

BILL ANALYSIS

Senate Research Center

S.B. 2279
By: Hancock
Business & Commerce
4/18/2017
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas automobile franchise laws, originally enacted decades ago, are broadly written, and are intended to prohibit a motor vehicle manufacturer from owning an interest in a motor vehicle dealer. However, as business structures have grown in size and complexity, the broadly written laws have had unintended consequences.

S.B. 2279 amends Section 2301.476 of the Texas Occupations Code to clarify that a motor vehicle manufacturer, or its parent company, are not prohibited from owning an interest in a motor vehicle dealer so long as the vehicles they sell or service are not the same type of motor vehicle that they manufacturer or distribute.

As proposed, S.B. 2279 amends current law relating to the ownership, control, or operation of a franchised or nonfranchised dealer or dealership by certain manufacturers.

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 Section 2301.476, Occupations Code, by adding Subsection (a-1) and amending Subsection (c), as follows:

(a-1) Defines "type of motor vehicle."

(c) Prohibits a manufacturer or distributor, except as provided by this section (Manufacturer or Distributor Ownership, Operation, or Control of Dealership), from directly or indirectly:

(1) owning an interest in a franchised or nonfranchised dealer or dealership that sells or services the same type of motor vehicle that it manufactures or distributes;

(2) operating or controlling a dealer or dealership franchised to sell or service the same type of motor vehicle that it manufactures or distributes or a nonfranchised dealer or dealership, rather than operating or controlling a franchised or nonfranchised dealer or dealership; or

(3) acting in the capacity of a dealer or dealership franchised to sell or service the same type of motor vehicle that it manufactures or distributes or a nonfranchised dealer.

Makes conforming and nonsubstantive changes.

SECTION 2. Effective date: September 1, 2017.