

By: Kuempel

H.B. No. 1504

Substitute the following for H.B. No. 1504:

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C.S.H.B. No. 1504

A BILL TO BE ENTITLED

AN ACT

relating to the selection by motor vehicle dealers of materials and vendors for motor vehicle dealership upgrades and improvements.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter J, Chapter 2301, Occupations Code, is amended by adding Section 2301.483 to read as follows:

Sec. 2301.483. SELECTION BY DEALER OF VENDOR OR MATERIALS FOR DEALERSHIP IMPROVEMENT. (a) Except as otherwise provided by this section, a manufacturer or distributor may not:

(1) require a dealer to purchase or use specific materials or to purchase materials, goods, or services from a specific vendor when making an upgrade or improvement to the dealer's dealership; or

(2) directly or indirectly take an adverse action against a dealer who chooses materials, goods, or services or a vendor for an upgrade to the dealer's dealership as provided by this section.

(b) If a manufacturer or distributor provides money, credit, an allowance, or a reimbursement directly or indirectly to a dealer to compensate the dealer for the cost of, or a substantial portion of the cost of, a specific upgrade or improvement to the dealer's dealership, the dealer may select the materials, goods, services, and vendors for the upgrade or improvement, but shall select materials, goods, services, and vendors that are of like

1 kind and quality to those specified by the manufacturer or
2 distributor, if any.

3 (c) This section does not allow a dealer or a vendor
4 selected by a dealer to infringe on, eliminate, or impair a
5 manufacturer's or distributor's intellectual property rights.

6 (d) This section does not apply to a sign that contains
7 intellectual property owned by a manufacturer or distributor.

8 SECTION 2. The changes in law made by this Act apply to a
9 manufacturer, distributor, and dealer regardless of the date the
10 person's license is issued or renewed under Chapter 2301,
11 Occupations Code, and regardless of the date a franchise agreement
12 is entered into or renewed.

13 SECTION 3. This Act takes effect September 1, 2013.