

BILL ANALYSIS

C.S.H.B. 1076

By: McCall

Licensing & Administrative Procedures
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Under current law rental companies that are owned by a manufacturer are prohibited from being licensed as a used care dealer by the Texas Motor Vehicle Board. According to a change in the Texas Motor Vehicle Code adopted by the Legislature in 1999.

Prior to 1999, Rental car companies have been licensed in Texas as a dealer authorized to sell used vehicles.

In 2001, three licenses came up for renewal, but were rejected by based on the change to Section 5.02C of Article 4413(36) (Texas Motor Vehicle Code) adopted by the Legislature in 1999. The problem arises because one rental car company became the wholly-owned subsidiary of Ford Motor Company in 2001. The Motor Vehicle Board interprets the statute after the 1999 amendment to prohibit a rental car company's licensure because of its 100% ownership by a manufacturer.

This legislation seeks to allow rental car companies to continue to hold their licenses under statutory law.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

Amends Article 2301.476, Occupations Code, by adding Subsection (h) to allow a manufacturer or distributor to own an interest in a car rental business that holds a general distinguishing number if the entity (1) is primarily engaged in the car rental business; and (2) sells or offers for sale no other vehicle other than a vehicle the entity has (A) owns and has taken from service in its rental fleet; or (B) has taken in trade towards the purchase of a vehicle taken from service in its rental fleet.

This substitute contains an emergency clause.

EFFECTIVE DATE

Upon passage, or if the Act does not receive the necessary vote, the Act takes effect June 1, 2003.

COMPARISON OF ORIGINAL TO SUBSTITUTE

Adds new language to Subsection (h) further defining that a distributor or manufacturer may own an interest in an entity notwithstanding the terms of this chapter, and subject to the limitations set forth in this subsection.

The substitute also further defines the business of renting vehicles, selling those rental vehicles and taking trades on those vehicles for the purpose of selling vehicles.