

SUBJECT:           Reclassification of motor vehicle dealers, fees

COMMITTEE:       Transportation — favorable, without amendment

VOTE:             6 ayes — Alexander, Bosse, Alonzo, Clemons, Edwards, Siebert

1 nay — Moreno

2 absent — Price, Uher

SENATE VOTE:     On final passage, April 11 — 31-0

WITNESSES:       *(On House companion, HB 1828 by Alexander):*

For — Gene Fondren, Texas Automotive Dealers Association

Against — None

DIGEST:           SB 1446 would amend VACS art. 6686, relating to dealer's and manufacturer's license plates and tags, to expand the definition of dealer to include franchised dealer, independent motor vehicle dealer and wholesale motor vehicle dealer as they relate to general distinguishing numbers (GDNs) for each location in which a dealer engages in business.

SB 1446 also would increase application fees for an original GDN to \$500 from \$250; application for renewal of a GDN to \$200 from \$100; application for a dealer's plate or plates to \$20 from \$10; and an application for a manufacturer's plate or plates to \$40 from \$20. The GDN and dealer's and manufacturer's plates would expire March 31 of each year, unless otherwise provided by law or rule of the Motor Vehicle Board of the department.

Franchised motor vehicle dealer would be defined as person engaged in the business of buying, selling, or exchanging new motor vehicles at an established and permanent place of business pursuant to a franchise in effect with a motor vehicle manufacturer or distributor.

Independent motor vehicle dealer would be defined as a dealer other than a franchised dealer or a wholesale dealer.

Wholesale motor vehicle dealer would be defined as a dealer who sells motor vehicles only to the holder of a valid dealer's general distinguishing number or a foreign dealer authorized by Texas law or interstate reciprocity agreement to purchase a vehicle in Texas without remitting the motor vehicle sales tax.

Applications from the department for general distinguishing numbers to reassign manufacturer's certificates of origin or certificates of title would be divided into six categories to reflect the new definition of dealer. The six categories would be franchised motor vehicle dealer, independent motor vehicle dealer, wholesale motor vehicle dealer, motorcycle dealer, house trailer dealer, and trailer or semitrailer dealer.

The bill would authorize the holder of a franchised, independent or wholesale motor vehicle dealer's general distinguishing number to buy, sell, or exchange new or used motor vehicles and reassign a manufacturer's certificate of title. The holder of a wholesale motor vehicle dealer's general distinguishing number could not sell or offer to sell motor vehicles to any person except a dealer holding a general distinguishing number or a foreign dealer otherwise authorized by Texas law or interstate reciprocity agreement to purchase a vehicle in Texas without remitting the motor vehicle sales tax.

The bill would take immediate effect if approved by two-thirds of the membership of each house.

**SUPPORTERS  
SAY:**

SB 1446 would simply expand the definition of motor vehicle dealer to include motor vehicle dealer, independent motor vehicle dealer and wholesale motor vehicle dealer. The current classification of motor vehicle dealer was too broad and did not accurately or adequately reflect and define the business practices of motor vehicle dealers.

The license and application fee increases would allow the department to be more responsive to the needs of motor vehicle dealers and are supported by industry representatives.

**OPPONENTS SAY:** Doubling the application fees for dealers would impose an unwarranted increase.

**NOTES:** SB 1139 by Alexander, which proposes a revision of the Motor Vehicle Code to consolidate motor commission authority and contains many of the definitions used in SB 1446, passed the House, as amended, on May 16.