

BILL ANALYSIS

Senate Research Center

S.B. 2052
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Transportation
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Motor vehicle dealers are allowed sell only from their licensed premises, but a subsection in the Transportation Code states that if a dealer consigns for sale more than five vehicles per year at a location other than the licensed one, then the consignment location must also be licensed. This creates confusion about whether and when sales can be conducted at a location other than the licensed one.

The enforcement division of the Texas Department of Motor Vehicles (TxDMV) offers dealer training seminars in different cities across the state to educate dealers on compliance with TxDMV statutes and rules. One of the discussion points during the training is curbstoning, which occurs when a dealer is selling away from the licensed premise. After the curbstoning discussion, dealers frequently approach TxDMV staff to argue that they are not violating statute when selling away from their licensed location based on the language in Section 503.027(a), Transportation Code.

TxDmv has also received numerous calls and emails over the last several years from licensees trying to use Section 503.027(a) to offer and sell their dealer inventory away from their licensed location(s) by consigning their dealer inventory to another dealer.

Ensuring dealers only sell from their licensed location is important from a consumer protection standpoint. Section 503.032 of the Transportation Code establishes many requirements dealers must meet at each licensed location. The requirements speak to an established presence at each location to ensure consumers who purchase from the dealer know who they are conducting business with. When dealers place their inventory for sale on another dealer's lot, the purchaser often does not know who they are buying from and they do not know who to contact if something goes wrong with the vehicle or the transaction. There is also a possibility of late title transfers if the dealer at the location the vehicle is sold from does not notify the owning dealer.

As proposed, S.B. 2052 amends current law relating to the requirement that a motor vehicle dealer obtain a general distinguishing number for a consignment location.

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 503.027(a), Transportation Code, to require a dealer to hold a general distinguishing number for a consignment location unless the consignment location is a wholesale motor vehicle auction, rather than requiring a dealer, if a dealer consigns for sale more than five vehicles in a calendar year from a location other than the location for which the dealer holds a general distinguishing number, to also hold a general distinguishing number for the consignment location unless the consignment location is a wholesale motor vehicle auction.

SECTION 2. Effective date: September 1, 2019.