

BILL ANALYSIS

Senate Research Center
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S.B. 2102
By: Miles
Transportation
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

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. Two years into a vehicle's life, current Texas law requires a vehicle safety inspection, a vehicle emissions inspection in some areas, and a subsequent registration renewal. Before COVID-induced supply chain issues, this timeframe was workable. Rental cars and trucks were typically cycled out of service within two years—before a subsequent inspection and registration renewal was required.

Today, due to 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. Because rental vehicles are now in service beyond two years, rental car companies must process registration renewals for their fleets. In Texas' "two steps, one sticker" inspection and registration system, this means that a rental car must be located (anywhere in the country) and be 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.

To keep more rental vehicles on the road, H.B. 4127 establishes a three-year initial safety inspection and registration period for new passenger cars and light trucks purchased for rental. H.B. 4127 also amends statute to ensure that this change to the initial inspection and registration period for certain vehicles does not impact state revenue.

As proposed, S.B. 2102 amends current law relating to the initial registration and inspection period for certain rental vehicles and authorizes fees.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Department of Public Safety of the State of Texas in SECTION 5 (Section 548.5035, Transportation Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 382.0622(a), Health and Safety Code, as follows:

- (a) Provides that Clean Air Act fees consist of certain monies, including \$4 from the portion of each fee collected for an inspection of a vehicle and remitted to the state under Section 548.5035, Transportation Code. Makes a nonsubstantive change.

SECTION 2. Amends Subchapter A, Chapter 502, Transportation Code, by adding Section 502.0026, as follows:

- Sec. 502.0026. EXTENDED REGISTRATION OF CERTAIN RENTAL VEHICLES.
 - (a) Provides that the initial registration period, notwithstanding Section 502.044 (Registration Period), is three years for a passenger car or light truck:

(1) that is sold in this state or purchased by a commercial fleet buyer described by Section 501.0234(b)(4) (relating to providing that Section 501.0234 (Duty of Vehicle Dealer on Sale of Certain Vehicles) does not apply to a motor vehicle purchased by a commercial fleet buyer who meets certain criteria) for use in this state;

(2) that has not been previously registered in this or another state;

(3) that on the date of sale is of the current or preceding model year; and

(4) for which a rental certificate has been furnished as described by Section 152.061(b) (relating to authorizing a rental certificate to be furnished by certain persons), Tax Code.

(b) Provides that payment for all applicable fees, including any optional fee imposed under Subchapter H (Optional Fees) and other registration fees and the fee required by Section 548.5035, for the entire registration period is due at the time of registration.

SECTION 3. Amends Subchapter C, Chapter 548, Transportation Code, by adding Section 548.1025, as follows:

Sec. 548.1025. **THREE-YEAR INITIAL INSPECTION PERIOD FOR CERTAIN RENTAL VEHICLES.** (a) Provides that the initial inspection period, notwithstanding any other law, is three years for a passenger car or light truck:

(1) that is sold in this state or purchased by a commercial fleet buyer described by Section 501.0234(b)(4) for use in this state;

(2) that has not been previously registered in this or another state;

(3) that on the date of sale is of the current or preceding model year; and

(4) for which a rental certificate has been furnished as described by Section 152.061(b), Tax Code.

(b) Provides that this section does not affect a requirement that a motor vehicle emission inspection be conducted in a county covered by an inspection and maintenance program approved by the United States Environmental Protection Agency under Section 548.301 (Commission to Establish Program) and the Clean Air Act (42 U.S.C. Section 7401 et seq.).

SECTION 4. Amends Section 548.501(a), Transportation Code, to create an exception under Section 548.5035.

SECTION 5. Amends Subchapter H, Chapter 548, Transportation Code, by adding Section 548.5035, as follows:

Sec. 548.5035. **INITIAL THREE-YEAR INSPECTION OF CERTAIN RENTAL VEHICLES.** (a) Requires that the fee for inspection of a passenger car or light truck under Section 548.1025 be set by the Department of Public Safety of the State of Texas (DPS) by rule on or before September 1 of each year.

(b) Requires that a fee set by DPS under this section:

(1) be based on the costs of providing inspections and administering the program; and

(2) 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 Section 548.102 (Two-Year Initial Inspection Period for Passenger Car or Light Truck).

(c) Requires DPS by rule to establish the amount of the fee for an inspection under this section that is required to be remitted to the state under Section 548.509 (Collection of Fee During Registration).

SECTION 6. Effective date: September 1, 2023.