

BILL ANALYSIS

S.B. 2102
By: Miles
Transportation
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Recent supply chain issues have affected businesses all over the country, including the rental car industry. In Texas, lack of rental car supply means fewer vehicles are available to meet consumer demand. Lack of new car stock means existing rental fleets are kept in service for longer, extended periods of time. Current Texas law requires a vehicle safety inspection, a vehicle emissions inspection in some areas, and a subsequent registration renewal two years into a vehicle's life. Before COVID-19 induced supply chain issues, this timeframe was workable. Rental cars and trucks were typically cycled out of service within two years. Due to a lack of new car availability, rental vehicles are kept in service for an extended period to meet consumer demand for business, pleasure, and vehicle replacement rentals, and rental car companies must process registration renewals for their fleets.

The Texas "two steps, one sticker" inspection and registration system means that a rental car must be located and taken out of service to perform required inspections. This same process is repeated when it's time to place the actual registration sticker on the vehicle. As a result, hundreds of rental vehicles are grounded for multiple days in any given month to keep up with inspection and registration renewals, resulting in fewer rental vehicles being available to Texas consumers and the traveling public. S.B. 2102 seeks to keep more rental vehicles on the road by establishing a three-year initial safety inspection and registration period for new passenger cars and light trucks purchased for rental. The bill also ensures that this change to the initial inspection and registration period for certain vehicles does not impact state revenue.

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 rulemaking authority is expressly granted to the Department of Public Safety in SECTION 6 of this bill and the Texas Commission on Environmental Quality and the Public Safety Commission in SECTION 7 of this bill.

ANALYSIS

S.B. 2102 amends the Transportation Code to establish that the initial registration period and the initial inspection period is three years for a rental passenger car or light truck that meets the following criteria:

- is sold in Texas or purchased by a certain authorized commercial fleet buyer for use in Texas;
- has not been previously registered in Texas or another state;
- on the date of sale is of the current or preceding model year; and
- for which a rental certificate has been furnished as described by the Tax Code.

The bill establishes that payment for all applicable fees, including any optional registration fees imposed and other registration fees and the three-year inspection fee required under the bill, for the entire registration period is due at the time of registration. The bill's provisions relating to the initial inspection period expressly do not affect a requirement that a motor vehicle emissions inspection be conducted in a county covered by an inspection and maintenance program approved by the U.S. Environmental Protection Agency (EPA).

S.B. 2102 requires the Department of Public Safety (DPS) by rule on or before September 1 of each year to set the amount of the fee for inspection of a rental passenger car or light truck and requires the fee to be remitted to the state. The fee must be based on the costs of providing inspections and administering the program and be calculated to ensure that the state receives at least the same amount of revenue from the fee over a three-year period that the state would have received if the vehicle was subject to the two-year initial inspection period. The bill requires DPS to establish by rule the amount of the fee for an inspection under the bill that is required to be remitted to the state under applicable state law.

S.B. 2102 amends the Health and Safety Code to include \$6 from the portion of each fee collected for a rental passenger car or light truck and remitted to the state under the bill's provisions among the fees that compose the Clean Air Act fees. The bill provides for the following if the state's air quality state implementation plan provides for a three-year emissions inspection period for a qualifying rental passenger car or light truck under the bill's provisions:

- the system implemented by DPS regarding emissions testing of vehicles is required to provide for a three-year emissions inspection period for such a vehicle; and
- the Texas Commission on Environmental Quality (TCEQ) is required to establish and assess fees for the emissions inspection of such a vehicle in amounts calculated to provide the same revenue that would be provided if the vehicle was inspected annually or biennially.

S.B. 2102 requires the TCEQ, as soon as practicable in its ordinary course of business, to submit for the approval of the EPA a revision of the state's air quality state implementation plan to provide for a three-year emissions inspection period for a rental vehicle under the bill's provisions. The bill requires rules and processes necessary to implement and administer the revised plan, on approval of the revision to the plan by the EPA, to be adopted by the TCEQ and the Public Safety Commission.

EFFECTIVE DATE

September 1, 2023.