

BILL ANALYSIS

C.S.H.B. 2149
By: Goodman
Licensing & Administrative Procedures
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Under current law a manufacturer may not have ownership of a dealership that sells certain motor vehicles.

C.S.H.B. 2149 adds two new subsections to allow partial ownership of certain motor vehicle dealerships.

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.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2301.476, Occupations Code, by adding Subsections (j), (k), and (l), as follows:

(j) Authorizes a manufacturer or distributor, except as provided in Subsection (k), to have an ownership interest of less than 35 percent in an entity that holds a general distinguishing number if the manufacturer or distributor had the ownership interest in the entity on or before September 1, 1999, and the entity:

(1) operates as a dealer for buses that:

- (A) have a gross vehicle weight of at least 17, 500 pounds;
- (B) are of a size and type commonly designed to carry at least 17 seated passengers, regardless of whether all particular models of the bus are actually devoted to such seating;
- (C) are not motor homes; and
- (D) are sold exclusively for commercial use;

(2) is the exclusive seller in the United States for the bus; and

(3) is not operated or controlled by the manufacturer or distributor.

(k) Provides that the restrictions under Subsection (j) do not apply to a dealer entity that purchases or sells a bus described by Subsection (j) that is taken in on trade or purchased on the open market for resale.

(l) Provides in Subsections (j) and (k), "bus" has the meaning assigned by Section 541.201, Transportation Code.

SECTION 2. Effective date.

EFFECTIVE DATE

September 1, 2005.

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COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 2149 modifies the original by authorizing a manufacturer or distributor to have an ownership interest of less than 35 percent, rather than 50 percent, in an entity that holds a general distinguishing number.

The substitute adds a new provision necessitating that a manufacturer own the interest in the entity before September 1, 1999 and that the buses are not motor homes and are sold exclusively for commercial use.

The substitute changes the language of the bill to apply to buses specifically and not vehicles.

The substitute adds language providing the meaning of "bus" as assigned by Section 541.201, Transportation Code.