

BILL ANALYSIS

C.S.H.B. 3351
By: Rodriguez, Eddie
Business & Industry
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Both United States and foreign motor vehicle manufacturers have been developing and manufacturing electric-powered motor vehicles for more than a decade. Recently, innovative engineering has increased the range, efficiency, and style of electric motor vehicles. Interested parties contend that despite the increasing innovation and interest in electric motor vehicles, small manufacturers that manufacture only such vehicles are facing unnecessary challenges in getting their products to consumers because, under current law, such manufacturers are unable to sell their vehicles directly to the Texas public without a franchise dealer relationship. These parties further contend that selling the products directly to consumers is critical to bringing this unique technology to the market and that Texas consumers looking for innovative and unique electric motor vehicles should be free to enjoy the benefits of purchasing them in Texas directly from the company. C.S.H.B. 3351 seeks to address this issue by allowing certain manufacturers of electric-powered or battery-powered motor vehicles to sell directly to Texas consumers.

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

C.S.H.B. 3351 amends the Occupations Code to authorize a manufacturer only of motor vehicles powered only by electricity or battery to own or operate a dealership, act in the capacity of a dealer at any location in Texas, and obtain a dealer general distinguishing number, subject to certain application requirements, if the manufacturer has its headquarters in the United States, has never sold its line-make in the United States through an independent franchised new motor vehicle dealership, and does not sell more than 5,000 new motor vehicles powered only by electricity or battery from all dealership locations operated by the manufacturer in Texas in any calendar year. The bill includes a person who is a manufacturer authorized to own or operate a dealership or act in the capacity of a dealer under such provisions or who is a bona fide employee of such a manufacturer among the persons who are authorized to engage in the business of buying, selling, or exchanging new motor vehicles.

C.S.H.B. 3351 amends the Transportation Code to entitle such a manufacturer to obtain a dealer general distinguishing number if the manufacturer submits to the Texas Department of Motor Vehicles (TxDMV) a written application that complies with specified verification requirements, that is accompanied by the appropriate fee, that contains information that demonstrates that the manufacturer meets the requirements prescribed by the bill's provisions, and that states that the manufacturer agrees to allow TxDMV to examine during working hours the ownership papers for each registered or unregistered vehicle in the manufacturer's possession or control being offered for sale in Texas.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3351 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 2301.476, Occupations Code, is amended by adding subsection (i-1) to read as follows:

(i-1) Notwithstanding the terms of this chapter, and subject to the limitations set forth in this subsection, a manufacturer of only all electric-powered or all battery-powered motor vehicles, or a distributor of only all electric-powered or all battery-powered motor vehicles, that (i) owned and

operated a new motor vehicle dealership in the United States on or before March 1, 2013, and (ii) has never sold its line make in the United States through an independent franchised new motor vehicle dealership, may own or operate a dealer or dealership, or act in the capacity of a dealer, at any location within the state and may obtain a dealer general distinguishing number under Section 503.029 of the Transportation Code.

SECTION 2. Section 2301.252(a), Occupations Code, is amended by adding subsection (a)(3) to read as follows:

(a) A person may not engage in the business of buying, selling, or exchanging new motor vehicles unless the person:

(1) holds a franchised dealer's license issued under this chapter for the make of a new motor vehicle being bought, sold, or exchanged; ~~[or]~~

(2) is a bona fide employee of the holder of a franchised dealer's license; or

(3) is a bona fide employee of a manufacturer or distributor authorized to

HOUSE COMMITTEE SUBSTITUTE

SECTION 2. Section 2301.476, Occupations Code, is amended by adding Subsection (i-1) to read as follows:

(i-1) Notwithstanding any other provision of this chapter, a manufacturer only of motor vehicles powered only by electricity or battery may own or operate a dealership, may act in the capacity of a dealer at any location in this state, and may obtain a dealer general distinguishing number as provided by Section 503.029(d), Transportation Code, if the manufacturer:

(1) has its headquarters in the United States;

(2) has never sold its line-make in the United States through an independent franchised new motor vehicle dealership; and

(3) does not sell more than 5,000 new motor vehicles powered only by electricity or battery from all dealership locations operated by the manufacturer in this state in any calendar year.

SECTION 1. Section 2301.252(a), Occupations Code, is amended to read as follows:

(a) A person may not engage in the business of buying, selling, or exchanging new motor vehicles unless the person:

(1) holds a franchised dealer's license issued under this chapter for the make of a new motor vehicle being bought, sold, or exchanged[;] or

~~[(2)]~~ is a bona fide employee of the holder of a franchised dealer's license; or

(2) is a manufacturer authorized to own or operate a dealership or act in the capacity of

own or operate a dealer or dealership pursuant to § 2301.476(i-1).

No equivalent provision.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

a dealer under Section 2301.476(i-1) or is a bona fide employee of the manufacturer.

SECTION 3. Section 503.029, Transportation Code, is amended by adding Subsection (d) to read as follows:

(d) Notwithstanding Subsection (a), a manufacturer authorized to own or operate a dealership or act in the capacity of a dealer under Section 2301.476(i-1), Occupations Code, is entitled to obtain a dealer general distinguishing number under this section if the manufacturer submits to the department a written application that:

(1) complies with the verification requirements of Subsection (b);

(2) is accompanied by the appropriate fee prescribed by Section 503.007;

(3) contains information that demonstrates that the manufacturer meets the requirements prescribed by Section 2301.476(i-1), Occupations Code; and

(4) states that the manufacturer agrees to allow the department to examine during working hours the ownership papers for each registered or unregistered vehicle in the manufacturer's possession or control being offered for sale in this state.

SECTION 4. Same as introduced version.