

BILL ANALYSIS

Senate Research Center
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S.B. 1572
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Business & Commerce
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In 2001, the Occupations Code was updated to include an expanded definition of “motor vehicle.” Due to this change, an engine, transmission, or axle is considered to be a motor vehicle, making component manufacturers subject to the entire dealer statute. Part of this statute prohibits one entity from doing distribution and repair work.

This past interim, interested parties expressed concern that this law affects the ability of certain holders of engine manufacturer and dealer licenses to continue their Texas operations. For example, an engine manufacturer who has been operating in Texas since 1934 realized that this expanded definition jeopardizes its business in the state. If this manufacturer is unable to continue to provide specialized engine service, then school buses, fire trucks, dump trucks, cranes, and delivery trucks could go without service or face lengthy repair times across Texas. This would, in turn, create disruption to the businesses, emergency systems, school districts, and municipalities that rely on the engines.

S.B. 1572 addresses this problem by authorizing a person who held a manufacturer’s license on January 1, 2017, to hold that license, a distinguishing number issued by the Texas Department of Motor Vehicles, and not more than nine dealer’s licenses. However, such a person may only operate as a manufacturer and a dealer for engines that are installed in trucks with a gross weight rating of more than 16,000 pounds. Finally, persons with both license types must provide substantially equal access to support to any dealer repairing a covered engine, including support in the form of parts, training bulletins, and other repair information.

As proposed, S.B. 1572 amends current law relating to the operation of a motor vehicle dealership by certain manufacturers or distributors.

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 Section 2301.476, Occupations Code, by adding Subsection (p), to authorize a person who on January 1, 2017, held a manufacturer's license issued under this chapter (Sale or Lease of Motor Vehicles) to hold a manufacturer's license, a general distinguishing number issued under Chapter 503 (Dealer's and Manufacturer's Vehicle License Plates), Transportation Code, and not more than nine dealer's licenses; and to operate as both a manufacturer and dealer of new motor vehicles to the extent the person manufactures or distributes only engines for installation in certain motor vehicles and provides substantially equal access to any dealer to all support for repairing these engines or motor vehicle, including certain access.

SECTION 2. Effective date: September 1, 2017.