
DIGEST

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HB 1086 Original

2026 Regular Session

Melerine

Abstract: Establishes certain system requirements for electronic lien, titling, and recordation of motor vehicles.

Present law (R.S. 32:702) provides for definitions.

Proposed law defines "certificate of title" as the record that is evidence of ownership of a vehicle, whether paper or electronic, issued by the Dept. of Public Safety and Corrections (DPS&C), office of motor vehicles (OMV).

Present law (R.S. 32:705(B)) provides for the various meanings of "endorsement".

Proposed law retains present law and adds the following:

- (1) Electronic signatures of sellers affixed to an electronic record of assignment or transfer of title in a manner authorized by the DPS&C, consistent with the provisions of the Uniform Electronic Transaction Act. Further requires the signatures comply with the Authentication Assurance Level 2 (AAL2) security standard as defined in the National Institute of Standards and Technology Special Publication 800-63-3.
- (2) Electronic signature of the seller affixed through an electronic titling system or other electronic process approved by the DPS&C will have the same force and effect as a handwritten signature and endorsement executed pursuant to present law.

Present law (R.S. 32:707.2(A)) requires the DPS&C to develop and implement a statewide computer system no later than Jan. 1, 2010, permitting the electronic recording of information concerning the perfection and release of vehicle security interests without submitting or receiving paper title documents. Further authorizes the DPS&C to allow submission of title information for new, transferred, and corrected certifications of title, including the perfection and release of security interests, through electronic media in a cost-effective manner in lieu of the submission and maintenance of paper documents required in present law.

Proposed law (R.S. 32:707.2(A)(1)) removes the date to develop and implement the computer system. Further adds electronic lien, titling, and registration into the computer system. Further requires the DPS&C to allow submission of title information for new, transferred, and corrected certifications of title including the perfection and release of security interests, through electronic means in a cost-effective manner. Further requires the system enable the ability to transact, process,

record, and transmit certificates of title through a completely electronic process for:

- (1) All business entities and their service providers applying for automotive titles and registrations, for itself or the customers.
- (2) Electronic submission of liens and lien satisfactions by financial institutions and its service providers pursuant to present law.

Proposed law (R.S. 32:707.2(A)(2)) requires that the electronic lien, electronic titling, and electronic registration system provide that any lien or security pursuant to present law be electronically transmitted to the DPS&C based on the following:

- (1) If there are one or more liens or encumbrances on the vehicle, the DPS&C must electronically transmit the lien to the first lienholder and notify the first lienholder of any additional liens, provided that a vehicle lien is noted on the face of the certificate of title and notwithstanding any other requirements in this present law.
 - (a) Requires subsequent lien satisfactions be electronically transmitted to the DPS&C and include the name and address of the person satisfying the lien.
 - (b) Prohibits a certificate of title from being issued until the last lien is satisfied and there is a clear certificate of title that can be issued to the owner of the vehicle. Further specifies that the DPS&C is not obligated to print a paper title until the final lien is satisfied, except where specifically requested by a dealer or financial institution to fulfill its business requirements. Further requires that a paper certificate of title from being issued only upon request of the vehicle owner or lienholder and upon payment of any applicable fees established by the DPS&C.
- (2)
 - (a) Vehicles subject to an electronic lien must have the certificate of title for the vehicle considered to be physically held by the lienholder for the purpose of compliance with state and federal odometer disclosure requirements.
 - (b) A duly certified copy of the OMV's electronic record of the lien is admissible in any civil, criminal, or administrative proceeding in this state as evidence of the existence of a lien.

Present law (R.S. 32:707.2(C)(1)) requires that an approved public license tag agent operating a secured host computer system interfacing with the computer system of the DPS&C, OMV, and the computer system of a lending institution or other sales finance company be bonded in an amount specified by the DPS&C. Further authorizes the public license tag agent to charge a fee to customers utilizing this electronic media system.

Proposed law changes a term in present law from electronic media system to electronic system.

Present law (R.S. 32:707.2(C)(2)) requires that each federally insured depository institution that originates more than 250 vehicle transactions per year, and each finance company, lending institution, or other lender designate a public tag agent with which such bank, finance company,

lending institution, or other lender must interface its computer system for the purpose of receiving electronic confirmation from the DPS&C of the receipt and the filing of the security interest on the subject motor vehicle. Further requires that each federally insured depository institution that originates more than 250 motor vehicle transactions per year, and each finance company, lending institution, or other lender must also designate such public tag agent when transmitting a release or satisfaction of its lien.

Proposed law reduces the number of required vehicle transactions per year from 250 to 25.

Present law (R.S. 32:707.2(D)) requires that a written or printed report of an electronic media transaction or recording required in present law, if certified as true and correct by the DPS&C, serve as evidence of any signature, acknowledgment, or information which was provided to or by the DPS&C through electronic means, and the certification be admissible in any legal proceeding as evidence of the facts, unless contrary to present law.

Proposed law changes a term in present law from electronic media transaction or recording to electronic transaction or recording.

Present law (R.S. 32:707.2(G)) authorized the formation of a task force to develop and implement the electronic media system.

Proposed law repeals present law.

Proposed law (R.S. 32:707.2(I)) requires lienholders to process electronic lien releases within two business days from the date the funds are deemed collected and maintain real-time accuracy of status information.

Proposed law (R.S. 32:707.2(J)) specifies that beginning 12 months after the effective date established by the OMV that certifies the electronic system is available for use by licensed vehicle dealers statewide, each motor vehicle dealer licensed pursuant to present law must submit all applications for certificates of title, registration, and other ownership transfer documents through the electronic registration and titling system, except contrary to any other provision of law or provided by rule of the DPS&C.

