

## **BILL ANALYSIS**

C.S.H.B. 2651  
By: Harless  
Transportation  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Licenses issued by the department to new and independent motor vehicle dealers, new motor vehicle manufacturers, distributors, converters, their representatives, and lessors and lease facilitators expire by statute one year after their dates of issuance. The department renews about 20,000 of these licenses annually. The department frequently receives complaints regarding the time it takes to process these renewals. Since 1995 various statutory changes have cumulatively increased the time it takes to process applications for new and renewal licenses.

Because of increasing statutory requirements over the past several years, the time required to process motor vehicle dealer applications has increased and has resulted in a backlog in dealer applications. Without a significant change, this backlog is likely to increase.

This bill will amend state law so that the Transportation Commission (commission) can determine the lengths of the terms of motor vehicle dealer licenses and the license plates that are related to those licenses. This allows the Department of Transportation (department) to reduce the backlog that exists in processing dealer applications. The flexibility provided by the change will allow the department to return any term that is extended under the amended law, to an annual term, if the department determines that the annual period would be more appropriate under the circumstances then existing.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the Transportation Commission in SECTION 4 of this bill.

### **ANALYSIS**

- SECTION 1. Amends Section 2301.257(b), Occupations Code, to conform this provision to the change in the length of the motor vehicle entity license term. Changes are also made to replace “board” with “director” to conform with Section 2301.005 and the deletion of the Motor Vehicle Board.
- SECTION 2. Amends Section 2301.264, Occupations Code, to clarify that the amounts provided by the section are annual fees.
- SECTION 3. Amends Section 2301.301, Occupations Code, by amending the title to delete the reference to annual renewals.
- SECTION 4. Amends Section 2301.301, Occupations Code, to authorize the commission to set the term of various types of motor vehicle entity licenses. This also allows the director to issue a license for a shorter period than authorized by the commission to coordinate license expirations. Allows the commission to prorate the fees to reflect the term of the license.
- SECTION 5. Amends Section 2301.303, Occupations Code, to conform this provision to the change in the length of related license terms. Changes are also made to replace “board” with “director” to conform with Section 2301.005 and the deletion of the Motor Vehicle Board.

- SECTION 6. Amends Section 503.007(a), (b), and (c), Transportation Code, to clarify that the amounts provided by the section are annual rates.
- SECTION 7. Amends Section 503.008(a), (b), and (c), Transportation Code, to clarify that the amounts provided by the section are annual rates.
- SECTION 8. Adds Sections 503.010, 503.011 and 503.12 to the Transportation Code to authorize the commission to set the term of certain types of motor vehicle entity licenses and associated license plates and to allow the commission to prorate the fee to reflect the term of the license. This also clarifies the status of money collected under Chapter 503 and deposited in the state highway fund.
- SECTION 9. Amends Section 503.032(a) and (c), Transportation Code, to conform this provision to the change in the length of related license terms.
- SECTION 10. Amends Section 503.035, Transportation Code, to conform this provision to the change in the length of related license terms.
- SECTION 11. Amends Section 503.0618(c), Transportation Code, to clarify that the amount provided by the section is an annual rate.
- SECTION 12. Amends Section 503.066(d), Transportation Code, to clarify that the expiration date of a license plate under Chapter 503 is the same as the expiration date of its associated license.
- SECTION 13. Provides for immediate effect of the Act or, if the bill fails to receive the vote necessary for immediate effect, a September 1, 2007 effective date.

#### **EFFECTIVE DATE**

September 1, 2007.

#### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

The intent of CSHB 2651 is unchanged from the original, however, Legislative Council made non-substantive editing and formatting changes.