

1-1 By: Huffman S.B. No. 869  
1-2 (In the Senate - Filed February 14, 2017; February 27, 2017,  
1-3 read first time and referred to Committee on State Affairs;  
1-4 April 3, 2017, reported adversely, with favorable Committee  
1-5 Substitute by the following vote: Yeas 9, Nays 0; April 3, 2017,  
1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	Huffman	X		
1-10	Hughes	X		
1-11	Birdwell	X		
1-12	Creighton	X		
1-13	Estes	X		
1-14	Lucio	X		
1-15	Nelson	X		
1-16	Schwertner	X		
1-17	Zaffirini	X		

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 869 By: Huffman

1-19 A BILL TO BE ENTITLED  
1-20 AN ACT

1-21 relating to authorizing a beneficiary designation that transfers a  
1-22 motor vehicle at the owner's death.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Subtitle C, Title 2, Estates Code, is amended by  
1-25 adding Chapter 115 to read as follows:

1-26 CHAPTER 115. BENEFICIARY DESIGNATION FOR MOTOR VEHICLES

1-27 Sec. 115.001. DEFINITIONS. In this chapter:

1-28 (1) "Beneficiary designation" means the designation  
1-29 by an owner of a motor vehicle of a beneficiary of the vehicle as  
1-30 provided by Section 501.0315, Transportation Code.

1-31 (2) "Designated beneficiary" means a person  
1-32 designated as a beneficiary of an owner's interest in a motor  
1-33 vehicle under Section 501.0315, Transportation Code.

1-34 (3) "Joint owner with right of survivorship" or "joint  
1-35 owner" means a person who owns a motor vehicle concurrently with one  
1-36 or more other persons with a right of survivorship. The term does  
1-37 not include an owner of community property with or without a right  
1-38 of survivorship.

1-39 (4) "Motor vehicle" has the meaning assigned by  
1-40 Section 501.002, Transportation Code.

1-41 (5) "Person" has the meaning assigned by Section  
1-42 311.005, Government Code.

1-43 Sec. 115.002. BENEFICIARY DESIGNATION AUTHORIZED. (a) An  
1-44 owner of a motor vehicle may transfer the owner's interest in the  
1-45 motor vehicle to a sole beneficiary effective on the owner's death  
1-46 by designating a beneficiary as provided by Section 501.0315,  
1-47 Transportation Code.

1-48 (b) A beneficiary designation is:

1-49 (1) subject to Section 115.003(b), revocable and may  
1-50 be changed at any time without the consent of the designated  
1-51 beneficiary as provided by Section 501.0315, Transportation Code;

1-52 (2) a nontestamentary instrument; and

1-53 (3) effective without:

1-54 (A) notice or delivery to or acceptance by the  
1-55 designated beneficiary during the owner's life; or

1-56 (B) consideration.

1-57 (c) A will may not revoke or supersede a beneficiary  
1-58 designation, regardless of when the will is made.

1-59 (d) A designated beneficiary may disclaim the designated  
1-60 beneficiary's interest in the motor vehicle as provided by Chapter

2-1 240, Property Code.

2-2 Sec. 115.003. JOINT OWNERSHIP. (a) If a motor vehicle  
 2-3 that is the subject of a beneficiary designation is owned by joint  
 2-4 owners with right of survivorship, the beneficiary designation must  
 2-5 be made by all of the joint owners.

2-6 (b) A beneficiary designation made by joint owners with  
 2-7 right of survivorship:

2-8 (1) may be revoked or changed as provided by Section  
 2-9 501.0315, Transportation Code, only if it is revoked or changed by  
 2-10 all of the joint owners; and

2-11 (2) may be revoked or changed by the last surviving  
 2-12 joint owner as provided by Section 501.0315, Transportation Code.

2-13 Sec. 115.004. EFFECT OF BENEFICIARY DESIGNATION DURING  
 2-14 OWNER'S LIFE. During a motor vehicle owner's life, a beneficiary  
 2-15 designation does not:

2-16 (1) affect an interest or right of the owner or owners  
 2-17 making the designation, including the right to transfer or  
 2-18 encumber the motor vehicle that is the subject of the designation;

2-19 (2) create a legal or equitable interest in favor of  
 2-20 the designated beneficiary in the motor vehicle that is the subject  
 2-21 of the designation, even if the beneficiary has actual or  
 2-22 constructive notice of the designation;

2-23 (3) affect an interest or right of a secured or  
 2-24 unsecured creditor or future creditor of the owner or owners making  
 2-25 the designation, even if the creditor has actual or constructive  
 2-26 notice of the designation; or

2-27 (4) affect an owner's or the designated beneficiary's  
 2-28 eligibility for any form of public assistance, subject to  
 2-29 applicable federal law.

