

BILL ANALYSIS

Senate Research Center
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S.B. 1344
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Since early 2021, the COVID-19 pandemic has had far reaching consequences, and local economies, including motor vehicle dealers, have not been spared. Shutdowns in motor vehicle manufacturing and supply chains have resulted in both new and used vehicle and 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 the door open.

Online shopping/purchasing of vehicles has also increased in popularity due to COVID-19. Customers are increasingly demanding online retailing because it offers more transparency, larger vehicle selection, and a low pressure, socially distanced shopping environment. We believe these consumer behaviors are here to stay, even as the pandemic subsides.

Unfortunately, the current advertising requirement used for vehicles under Title 43, Texas Administrative Code (TAC), Section 215.245(e), 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. The requirements fail to contemplate the current realities of the online vehicle shopping marketplace, and instead are based on an outdated assumption that consumers only shop for vehicles in-person at a dealer's physical real property location.

S.B. 1344 would make revisions to Title 43, TAC, Section 215.245(e) and put in statute new language that would allow 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, an affiliated financial institution.

As proposed, S.B. 1344 amends current law relating to the advertising of certain used motor vehicles.

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 Subchapter H, Chapter 2301, Occupations Code, by adding Section 2301.364, as follows:

Sec. 2301.364. ADVERTISING BY DEALERS OF CERTAIN USED MOTOR VEHICLES. (a) Authorizes a dealer, notwithstanding any other law, 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:

- (1) clearly and conspicuously discloses that the vehicle is not in the possession of the dealer;

(2) states that the motor vehicle may be obtained within a reasonable time from the manufacturer, the distributor, a manufacturer- or distributor-affiliated financial institution, or a licensed motor vehicle auction; and

(3) includes the vehicle identification number of the specific motor vehicle, if the price of the vehicle is advertised.

(b) Authorizes a dealer to include in an advertisement under this section a statement indicating that a vehicle may be subject to prior sale and that a consumer should contact the dealer for availability and final pricing.

SECTION 2. Effective date: September 1, 2023.