

BILL ANALYSIS

Senate Research Center
80R19035 MSE-F

C.S.H.B. 2559
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Transportation & Homeland Security
5/7/2007
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law has been interpreted as restricting licensed Texas franchise and independent automobile dealers from using the Internet to sell vehicles to buyers who choose not to visit the dealership's licensed and established place of business.

C.S.H.B. 2559 reiterates the legal requirement for dealers to have an established and permanent place of business, which is approved by the Texas Department of Transportation's Motor Vehicles Division, and for which a general distinguishing number has been issued. This bill clarifies that offsite sales are prohibited, but provides an exception for sales made through an online advertisement to a buyer who never personally appears at the dealer's established and permanent place of business.

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 H, Chapter 2301, Occupations Code, by adding Section 2301.361, as follows:

Sec. 2301.361. OFFSITE SALES. (a) Authorizes a dealer, except as provided by Subsection (b) and Sections 2301.358(c) and (d) (relating to the sale of towable recreation vehicles), to sell or offer to sell a motor vehicle only from an established and permanent place of business that is approved by the Motor Vehicle Division of the Texas Department of Transportation or a place of business for which a general distinguishing number has been issued.

(b) Authorizes a dealer to sell or offer to sell a motor vehicle online through an advertisement on the Internet to a buyer who never personally appears at the dealer's established and permanent place of business.

SECTION 2. Effective date: upon passage or September 1, 2007.