: CSHB 623 would lower the population bracket that applies to Transportation Code, chapter 520, subchapter E to include counties with populations of more than 500,000 (Bexar, El Paso, Dallas, Harris, Tarrant, and Travis counties).

The bill would take effect September 1, 2003. A person required to hold a license in an affected county would not have to hold the license before October 1, 2003.

SUPPORTERS SAY: By requiring the tax assessor-collectors of large urban counties to regulate motor-vehicle title services through licensing, CSHB 623 would enlist these counties to assist state and local law enforcement in combating motor-vehicle theft and title fraud.

CSHB 623 would preempt vehicle title fraud in large urban counties, where this crime is most common. The bill would prescribe a well-crafted licensing program to stop criminal conduct before it begins. Applications submitted by title services providers would have to contain extensive details about the business, allowing an assessor-collector to gauge accurately the applicant's legitimacy and intent. By authorizing assessor-collectors to suspend or revoke these licenses, the bill would allow counties to act quickly, without the intervention of other law enforcement, to stop fraudulent title services from continuing this conduct.

County assessor-collectors of large counties welcome a state law that would formalize their powers and responsibilities in regard to motor-vehicle title license services. They form the first line of defense against increasing numbers of attempts by people (often motor-vehicle title services or their agents) to register stolen vehicles by presenting false documents. This trend costs state and local governments and citizens by confusing property ownership and triggering criminal investigations and prosecutions.

Some vehicle title services have directed bribes and threats to employees of county assessor-collector offices. The assessor-collectors believe the county licensing mandate would bolster the legitimacy and security of the initiatives they already use to minimize title fraud.

CSHB 623 would not subject license applicants to vague and arbitrary standards. The tax assessor-collectors would have to adopt formal rules for

making important decisions in relation to licensing vehicle services, including denying and revoking licenses.

**OPPONENTS
SAY:**

CSHB 623 is unnecessary. Certain county assessor-collectors that would be covered by the bill already grant and deny licenses for vehicle title services on the basis of administrative criteria established within their offices. Assessor-collectors also enforce bonding requirements for title services that want to obtain large quantities of license plates from the county assessor. Instead of enacting more requirements for large counties' assessor-collectors, including that they adopt formal rules, the state should allow these officials to continue administering title services in a manner that current law allows. Similarly, state and local officials already can deter and punish fraud by enforcing existing law, which criminalizes the conduct.

**OTHER
OPPONENTS
SAY:**

Current law is vague in a manner that could result in charges of favoritism and corruption. Transportation Code, sec. 520.054 requires the assessor-collector to obtain information by which to determine the "business reputation and character" of the license applicant. CSHB 623 should amend this statute to state specific factors that county assessor-collectors must consider in evaluating a license application.

NOTES:

The committee substitute corrected a reference to a "city" of 2.8 million or less in the original bill, amending it to read "county."