

BILL ANALYSIS

Senate Research Center

S.B. 1827
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Transportation & Homeland Security
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, when an auto auction sells a repossessed vehicle, the creditor provides notice to the debtor as required by Texas law. Because of the nature of the sale, providing debtors with notice each time an automobile is offered for auction is burdensome.

As proposed, S.B. 1827 clarifies that when a creditor sells a repossessed motor vehicle at an auction, the creditor is not required to notify the debtor each time the vehicle is scheduled for auction.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 503, Transportation Code, by adding Section 503.040, as follows:

Sec. 503.040. PRIVATE DISPOSITION OF COLLATERAL BY AUTO AUCTION. Provides that the sale by a secured party acting under Chapter 9 (Secured Transactions), Business & Commerce Code, of collateral consisting of a used motor vehicle at an auction conducted by an independent motor vehicle dealer constitutes a private disposition under that chapter for all purposes if neither the debtor nor the secured party is permitted to bid on the vehicle and there is no advertisement or public notice preceding the sale that specifically describes the collateral other than inclusion of the vehicle in a list of used motor vehicles being offered for sale at the auction that is made available to potential bidders prior to the sale.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2009.