Proposed law (R.S. 32:707.2.1(A)) specifies that notwithstanding any provision of law to the contrary, any document, record, or instrument required in connection with the sale, lease, transfer, titling, registration, or financing of a motor vehicle, unless otherwise exempted by proposed law must be created, executed, transmitted, and store electronically, including but not limited to the following:

- (1) Titling documents.
- (2) Registration applications.
- (3) Odometer disclosures.
- (4) Secure and limited powers of attorney.
- (5) Electronic attestations.

Proposed law (R.S. 32:707.2.1(B)) specifies that any documents used to transfer ownership of a vehicle to an insurance company after payment of damages may be signed electronically and reproduced in paper form and will not require notarization. Further requires the electronic signatures comply with AAL2. Further specifies the supporting documents include but are not limited to the following:

- (1) Limited powers of attorney.
- (2) Applications for duplicate titles.
- (3) Odometer disclosure forms.

Proposed law (R.S. 32:707.2.1(C)(1)) requires the DPS&C, OMV, accept electronic records and electronic signatures for documents and records and any electronic signature or electronic record accepted by the DPS&C pursuant to proposed law has the same force and effect as an original written document or handwritten signature and satisfy any legal requirement for a written record or signature.

Proposed law (R.S. 32:707.2.1(C)(2)) requires the DPS&C, OMV, promulgate rules and regulations in accordance with the Administrative Procedure Act as may be necessary to implement the provisions of proposed law, including but not limited to rules governing:

- (1) Electronic signatures and authentication standards.
- (2) Security and identity verification procedures.

Proposed law (R.S. 32:707.2.1(D)) specifies that an electronic signature that is authenticated in a manner approved by the DPS&C satisfies any requirement for a written signature and will not require notarization.

Proposed law (R.S. 32:707.2.1(E)) requires that an electronically signed, or a legibly scanned or imaged copy have the same force and effect as an original paper document bearing a handwritten signature and be admissible for all legal and evidentiary purposes to the same extent as the original paper document.

Proposed law (R.S. 32:707.2.1(F)) specifies a dealer or authorized officer as set forth in present law using an approved system in good faith and without actual knowledge of fraud or unauthorized access is immune from civil liability arising solely from the use of electronic signatures, remote notarization of powers of attorney or electronic records, including claims alleging improper execution, authentication, or transmission, provided the dealer complied with the requirements of proposed law and any rules promulgated by the DPS&C. Further specifies that the immunity provided for in proposed law does not apply to intentional misconduct or gross negligence.

Proposed law (R.S. 32:707.2.2(A)) requires the DPS&C, OMV, implement a system that offers vehicle title holders a fully paperless, secure digital vehicle title that may be issued in lieu of a paper certificate of title.

Proposed law (R.S. 32:707.2.2(B)) requires that once the system is implemented, the secure digital

title system must:

- (1) Include all functions related to title re-assignments.
- (2) Meet or exceed applicable security requirements as set forth in regulations promulgated by the DPS&C.
- (3) Provide title holders with online, real-time access to vehicle titles and status of titles in process.

Proposed law (R.S. 32:707.2.2(C)) requires a secure digital vehicle title produced under proposed law be regarded as an official title from the state of La. and be fully recognized legally for any vehicle related transactions within the state and all other U.S. jurisdictions.

Proposed law (R.S. 32:707.2.2(D)) requires the secure digital title system permit the electronic transfer, reassignment, and recording of ownership of a vehicle. Further requires that ownership transfers executed through an approved electronic title system have the same legal effect as transfers executed through a paper certificate of title. Additionally specifies that licensed vehicle dealers may complete title assignments, reassignment of ownership, and related documents through the electronic system without requiring issuance of a paper certificate of title.

Proposed law (R.S. 32:707.2.2(E)) requires a duly certified copy of the OMV's secure digital title be admissible in any civil, criminal, or administrative proceeding in this state as evidence of the existence of the title.

Proposed law (R.S. 32:707.2.2(F)) requires the commissioner of the OMV promulgate any rules and regulations necessary to implement the provisions of proposed law.

Specifies that the provisions of proposed law establishing or requiring the use of electronic lien and title services, electronic registration and titling, electronic signatures, electronic odometer disclosures, secure digital motor vehicle titles, or other electronic titling and registration transactions shall not become effective until the DPS&C, OMV, certifies that a fully operational statewide electronic lien and title and electronic registration and titling system has been implemented.

Specifies the certain provisions (R.S. 32:705(B)(6) and (7) and R.S. 32:707.2.1) on Jan. 1, 2028 or when the DPS&C, OMV, electronic vehicle and registration system is updated to comply with the statutory provisions contained in proposed law, whichever occurs first. Nothing in this Section must be construed to invalidate or limit any electronic record, electronic signature, or electronic transaction otherwise authorized by law or by policy of the DPS&C, OMV, prior to the effective date of this Section.

Specifies that all other provisions are effective upon signature of the governor or lapse of time for gubernatorial action.

Provides that the provisions of proposed law are severable.

Authorizes and directs the La. State Law Institute to arrange in alphabetical order and renumber the

definitions provided in present law and proposed law.

(Amends R.S. 32:707.2(Section heading), (A), (C)(1) and (2), and (D); Adds R.S. 32:702(18), 705(B)(6) and (7), 707.2(I) and (J), 707.2.1, and 707.2.2; Repeals R.S. 32:707.2(G))