

BILL ANALYSIS

S.B. 586
By: Springer
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Last session, the legislature enacted legislation establishing an annual reporting requirement for licensed manufacturers of off-highway vehicles regarding each warranty issued by the manufacturer for a new off-highway vehicle that was, during the preceding calendar year, sold to a Texas resident by a retailer located outside Texas. Since implementation of this legislation, it has become apparent that for a number of reasons distributors should also be subject to the reporting requirement. For example, the Texas Department of Motor Vehicles (TxDMV) has explained that manufacturers located outside of the country, such as Honda, are not required to be licensed by TxDMV and as such the state does not receive information from any Honda entity since there is no Honda entity licensed as a manufacturer in Texas. Moreover, the comptroller of public accounts has reported that distributors, not manufacturers, sometimes possess the needed warranty information the state is looking to receive. S.B. 586 seeks to subject licensed distributors to the annual reporting requirement.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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

S.B. 586 amends the Tax Code to require the comptroller of public accounts to require each person that distributes off-highway vehicles and is required to hold a motor vehicle distributor's license to file with the comptroller a report that meets certain requirements not later than March 1 of each year beginning in 2022 listing each warranty issued by the distributor for a new off-highway vehicle that was, during the preceding calendar year, sold to a Texas resident by an out-of-state retailer. The bill provides for the imposition of a civil penalty against a distributor who fails to file a report, files an incomplete report, or violates the provisions relating to the reporting requirement or the rules adopted for the administration or enforcement thereof.

S.B. 586 authorizes the comptroller to notify the Texas Department of Motor Vehicles (TxDMV) of the failure of a distributor to file a report or to file a complete report and authorizes TxDMV to take administrative action against the distributor for the failure. The bill authorizes the comptroller to audit, inspect, or otherwise verify a distributor's compliance with provisions governing the reporting requirement.

EFFECTIVE DATE

September 1, 2021.