2-30 Sec. 115.005. EFFECT OF BENEFICIARY DESIGNATION AT OWNER'S  
 2-31 OR LAST SURVIVING OWNER'S DEATH. (a) On the death of the owner of  
 2-32 a motor vehicle that is the subject of a beneficiary designation,  
 2-33 the following rules apply to an interest in the motor vehicle:

2-34 (1) if the designated beneficiary survives the owner  
 2-35 making the designation by 120 hours, the interest in the motor  
 2-36 vehicle is transferred to the designated beneficiary; and

2-37 (2) if the designated beneficiary fails to survive the  
 2-38 owner making the designation by 120 hours, the share of the  
 2-39 designated beneficiary lapses, notwithstanding Section 111.052,  
 2-40 and is subject to and passes in accordance with Subchapter D,  
 2-41 Chapter 255, as if the beneficiary designation were a devise made in  
 2-42 a will.

2-43 (b) If an owner is a joint owner with right of survivorship  
 2-44 who is survived by one or more other joint owners, the motor vehicle  
 2-45 that is the subject of the beneficiary designation belongs to the  
 2-46 surviving joint owner or owners. If an owner is a joint owner with  
 2-47 right of survivorship who is the last surviving joint owner, the  
 2-48 beneficiary designation is effective.

2-49 (c) A designated beneficiary takes the motor vehicle  
 2-50 subject to all encumbrances, assignments, contracts, liens, and  
 2-51 other interests to which the vehicle is subject at the owner's or  
 2-52 last surviving owner's death, as applicable. The transfer to the  
 2-53 designated beneficiary does not affect the ability of a lienholder  
 2-54 to pursue an existing means of debt collection permitted under the  
 2-55 laws of this state.

2-56 Sec. 115.006. CREDITOR CLAIMS; ALLOWANCES IN LIEU OF EXEMPT  
 2-57 PROPERTY AND FAMILY ALLOWANCES. Sections 114.104(b), (c), and (d)  
 2-58 and Section 114.106 apply to a transfer of an owner's interest in a  
 2-59 motor vehicle by a beneficiary designation in the same manner and to  
 2-60 the same extent as a transfer of real property under a transfer on  
 2-61 death deed under Chapter 114.

2-62 SECTION 2. Section 122.001(1), Estates Code, is amended to  
 2-63 read as follows:

2-64 (1) "Beneficiary" includes a person who would have  
 2-65 been entitled, if the person had not made a disclaimer, to receive  
 2-66 property as a result of the death of another person:

2-67 (A) by inheritance;

2-68 (B) under a will;

2-69 (C) by an agreement between spouses for community

- 3-1 property with a right of survivorship;
- 3-2 (D) by a joint tenancy with a right of
- 3-3 survivorship;
- 3-4 (E) by a survivorship agreement, account, or
- 3-5 interest in which the interest of the decedent passes to a surviving
- 3-6 beneficiary;
- 3-7 (F) by an insurance, annuity, endowment,
- 3-8 employment, deferred compensation, or other contract or
- 3-9 arrangement;
- 3-10 (G) under a pension, profit sharing, thrift,
- 3-11 stock bonus, life insurance, survivor income, incentive, or other
- 3-12 plan or program providing retirement, welfare, or fringe benefits
- 3-13 with respect to an employee or a self-employed individual; [~~or~~]
- 3-14 (H) by a transfer on death deed; or
- 3-15 (I) by a beneficiary designation as defined by
- 3-16 Section 115.001.

3-17 SECTION 3. Subchapter B, Chapter 501, Transportation Code,  
 3-18 is amended by adding Section 501.0315 to read as follows:

3-19 Sec. 501.0315. BENEFICIARY DESIGNATION. (a) The owner of  
 3-20 a motor vehicle may designate a sole beneficiary to whom the owner's  
 3-21 interest in the vehicle transfers on the owner's death as provided  
 3-22 by Chapter 115, Estates Code, by submitting an application for  
 3-23 title under Section 501.023 with the designation. To be effective,  
 3-24 the designation must state that the transfer of an interest in the  
 3-25 vehicle to the designated beneficiary is to occur at the  
 3-26 transferor's death.

3-27 (b) The legal name of a beneficiary designated under this  
 3-28 section must be included on the title.

3-29 (c) The department shall transfer title of a motor vehicle  
 3-30 to a beneficiary designated under this section for the vehicle if  
 3-31 the beneficiary submits:

3-32 (1) an application for title under Section 501.023 not  
 3-33 later than the 180th day after the date of the owner's death or, if  
 3-34 the vehicle is owned by joint owners, the last surviving owner's  
 3-35 death, as applicable; and

3-36 (2) satisfactory proof of the death of the owner or  
 3-37 owners, as applicable.

3-38 (d) A beneficiary designation may be changed or revoked by  
 3-39 submitting a new application for title under Section 501.023.

3-40 (e) A beneficiary designation or a change or revocation of a  
 3-41 beneficiary designation made on an application for title of a motor  
 3-42 vehicle that has not been submitted to the department before the  
 3-43 death of a vehicle's owner or owners who made, changed, or revoked  
 3-44 the designation, as applicable, is invalid.

3-45 (f) The department may adopt rules to administer this  
 3-46 section.

3-47 SECTION 4. This Act takes effect September 1, 2017.

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