

## **BILL ANALYSIS**

S.B. 1344  
By: Nichols  
Transportation  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The COVID-19 pandemic has had far-reaching consequences, and local economies, including the motor vehicle industry, have not been spared. Shutdowns in motor vehicle manufacturing and supply chains have resulted in both new and used vehicle parts inventory shortages. As a result, dealers are finding it necessary to sell deeper into their vehicle supply "pipeline" to satisfy customer demand while maintaining adequate cashflow to keep their doors open. Online purchasing of vehicles has also increased in popularity due to COVID-19. Customers are increasingly shopping for vehicles online because that method offers more transparency, larger vehicle selection, and a low-pressure, socially distanced environment. These consumer behaviors are here to stay, even as the pandemic subsides. Unfortunately, the current advertising requirement for vehicles in Texas does not allow a dealer to advertise a vehicle for sale if the vehicle is not physically on the dealer's inventory lot and the dealer is in possession of the vehicle title. These requirements fail to account for the realities of online vehicle shopping marketplaces, and instead are based on outdated assumptions that consumers only shop for vehicles in person at a dealer's physical real property location. S.B. 1344 seeks to address this issue by allowing motor vehicle dealers to advertise used vehicles that may not be physically in the dealer's possession at the time of advertisement, provided the vehicle title can be delivered to the dealer from the vehicle manufacturer or distributor or an affiliated financial institution.

### **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. 1344 amends the Occupations Code to authorize a dealer to advertise for sale a specific used motor vehicle that is not in the possession of the dealer at the time the advertisement is placed if the advertisement as follows:

- clearly and conspicuously discloses that the vehicle is not in the possession of the dealer;
- states that the motor vehicle may be obtained within a reasonable time from the manufacturer, the distributor, or a manufacturer- or distributor-affiliated financial institution; and
- includes the vehicle identification number of the specific motor vehicle, if the price of the vehicle is advertised.

### **EFFECTIVE DATE**

September 1, 2023.